



**HEDDLU
GWENT
POLICE**



POLICE AND CRIME COMMISSIONER FOR GWENT GROUP

STATEMENT OF ACCOUNTS

2023/24

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Narrative Report

Introduction

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

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

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 (Commissioner Group) and the Police Pension Fund. The Commissioner is therefore responsible for the finances of the Commissioner Group and controls the assets, liabilities and reserves. The Commissioner also receives all the income and funding and makes all the payments for the Commissioner Group, including payments to officers and staff, from the General Police Fund. The Commissioner is also responsible for the funding of pension liabilities, both in the short and long term. In turn the Chief Constable fulfils their functions under the 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 Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code) is identified as representing proper practices.

The Code applies to Local Government bodies set out in the Public Audit (Wales) Act 2004 who are required to prepare accounts for audit by the Auditor General for Wales. Section 12 of this Act has been amended by the 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 Commissioner Group and single entity Commissioner Statement of Accounts for the financial year ended 31st 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 Commissioner and Group, and have been properly prepared in accordance with the Code;
- **Statement of Responsibilities** – which sets out the respective responsibilities of the Commissioner and the Chief Finance Officer in respect of the Statement of Accounts;
- **Financial Statements:**
 - **Expenditure and Funding Analysis (EFA)** – this shows how annual expenditure is used and funded from resources (government grants, income, council tax and business rates) by the PCC Group in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the PCC Group, Chief Constable and associated services/departments;
 - **Comprehensive Income and Expenditure Statement (CIES)** – This shows the accounting cost in the year of providing a Police and Commissioning service in accordance with International Accounting Standards (IAS) rather than the amount funded from Government grants and taxation;
 - **Movement in Reserves Statement** – This shows the movement in the year on the different types of reserves and committed funds held by the Commissioner and provides a reconciliation between the funding and the cost of providing services reported in the CIES;
 - **Balance Sheet** – This shows the value of the assets, liabilities and reserves (net worth) of the Commissioner as at 31st March 2024;
 - **Cash Flow Statement** – This summarises, the changes in cash and cash equivalents during the financial year. Cash flows are categorised as operating, investing and financing activities;

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

Financial Performance of the Commissioner Group

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

Revenue Income and Expenditure

The net revenue budget requirement for the year of £161.587m was approved by the Commissioner on 3rd 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 table below provides a breakdown of what this money was spent on and funded during the year.

	2023/24 %	2023/24 £m	2022/23 £m
Police officer and staff costs including pensions	70	128.5	151.4
Non- Pay costs (premises, transport, supplies and services, agency and contracted services)	30	53.8	49.5
Other service costs (depreciation, non-enhancing capital expenditure)	0	0.6	0.6
Gross Expenditure of Services	100	183.0	201.5
Less: grants and income		(25.7)	(21.6)
Net Cost of Policing Services		157.3	179.9
Accounting adjustments (pensions, depreciation, movements on General Fund reserves)		4.3	(23.5)
Budget Requirement		161.6	156.4
Non- ring-fenced government grants	55	88.4	88.1
Non-Domestic Rates Income	0	0.2	0.2
Council Tax	45	73.0	68.1
Total Funding	100	161.6	156.4

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

Savings arose through anticipated recurrent savings from the acceleration of efficiency schemes via the Force's Service Improvement Programme and reduced spend against demand led budgets. This was transferred to Usable Reserves. Usable Reserves at the end of the year after these transfers were £21.147m (2022/23: £29.774m). Usable Reserves are the General Fund and those other committed funds set aside from the General Fund to provide financing for future capital and revenue expenditure plans. Notes 9 and 23 to the Financial Statements provides more information on this.

Capital Expenditure and Capital Financing

During 2023/24, capital expenditure was £10.1m against a revised capital budget of £29.9m. This represents money spent for the purpose of purchasing, upgrading and improving assets such as property, vehicles and computer, communications and equipment. Capital expenditure was financed by reserves, specific grant, capital receipts and revenue contributions, and is summarised below:

	2023/24 %	2023/24 £m	2022/23 £m
Land and buildings	16	1.6	0.8
Vehicles, plant, furniture & equipment	37	3.7	4.6
Assets under construction	47	4.9	1.8
Intangible assets	1	0.1	0.3
Total	100	10.3	7.5

The ongoing works in 2023/24 was associated primarily with the Abergavenny new build. The funding for this project is significant and the funding is included within earmarked reserves.

Balance sheet

The table below is a summary of the Commissioner Group's balance sheet as at 31st March 2024. It summarises the Group's assets, liabilities and reserves.

	2023/24 £m	2022/23 £m
Tangible assets (Property, vehicles, plant furniture and equipment)	77.2	69.3
Intangible assets (Computer software)	0.2	0.4
Assets held for sale and long-term debtors	0.0	0.1
Stocks	0.7	0.7
Debtors (money owed to Gwent Police)	13.4	10.2
Creditors (money owed by Gwent Police)	(19.7)	(18.0)
Temporary investments and deposits	24.5	35.3
Cash and cash equivalents	1.9	1.5
Provisions	(1.5)	(2.2)
Other long-term liabilities	(1,151.9)	(1,116.4)
Less: Unusable reserves	1,076.3	1,048.9
Total assets less liabilities	21.1	29.8
Financed by:		
Usable reserves	(21.1)	(29.8)
	(21.1)	(29.8)

Capital Borrowing and the Repayment of Debt

No new loans were taken up in respect of approved capital expenditure during the year and following the early settlement of all loan debt in previous financial years meant that there was no loan debt outstanding at 31st March 2024.

Pensions Liability

The Pension Scheme for Police Officers is an unfunded scheme. The Government Actuary's Department calculate the potential liability of the Police schemes based on Actuarial review, using Pension and Payroll data.

In the case of Police Staff, Gwent Police is an admitted body to the Greater Gwent (Torfaen) Pension Fund Local Government Pension Scheme which is a funded scheme.

The impact of an increase in scheme liabilities as a result of the McCloud/Sargeant ruling on claims of unlawful discrimination arising from the Transitional Provisions of the Police Pension Regulations 2015, will be measured through the valuation process which determines employer and employee contribution rates. The 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 2.0%, 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 from 2019/20 to 2021/22. From 2022/23 the shortfall has been funded recurrently, i.e. partly through Council Tax Precept. We have assumed in future years' forecasts that the Specific Pension Grant will be recurrently provided to partly 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:

Darren Garwood-Pask FCCA
Chief Finance Officer, Police & Crime Commissioner for Gwent
Date: 30th January 2025

Independent Auditor's Report

The Independent auditor's report of the Auditor General for Wales to Police and Crime Commissioner for Gwent

Report on the audit of the financial statements

I have audited the financial statements of:

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

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

The Police and Crime Commissioner for Gwent's financial statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, and the related notes, including the material accounting policies.

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

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

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner for Gwent and the Group and the 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; and
- the information given in the Annual Governance Statement 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 the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the joint Annual Governance Statement.

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

- 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, including the Police and Crime Commissioner for Gwent Group financial statements and the Gwent Police Pension Fund, which give a true and fair view and 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;
- assessing the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the 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 Police and Crime Commissioner for Gwent and Group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.
 - obtaining an understanding of name of the Police and Crime Commissioner for Gwent and Police and Crime Commissioner for Gwent Group and Gwent Police Pension Fund's framework of authority as well as other legal and regulatory frameworks that the Police and Crime Commissioner for Gwent and the Police and Crime Commissioner for Gwent Group operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group 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 Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group 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. This description forms part of my auditor's report.

Other auditor's responsibilities

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

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
31st January 2025

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

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

Statement of Responsibilities

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

The Commissioner's Responsibilities

The Commissioner is required to:

- (i) Make arrangements for the proper administration of their financial affairs and to ensure that one of their officers has the responsibility for the administration of those affairs, in line with statute this is the Section 151 Officer;
- (ii) Manage 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:

Jane Mudd
Police and Crime Commissioner for Gwent
Date: 30th January 2025

Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

I certify that the Statement of Accounts, present a true and fair financial position of the Group/Commissioner at 31st March 2024 and their income and expenditure for the period then ended.

Signed:

(by Responsible Financial Officer)

Signed:

(prior to the approval of the Police and Crime Commissioner)

Date: 31st July 2024
Darren Garwood-Pask FCCA
Chief Finance Officer

Date: 30th January 2025
Darren Garwood-Pask FCCA
Chief Finance Officer

Expenditure and Funding Analysis

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

Net Expenditure Chargeable to the General Fund Balance	2022/23			2023/24		Net Expenditure in the Comprehensive Income and Expenditure Statement
	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments	
£'000	£'000	£'000		£'000	£'000	£'000
79,986	11,112	91,098	Police Officer Salaries and Allowances	87,262	(11,477)	75,785
40,664	9,061	49,725	Police Staff and PCSO Salaries and Allowances	43,433	(603)	42,830
3,614	(15)	3,599	Police Officer Overtime and Enhancements	2,957	(12)	2,945
2,096	(7)	2,089	Police Staff and PCSO Overtime and Enhancements	2,161	(5)	2,156
4,024	843	4,867	Other Employee Related Costs	4,073	754	4,827
8,247	1,322	9,569	Premises Costs	8,671	1,519	10,190
3,401	1,229	4,630	Transport Costs	3,592	1,386	4,978
31,631	3,676	35,307	Supplies and Services	33,798	4,879	38,677
402	0	402	Major Incident Schemes	368	0	368
155	0	155	Proactive Operational Initiatives	212	0	212
(22,566)	1,014	(21,552)	Other Income	(25,318)	(397)	(25,715)
1,256	(1,256)	0	Contribution to Police Computer Co.	1,269	(1,269)	0
7,463	(7,463)	0	Other Approved Revenue Requirements	17,618	(17,618)	0
160,373	19,516	179,889	Cost of Services	180,096	(22,843)	157,253
(156,427)	27,803	(128,624)	Other Income and Expenditure	(171,747)	39,163	(132,584)
3,946	47,319	51,265	Surplus or Deficit on Provision of Services	8,349	16,320	24,669
(33,419)			Opening Combined General Fund Balance	(29,473)		
3,946			Plus / less Surplus or Deficit on the General Fund Balance for the Year (Statutory basis)	8,349		
(29,473)			Closing Combined General Fund Balance	(21,124)		

Comprehensive Income and Expenditure Statement - Group

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 Police and Crime Commissioner Group during the year to 31 March 2024.

2022/23				2023/24		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000	Notes	£'000	£'000	£'000
91,098	0	91,098	Police Officer Salaries and Allowances	75,785	0	75,785
49,725	0	49,725	Police Staff and PCSO Salaries and Allowances	42,830	0	42,830
3,599	0	3,599	Police Officer Overtime and Enhancements	2,945	0	2,945
2,089	0	2,089	Police Staff and PCSO Overtime and Enhancements	2,156	0	2,156
4,867	0	4,867	Other Employee Related Costs	4,827	0	4,827
9,569	0	9,569	Premises Costs	10,190	0	10,190
4,630	0	4,630	Transport Costs	4,978	0	4,978
35,307	0	35,307	Supplies and Services	38,677	0	38,677
402	0	402	Major Incident Schemes	368	0	368
155	0	155	Proactive Operational Initiatives	212	0	212
0	(21,552)	(21,552)	Other Income	0	(25,715)	(25,715)
0	0	0	Contribution to Police Computer Co.	0	0	0
0	0	0	Capital Charges	0	0	0
0	0	0	Other Approved Revenue Requirements	0	0	0
201,441	(21,552)	179,889	Cost of Services	182,968	(25,715)	157,253
220	(17,335)	(17,115)	10 Other Operating Expenditure	(197)	(20,163)	(20,360)
50,347	(5,429)	44,918	11 Financing and Investment Income and Expenditure	59,750	(10,388)	49,362
0	(156,427)	(156,427)	12 Taxation and Non Specific Grant Income	0	(161,586)	(161,586)
252,008	(200,743)	51,265	Surplus or Deficit on Provision of Services	242,521	(217,852)	24,669
	(2,976)	24	Surplus or deficit on revaluation of Property, Plant and Equipment			(1,325)
	(645,423)	36	Remeasurement of the net defined benefit liability / asset			11,559
	(648,399)		Other Comprehensive Income and Expenditure			10,234
	(597,134)		Total Comprehensive Income and Expenditure			34,903

Comprehensive Income and Expenditure Statement – OPCC

2022/23

2023/24

Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000	Notes	£'000	£'000	£'000
0	0	0		0	0	0
1,410	0	1,410		1,241	0	1,241
0	0	0		0	0	0
0	0	0		0	0	0
18	0	18		14	0	14
1	0	1		1	0	1
8	0	8		6	0	6
5,474	0	5,474		5,734	0	5,734
0	0	0		0	0	0
0	0	0		0	0	0
0	(21,552)	(21,552)		0	(25,715)	(25,715)
6,911	(21,552)	(14,641)	Cost of Services	6,996	(25,715)	(18,719)
239,944	0	239,944		227,275	0	227,275
220	(17,335)	(17,115)	10	(197)	(20,163)	(20,360)
266	(762)	(496)		322	(2,263)	(1,941)
0	(156,427)	(156,427)	12	0	(161,586)	(161,586)
247,341	(196,076)	51,265	Surplus or Deficit on Provision of Services	234,396	(209,727)	24,669
	(2,976)	24	Surplus or deficit on revaluation of Property, Plant and Equipment			(1,325)
	(3,483)	36	Remeasurement of the net defined benefit liability / asset			(788)
	(641,940)		Intra- Group Funding Transfer			12,347
	(648,399)		Other Comprehensive Income and Expenditure			10,234
	(597,134)		Total Comprehensive Income and Expenditure			34,903

Balance Sheet

31 March 2023				31 March 2024	
OPCC	Group			OPCC	Group
£'000	£'000	Notes		£'000	£'000
70,669	70,669	13	Property, Plant and Equipment	77,242	77,242
356	356	14	Intangible Assets	159	159
46	46		Long-Term Debtors	46	46
71,071	71,071		Long Term Assets	77,447	77,447
35,266	35,266	16	Short-Term Investments	24,465	24,465
0	0	20	Assets Held for Sale	0	0
0	732	17	Inventories	0	704
10,215	10,215	18	Short-Term Debtors	13,412	13,412
1,539	1,539	19	Cash and Cash Equivalents	1,893	1,893
47,020	47,752		Current Assets	39,770	40,474
(17,245)	(17,977)	21	Short-Term Creditors	(18,964)	(19,668)
(2,206)	(2,206)	22	Provisions	(1,482)	(1,482)
(19,451)	(20,183)		Current Liabilities	(20,446)	(21,150)
(1,118,133)	0	21	Long-Term Creditors	(1,151,773)	0
(903)	(1,119,036)	36	Other Long-Term Liabilities	(161)	(1,151,934)
(1,119,036)	(1,119,036)		Long Term Liabilities	(1,151,934)	(1,151,934)
(1,020,396)	(1,020,396)		Net Assets	(1,055,163)	(1,055,163)
(29,774)	(29,774)	23	Usable Reserves	(21,147)	(21,147)
1,050,170	1,050,170	24	Unusable Reserves	1,076,310	1,076,310
1,020,396	1,020,396		Total Reserves	1,055,163	1,055,163

Movement in Reserves Statement for the PCC Group 2023/24

Group

	Notes	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2023		(5,000)	(24,473)	(301)	(29,774)	1,050,170	1,020,396
Movement in reserves during 2023/24							
Surplus or deficit on the provision of services		24,669	0	0	24,669	0	24,669
Other Comprehensive Income / Expenditure		0	0	0	0	10,234	10,234
Total Comprehensive Income and Expenditure		24,669	0	0	24,669	10,234	34,903
Adjustments between accounting basis and funding basis under regulations	8	(16,184)	0	278	(15,906)	15,906	0
Other Reserve Transfers		(136)	0	0	(136)	0	(136)
Net Increase or Decrease before Transfers to Earmarked Reserves		8,349	0	278	8,627	26,140	34,767
Transfers to / from Earmarked Reserves	9	(8,849)	8,849	0	0	0	0
(Increase)/Decrease in 2023/24		(500)	8,849	278	8,627	26,140	34,767
Balance at 31 March 2024	23/24	(5,500)	(15,624)	(23)	(21,147)	1,076,310	1,055,163

Movement in Reserves Statement for the PCC Group 2022/23

	Notes	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2022		(5,149)	(28,270)	(301)	(33,720)	1,650,645	1,616,925
Movement in reserves during 2022/23							
Surplus or deficit on the provision of services		51,265	0	0	51,265	0	51,265
Other Comprehensive Income / Expenditure		0	0	0	0	(648,399)	(648,399)
Total Comprehensive Income and Expenditure		51,265	0	0	51,265	(648,399)	(597,134)
Adjustments between accounting basis and funding basis under regulations	8	(47,924)	0	0	(47,924)	47,924	0
Other Reserve Transfers		605	0	0	605	0	605
Net Increase or Decrease before Transfers to Earmarked Reserves		3,946	0	0	3,946	(600,475)	(596,529)
Transfers to / from Earmarked Reserves	9	(3,797)	3,797	0	0	0	0
Increase or Decrease in 2022/23		149	3,797	0	3,946	(600,475)	(596,529)
Balance at 31 March 2023	23/24	(5,000)	(24,473)	(301)	(29,774)	1,050,170	1,020,396

Cash Flow Statement

Group

2022/23			2023/24
£'000	Notes		£'000
51,265		Net (surplus) or deficit on the provision of services	24,669
(62,241)	25	Adjustment to surplus or deficit on the provision of services for noncash movements	(22,721)
97	25	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	23
(10,879)		Net cash flows from operating activities	1,971
10,754	26	Net cash flows from investing activities	(2,325)
0		Net cash flows from financing activities	0
(125)		Net (increase) or decrease in cash and cash equivalents	(354)
1,414	19	Cash and cash equivalents at the beginning of the reporting period	1,539
1,539		Cash and cash equivalents at the end of the reporting period	1,893

Police Pensions Account

The Police Pension Fund Account at the 31st March 2024 is detailed below.

Income and Expenditure Statement

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

Net Asset Statement

31 March 2023		31 March 2024
£'000		£'000
	Current Assets:	
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
	Current Liabilities:	
0	Provision for Backdated Lump Sums	0
(2,479)	Overdrawn Pension Cash Position	(4,751)
(600)	Unpaid Pension Benefits	(770)
0	Total	0

Notes to the Police Pension Fund Account

- The accounting policies followed and assumptions made regarding the Police Pensions Account are in line with those set out in Note 1, Accounting Policies;
- From 1st July 2021 the Police Pension Scheme is administered by XPS under contract;
- There are no investment assets in the fund. The payments in and out of the Pension fund are balanced to nil each year by receipt of additional contributions from the General Police Fund, which in turn is reimbursed by a specific Home Office grant (Top Up Grant); and
- The Pension Fund's financial statements do not take account of future pension obligations after the 31st March 2024. However, these are presented on the Balance Sheet under Net Pension Liability with detailed disclosures in Note 36, Defined Benefit Pension Schemes.

Notes to the Financial Statements of the PCC Group

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

Note 1 - Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the PCC Group transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. The PCC Group is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the UK 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 Charges to Revenue for Non-Current Assets

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

Depreciation attributable to the assets used by the relevant service;

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

Amortisation of intangible fixed assets attributable to the service.

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

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

1.3 Accruals of Income and Expenditure

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

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

1.4 Exceptional Items

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

1.5 Capital Receipts

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

1.6 Cash and Cash Equivalents

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

1.7 Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

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

Post-employment Benefits

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

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

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

Discretionary Benefits

The PCC Group provides discretionary post-employment benefits which arise from additional service and are awarded on a discretionary basis. These benefits are unfunded with costs met directly from the PCC Group's revenue account.

Injury Benefits

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

1.8 Financial Instruments

Financial Liabilities

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

Financial Assets

Are classified into two types:

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

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

1.9 Fair Value

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

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

In the principal market for the asset or liability, or

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

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

Level 1 – quoted prices;

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

Level 3 – unobservable inputs for the asset or liability.

1.10 Government Grants and Contributions

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

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

1.11 Inventories and Long-Term Contracts

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

1.12 Service Expenditure Analysis and Overheads

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

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

1.13 Intangible Assets

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

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

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

1.14 Property, Plant and Equipment

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

Recognition

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

Measurement

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

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

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

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

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

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

Separate valuations for land and buildings are undertaken as a minimum every five years; the last full revaluation took place in 2021/22. In 2022/23 the PCC Group undertook a revaluation for the Land and Buildings valued on a DRC basis due to the high increase in building costs. For other classes of assets annual reviews are undertaken by the asset owners, which includes a review of the carrying amount of the asset in the Balance Sheet. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of an impairment loss previously charged to a service revenue account. The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairments

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

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

Depreciation

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

Principal Asset Categories and their Useful Economic Lives	Years
Buildings	10,12, 35, 50, 75, 100
Land	Not Depreciated
Vehicles	3,5,7,10
Plant and Machinery	5 - 10
Computer Equipment (Hardware)	5 - 10
Radio Masts	15
Telephone and Radio Equipment	3 - 10
Assets Under Construction	Not Depreciated
Assets Held For Sale	Not Depreciated
Non - Operational Surplus Assets	As per set Category

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

1.15 Disposals and Non-current Assets Held for Sale

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

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

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

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

1.16 Leases

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

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

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

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

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

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

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

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

1.19 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Contingent Liabilities

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

Contingent Assets

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

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

1.20 Reserves

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

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

1.21 Value Added Tax (VAT)

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

1.22 Events after the Reporting Period

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

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

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

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

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

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

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

- IFRS 16 – Leases, issued in January 2019. The 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 judgments in applying accounting policies

In applying the accounting policies set out in Note 1, the PCC Group 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 PCC Group 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 PCC Group 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 PCC Group about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the PCC Group's Balance Sheet as at 31st March 2024 for which there is a significant risk of material adjustments in the forthcoming financial years are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, plant and equipment	Non-current assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred. The current economic climate makes it uncertain that the PCC Group will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives of the assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset decreases. It is estimated that the annual depreciation charge for plant and equipment would increase by approximately £1.968m every year the useful lives of the PCC Group's plant and equipment asset base were reduced.
Police pensions liability	Estimation of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. The Government Actuary's Department (GAD) have been engaged to provide the PCC Group with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the rate of increase in salaries would have a £12m increase in the Police Pension Scheme Liability.</p> <p>A one year increase in the life expectancy of Police Pensioners would result in the Police Pension Liability increasing by £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 £550.78m attributable to changes in financial assumptions.</p>
Accumulated Absences	Estimation of the liability with respect to untaken annual leave, flexi balances, rest days for recovery and overtime on the card requires the use of sampling techniques to form a reliable estimate of the outstanding liability. Sample size and methodology can all impact on the final estimated liability.	The effect of a 1% increase in untaken accumulated absences results in a £0.018m increase in the estimated liability.
Arrears	At 31 st March 2024, the PCC Group had a balance of Sundry Debtors of £1.039m. A review of historical levels of debt that have had to be written off in previous years suggested that a year-end provision for bad debts of £0.004m as required.	A 1% increase in the average amount of debts requiring write off would require no change to the bad debt provision as at 31 st March 2024.

Note 5 - Material items of Income & Expenditure

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

Note 6 - Events after the Balance Sheet date

The Unaudited Statement of Accounts was authorised for issue by the Chief Finance Officer on 31st July 2024. There are no adjusting or non-adjusting events.



Note 7 - Note to the Expenditure and Funding Analysis

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

	2023/24			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Police Officer Salaries and Allowances	0	20,780	(32,257)	(11,477)
Police Staff and CSO Salaries and Allowances	0	(195)	(408)	(603)
Police Officer Overtime and Enhancements	0	0	(12)	(12)
Police Staff and CSO Overtime and Enhancements	0	0	(5)	(5)
Other Employee Related Costs	0	754	0	754
Premises Costs	1,519	0	0	1,519
Transport Costs	1,402	0	(16)	1,386
Supplies and Services	2,329	0	2,550	4,879
Major Incident Schemes	0	0	0	0
Proactive Operational Initiatives	0	0	0	0
Other Income	224	0	(621)	(397)
Contribution to Police Computer Co.	0	0	(1,269)	(1,269)
Other Approved Revenue Requirements	(9,832)	0	(7,786)	(17,618)
Net Cost of Services	(4,358)	21,339	(39,824)	(22,843)
Other Income and Expenditure	0	0	39,163	39,163
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	(4,358)	21,339	(661)	16,320

	2022/23			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Police Officer Salaries and Allowances	0	37,530	(26,418)	11,112
Police Staff and CSO Salaries and Allowances	0	12,281	(3,220)	9,061
Police Officer Overtime and Enhancements	0	0	(15)	(15)
Police Staff and CSO Overtime and Enhancements	0	0	(7)	(7)
Other Employee Related Costs	0	843	0	843
Premises Costs	1,322	0	0	1,322
Transport Costs	1,238	0	(9)	1,229
Supplies and Services	2,395	0	1,281	3,676
Major Incident Schemes	0	0	0	0
Proactive Operational Initiatives	0	0	0	0
Other Income	97	0	917	1,014
Contribution to Police Computer Co.	0	0	(1,256)	(1,256)
Other Approved Revenue Requirements	(7,463)	0	0	(7,463)
Net Cost of Services	(2,411)	50,654	(28,727)	19,516
Other Income and Expenditure	0	0	27,803	27,803
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	(2,411)	50,654	(924)	47,319

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

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

2023/2024	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(21,339)	0	0	(21,339)
Holiday pay (transferred to the Accumulated Absences reserve)	381	0	0	381
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(5,276)	0	0	(5,276)
Total Adjustments to Revenue Resources	(26,234)	0	0	(26,234)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	23	(23)	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	10,027	0	0	10,027
Total Adjustments between Revenue and Capital Resources	10,050	(23)	0	10,027
Other adjustments		301	0	301
Total Adjustments	(16,184)	278	0	(15,906)

2022/2023	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(50,654)	0	0	(50,654)
Holiday pay (transferred to the Accumulated Absences reserve)	539	0	0	539
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(5,273)	0	0	(5,273)
Total Adjustments to Revenue Resources	(55,388)	0	0	(55,388)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	7,464	0	0	7,464
Total Adjustments between Revenue and Capital Resources	7,464	0	0	7,464
Other adjustments		0	0	0
Total Adjustments	(47,924)	0	0	(47,924)

Note 9 - Transfers to/from Earmarked Reserves

This note shows the amounts set aside from the PCC Group's Police Fund balances in Earmarked Reserves, to provide financing for future expenditure plans and also those used to meet Police Fund expenditure in 2023/24.

	Balance at 31 March 2022	Transfers In	Transfers Out	Balance at 31 March 2023	Transfers In	Transfers Out	Balance at 31 March 2024
		2022/23	2022/23		2023/24	2023/24	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserves:							
Future Budgetary Balance	(5,926)	0	0	(5,926)	0	0	(5,926)
PCC Commissioning Strategy	(2,003)	0	434	(1,569)	(406)	0	(1,975)
Workstream Specific	(4,160)	(9)	1,117	(3,052)	(295)	1,232	(2,115)
Pending Legal Cases	(149)	0	0	(149)	0	0	(149)
Proceeds of Crime Act	(338)	0	0	(338)	0	0	(338)
Third Party Funds	(61)	(26)	0	(87)	0	0	(87)
Unspent Revenue Grants	(407)	(208)	284	(331)	(116)	237	(210)
Capital Programme Reserve	(5,734)	(5,074)	5,813	(4,995)	(6,560)	11,555	(0)
Airwave/ESN	(8,492)	(278)	744	(8,026)	(381)	3,583	(4,824)
Operation Uplift	(1,000)	0	1,000	0	0	0	0
Total General Fund	(28,270)	(5,595)	9,392	(24,473)	(7,758)	16,607	(15,624)

Future Budgetary Balance Reserve - This will be utilised to ensure that the PCC is able to set a balanced budget between 2024/25 and 2028/29 in accordance with the PCC's medium term financial plan.

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

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

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

Proceeds of Crime Act - Holds funds that have been awarded to the PCC Group under a cash forfeiture order or confiscation order.

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

Unspent Revenue Grants - These are revenue grants received in the current and prior years that remain unspent.

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

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

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

Note 10 - Other Operating Expenditure

Other Operating Income and Expenditure reported includes all levies payable, (gains)/losses generated from in-year disposals of non-current assets and Home Office Pension Grants due to fund the Police Officer pension account deficit at 31st March 2024. These are all items which could not be allocated or apportioned to service areas.

2022/23		2023/24
£'000		£'000
0	Levies	0
220	(Gains)/losses on the Disposal of Non-Current Assets	(197)
(17,335)	Other	(20,163)
(17,115)	Total Other Operating Expenditure	(20,360)

Note 11 - Financing and Investment Income and Expenditure

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

2022/23		2023/24
£'000		£'000
0	Interest payable and similar charges	0
45,526	Net interest on the net defined benefit liability (asset)	51,346
(608)	Interest receivable and similar income	(1,984)
44,918	Total	49,362

Note 12 - Taxation and Non-Specific Grant Income

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

2022/23		2023/24
£'000		£'000
(68,145)	Council tax income	(72,998)
(212)	Non-domestic rates income and expenditure	(191)
(88,070)	Non-ringfenced government grants	(88,397)
0	Capital grants and contributions	0
(156,427)	Total	(161,586)

Note 13 - Property, Plant and Equipment

Movement on Property, Plant and Equipment balances during 2023/24.

Movements to 31st March 2024

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
at 1st April 2023	62,580	19,914	0	1,795	84,289
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0
Additions	1,600	3,693	0	4,932	10,225
Revaluation increases/(decreases) recognised in the Revaluation Reserve	145	0	0	0	145
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Derecognition – disposals	0	(2,381)	0	0	(2,381)
Reclassifications and transfer	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0
at 31st March 2024	64,325	21,226	0	6,727	92,278
Accumulated Depreciation and Impairment					
at 1st April 2023	(209)	(13,411)	0	0	(13,620)
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0
Depreciation charge	(1,519)	(3,431)	0	0	(4,950)
Depreciation written out to the Revaluation Reserve	1,180	0	0	0	1,180
Depreciation written out to the surplus/deficit on the provision of services	0	0	0	0	0
Derecognition – disposals	0	2,354	0	0	2,354
Reclassifications and transfers	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0
at 31st March 2024	(548)	(14,488)	0	0	(15,036)
Net Book Value					
at 31st March 2024	63,777	6,738	0	6,727	77,242
at 31st March 2023	62,371	6,503	0	1,795	70,669

Movements to 31st March 2023

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
at 1st April 2022	59,941	19,014	0	0	78,955
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0
Additions	776	4,570	0	1,795	7,141
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,864	0	0	0	1,864
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1)	0	0	0	(1)
Derecognition – disposals	0	(3,670)	0	0	(3,670)
Reclassifications and transfer	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0
at 31st March 2023	62,580	19,914	0	1,795	84,289
Accumulated Depreciation and Impairment					
at 1st April 2022	0	(13,411)	0	0	(13,411)
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0
Depreciation charge	(1,321)	(3,353)	0	0	(4,674)
Depreciation written out to the Revaluation Reserve	1,112	0	0	0	1,112
Depreciation written out to the surplus/deficit on the provision of services	0	0	0	0	0
Derecognition – disposals	0	3,353	0	0	3,353
Reclassifications and transfers	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0
at 31st March 2023	(209)	(13,411)	0	0	(13,620)
Net Book Value					
at 31st March 2023	62,371	6,503	0	1,795	70,669
at 31st March 2022	59,941	5,603	0	0	65,544

Capital Commitments

During 2022/23 build work commenced on the new Abergavenny Police Station with completion estimated during 2024/25. The remaining capital commitment for 2024-25 is £0.206m. The total budget of the build is estimated at £6.220m, which includes prior year budget allocations.

The Command and Control system in the Force Control Room is being replaced, work commenced during 2022/23 and is due to be completed in 2024/25. The remaining capital commitment for 2024/25 is £1.444m.

In 2022/23 work commenced on a collaborative firearms range with South Wales and Dyfed Powys Police, the estimated completion will be during 2025/26. The remaining capital commitment for 2024-25 to 2026-27 totals £15.739m.

Revaluation

The land and buildings for Headquarters, Ystrad Mynach and Newport Central were re-valued at 31st March 2024 by Cooke and Arkwright. The report was prepared as defined in the Royal Institute of Chartered Surveyors (RICS) Valuation Standards. The asset valuers responsible for the report were Elizabeth Hill, BSc, MRICS, Director. The valuation was overseen by Andrew Gardner, BSc, FRICS, Director. All Directors are Chartered Surveyors.

The basis of the valuation was current value using Depreciated Replacement Cost as only specialist buildings were revalued.

The result of the revaluation exercise saw gains of £1.325m.

Note 14 - Intangible Assets

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

There were no changes in the accounting estimates for intangible assets during the year and no intangible assets are considered to have an indefinite life. During the year amortisation of £0.300m (2022/23: £0.281m) and impairment of £0 (2022/23: £0) was charged to the CIES during 2023/24. This charge reflects the expected pattern of consumption of economic benefits of the intangible assets during the period.

The movement on Intangible Asset balances during the year 2023/24 with comparatives for 2022/23 was:

31st March 2023		31st March 2024
Other Assets		Other Assets
£'000		£'000
	Balance at start of year:	
3,083	Gross carrying amounts	2,794
(2,769)	Accumulated amortisation	(2,438)
314	Net carrying amount at start of year	356
	Additions:	
323	Purchases	103
(612)	Other disposals	(191)
(281)	Amortisation for the period	(300)
612	Amortisation written off on disposal	191
42	Net carrying amount at end of year	(197)
	Comprising:	
2,794	Gross carrying amounts	2,706
(2,438)	Accumulated amortisation	(2,547)
356	Total	159

Note 15 - Investment Properties, Community Assets and Heritage Assets

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

Note 16 - Financial Instruments

	Non-Current Financial Assets					
	Investments		Debtors		Total	Total
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
	£'000	£'000	£'000	£'000	£'000	£'000
IFRS 9 Categories						
Amortised cost	0	0	46	46	46	46
Total financial assets	0	0	46	46	46	46

	Current Financial Assets							
	Investments		Debtors		Cash		Total	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
IFRS 9 Categories								
Amortised cost	35,266	24,465	10,215	13,412	1,539	1,893	47,020	39,770
Total financial assets	35,266	24,465	10,215	13,412	1,539	1,893	47,020	39,770

The PCC Group has no non-current financial liabilities.

	Current Financial Liabilities					
	Borrowings		Creditors		Total	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost	0	0	(17,977)	(19,668)	(17,977)	(19,668)
Total financial liabilities	0	0	(17,977)	(19,668)	(17,977)	(19,668)

Unusual Movements

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

Reclassification

No financial instruments were re-classified during the year.

De-recognition of instruments

No financial instruments were de-recognised during the year.

Collateral

No financial instruments were linked to any collateral agreements.

Allowance for Credit Losses

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

Defaults and Breaches

There were no breaches during 2023/24

Financial Instruments Gains and Losses

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

	2022/23			2023/24		
	Financial Liabilities at amortised cost	Financial Assets: loans and receivables	Total	Financial Liabilities at amortised cost	Financial Assets: loans and receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	0	0	0	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	0	0	0	0	0	0
Interest income	0	608	608	0	1984	1984
Total income in Surplus or Deficit on the Provision of Services	0	0	0	0	0	0
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0	0	0	0
Net gain/(loss) for the year	0	608	608	0	1984	1984

Fair Values

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

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

The fair values calculated are as follows:

	31 March 2023		31 March 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial liabilities				
Short-term creditors	17,977	17,977	19,668	19,668
Total Financial Liabilities	17,977	17,977	19,668	19,668

	31 March 2023		31 March 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Assets				
Investments and money market loans	35,266	35,266	24,465	24,465
Short-term debtors	10,215	10,215	13,412	13,412
Total Financial Assets	45,481	45,481	37,877	37,877

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

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

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

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

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

Fair Value Hierarchy 31 March 2024

	Level 1	Level 2	Level 3
	£'000	£'000	£'000
Financial liabilities	0	0	0
Total Financial Liabilities	0	0	0
Financial Assets			
Investments and money market loans	0	24,465	0
Total Financial Assets	0	24,465	0

Comparatives balances at 31st March 2023 are detailed in the table below.

Fair Value Hierarchy 31 March 2023

	Level 1	Level 2	Level 3
	£'000	£'000	£'000
Financial liabilities	0	0	0
Total Financial Liabilities	0	0	0
Financial Assets			
Investments and money market loans	0	35,266	0
Total Financial Assets	0	35,266	0

Note 17 - Inventories

The opening value of inventories for the PCC Group 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)
Balance Outstanding at Year End	612	559	120	145	732	704

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

Note 18 - Debtors

The Short-Term Debtor balances carried by the PCC Group at 31st March 2024 are:

31 March 2023		31 March 2024	
£'000		£'000	
335	Trade Receivables	1,036	
3,840	Prepayments	5,510	
6,040	Other Receivable Amounts	6,866	
10,215	Total	13,412	

Note 19 - Cash and Cash Equivalents

Cash and Cash Equivalents consist of cash in hand and balances held with financial institutions. The Bank Current Account balance includes a cash equivalent adjustment of £4.751m to redeem funds used to pay Police Officer Pensions during the year, which will be funded retrospectively by a specific Home Office grant. There is an amount of £1.1m in the cash balance which relates to seized cash held by the PCC for Gwent. The PCC for Gwent also holds seized non-cash items but no value is attributable to cash.

31 March 2023		31 March 2024	
£'000		£'000	
1,539	Cash and Bank balances	1,893	
0	Short Term Deposits	0	
1,539	Total Cash and Cash Equivalents	1,893	

Note 20 - Assets Held for Sale

These represent Assets Held for Sale as at the 31st March 2024.

Current 31 March 2023 £'000		Current 31 March 2024 £'000
0	Balance outstanding at start of year	0
	Assets newly classified as held for sale:	
0	Property Plant and Equipment	0
0	Assets sold	0
0	Balance Outstanding year end	0

As at the 31st March 2024, there are no assets held for sale and none held during the year.

Note 21 - Creditors

Short-Term Creditor balances held by the PCC Group at the 31st March 2024 are:

31 March 2023 £'000		31 March 2024 £'000
(10,130)	Trade payables	(11,451)
(7,847)	Other payables	(8,217)
(17,977)	Total Creditors	(19,668)

Within the creditor balance is an amount of £1.1m which relates to seized cash. The PCC for Gwent also holds seized non-cash items but no value is attributable to creditors.

Long-Term Creditor

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

Note 22 - Provisions

All provisions are short-term, as it is expected that the liability will be settled within 12 months after the reporting period.

Provisions in relation to the PCC Group during 2023/24 are:

2023/24	Injury Damage & Other Compensation Claims	Total
	£'000	£'000
Opening Balance	(2,206)	(2,206)
Increase in provision during year	(1,025)	(1,025)
Utilised during year	624	624
Unused amounts reversed in 2023/24	1,126	1,126
Other movements	0	0
Closing Balance	(1,481)	(1,481)

2022/23	Injury Damage & Other Compensation Claims	Total
	£'000	£'000
Opening Balance	(1,720)	(1,720)
Increase in provision during year	(866)	(866)
Utilised during year	380	380
Other movements	0	0
Closing Balance	(2,206)	(2,206)

Injury and Damage and Other Compensation Claims

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

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

Note 23 - Usable Reserves

Usable Reserves Tables

31 March 2023		31 March 2024
£'000		£'000
5,000	General Fund	5,500
0	General Fund - Forecast Accelerated Efficiency Savings Reserve	0
24,473	Earmarked Reserves	15,624
301	Other Transfers Out of General Fund Reserve	23
29,774	Closing Balance	21,147

General Fund

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

General Fund Reserve

31 March 2023		31 March 2024
£'000		£'000
5,000	Opening Balance	5,000
0	Transfers in to General Fund Reserve	500
0	Transfer Out to Forecasted Accelerated Efficiencies Reserve	0
0	Other Transfers Out of General Fund Reserve	0
5,000	Closing Balance	5,500

Forecast Accelerated Efficiency Savings Reserve

31 March 2023		31 March 2024
£'000		£'000
149	Opening Balance	0
0	Transfers In From General Fund Reserve	0
0	Transfers In to Forecast Accelerated Efficiencies Reserve	0
(149)	Transfers Out of Forecast Accelerated Efficiencies Reserve	0
0	Closing Balance	0

Earmarked Reserves

31 March 2023		31 March 2024
£'000		£'000
28,270	Opening Balance	24,473
5,595	Transfers In to Earmarked Reserves	7,758
(9,392)	Transfers Out of Earmarked Reserves	(16,607)
24,473	Closing Balance	15,624

Capital Receipts Reserve

31 March 2023		31 March 2024
£'000		£'000
301	Opening Balance	301
0	Transfers In to Earmarked Reserves	23
0	Transfers Out of Earmarked Reserves	(301)
301	Closing Balance	23

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

Note 24 - Unusable Reserves

31 March 2023		31 March 2024
£'000		£'000
(11,015)	Revaluation Reserve	(12,073)
(60,018)	Capital Adjustment Account	(65,337)
1,119,036	Pension Reserve	1,151,934
2,167	Accumulated Absences Account	1,786
1,050,170	Total	1,076,310

Revaluation Reserve		31 March 2024
31 March 2023		£'000
£'000		£'000
(8,239)	Balance 1 April	(11,015)
(2,976)	Upward revaluation of assets	(1,350)
0	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	25
(2,976)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(1,325)
200	Difference between fair value depreciation and historical cost depreciation	267
0	Accumulated gains on assets sold or scrapped	0
200	Amount written off to the Capital Adjustment Account	267
0	Other movements	0
0	Other movements to Other Comprehensive Income and Expenditure	0
(11,015)	Balance 31 March	(12,073)

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

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

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

Capital Adjustment Account		31 March 2024
31 March 2023		£'000
£'000		£'000
(57,627)	Balance 1 April	(60,018)
4,674	Charges for depreciation and impairment of non-current assets	4,950
1	Revaluation losses on non-current assets	0
281	Amortisation of intangible assets	300
0	Revenue expenditure funded from capital under statute	0
316	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	27
5,272	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	5,277
(200)	Adjusting Amounts written out of the Revaluation Reserve	(267)
5,072	Net written out amount of the cost of non-current assets consumed in the year	5,010
0	Use of Capital Receipts Reserve to finance new capital expenditure	(301)
0	Use of Major Repairs Reserve to finance new capital expenditure	0
0	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0
0	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	0
(7,464)	Capital expenditure charged against the General Fund and HRA balances	(10,027)
(7,464)	Capital financing applied in year:	(10,328)
0	Borrowing or liabilities met from the HRA	0
0	Borrowing or liabilities met from the Major Repairs Reserve	0
0	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0
1	Other movements	(1)
(60,018)	Balance 31 March	(65,337)

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

Pension Reserve		
31 March 2023		31 March 2024
£'000		£'000
1,713,805	Balance 1 April	1,119,036
(645,423)	Remeasurements of the net defined benefit (liability)/asset	11,559
92,564	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	68,147
(41,910)	Employer's pensions contributions and direct payments to pensioners payable in the year	(46,808)
0	Other movements	0
1,119,036	Balance 31 March	1,151,934

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

Accumulated Absences Account		
31 March 2023		31 March 2024
£'000		£'000
2,706	Balance 1 April	2,167
(2,706)	Settlement or cancellation of accrual made at the end of the preceding year	(2,167)
2,167	Amounts accrued at the end of the current year	1,786
(539)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(381)
2,167	Balance 31 March	1,786

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

Note 25 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2023		31 March 2024
£'000		£'000
(608)	Interest received	(1,785)
0	Interest paid	0
(608)	Total	(1,785)

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

31 March 2023		31 March 2024
£'000		£'000
(4,674)	Depreciation	(4,950)
(1)	Impairment and downward valuations	0
(281)	Amortisation	(300)
0	(Increase)/decrease in impairment for bad debts	0
(169)	(Increase)/decrease in creditors	61
(6,942)	Increase/(decrease) in debtors	2,997
210	Increase/(decrease) in inventories	(28)
(50,654)	Movement in pension liability	(21,339)
(316)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(27)
586	Other non-cash movements charged to the surplus or deficit on provision of services	865
(62,241)	Total	(22,721)

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

31 March 2023		31 March 2024
£'000		£'000
97	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	23
0	Any other items for which the cash effects are investing or financing cash flows	0
97	Total	23

Note 26 - Cash Flow from Investing Activities

The cash flows from investing activities include the following items:

31 March 2023		31 March 2024
£'000		£'000
7,851	Purchase of property, plant and equipment, investment property and intangible assets	8,698
183,500	Purchase of short-term and long-term investments	183,500
(97)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(23)
(180,500)	Proceeds from short-term and long-term investments	(194,500)
0	Other receipts from investing activities	
10,754	Net cash flows from investing activities	(2,325)

Note 27 - Members' Allowances

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

31 March 2023		31 March 2024
£		£
0	Salaries	0
6,979	Allowances	3,534
180	Expenses	105
7,159	Total Members' Allowances	3,639

Note 28 - Police Officer and Police Staff Remuneration

Police and Police Staff Numbers Group

	2022/23	2023/24
Police Officers:		
Above the rank of Constable	322	339
Constable	1,225	1,210
Total	1,547	1,549
Police Staff:		
Full Time	888	941
Part Time	158	95
Total	1,046	1,036

The above numbers are as at 31st March 2024.

Police Staff excludes the Police and Crime Commissioner since they are an elected official.

Remuneration

During the year, the number of Officers and Staff, employed by the Police and Crime Commissioner Group, and who are under the direction and control of the PCC Group, who received remuneration in excess of £60,000 is provided below. The table shows multiples in bands of £5,000. The remuneration definition includes annual salaries and allowances, salary sacrifice deductions but excludes employer's pension contributions. The figures include those Officers whose posts are detailed in the Remuneration Disclosure note with the exception of the Police and Crime Commissioner who occupies an elected post and is therefore not an employee.

PCC	PCC Group		PCC	PCC Group
2022/23	2022/23		2023/24	2023/24
0	42	£60,000 - £64,999	0	72
0	18	£65,000 - £69,999	0	28
0	7	£70,000 - £74,999	0	4
0	8	£75,000 - £79,999	0	8
0	1	£80,000 - £84,999	0	3
0	4	£85,000 - £89,999	0	0
0	4	£90,000 - £94,999	0	4
2	4	£95,000 - £99,999	0	3
0	1	£100,000 - £104,999	2	5
0	0	£105,000 - £109,999	0	1
0	2	£110,000 - £114,999	0	1
0	0	£115,000 - £119,999	0	1
0	0	£120,000 - £124,999	0	1
0	0	£125,000 - £129,999	0	0
0	0	£130,000 - £134,999	0	1
0	0	£135,000 - £139,999	0	0
0	0	£140,000 - £144,999	0	0
0	0	£145,000 - £149,999	0	0
0	1	£150,000 - £154,999	0	0
0	0	£155,000 - £159,999	0	0
0	0	£160,000 - £164,999	0	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.

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

	2022/23	2023/24
Chief Constable's Remuneration	154,909	169,102
Median Pay of the Chief Constable's Staff	32,313	34,575
Median Pay Ratio	4.79	4.89
Chief Finance Officer's Remuneration	98,685	102,717
Median Pay of the Police and Crime Commissioner's Staff	36,177	39,036
Median Pay Ratio	2.73	2.63
Chief Executive Officer's Pay Remuneration	96,072	102,717
Median Pay of the Police and Crime Commissioner's Staff	36,177	39,036
Median Pay Ratio	2.66	2.63

Remuneration Disclosure

The following table sets out the remuneration disclosure, for relevant Police Officers (Chief Officer rank) and Senior Staff (Chief Officer equivalent rank, and senior post holders in the Office of the Police and Crime Commissioner (OPCC)), 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 31st 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	0	0	0	976	0	163,192	50,287	213,479
Deputy Chief Constable (1)		130,678	0	0	0	859	0	131,536	40,510	172,046
Assistant Chief Constable (1)		121,166	0	0	36	899	0	122,100	37,461	159,561
Assistant Chief Constable (2)	1	2,783	0	0	103	0	0	2,886	863	3,749
Assistant Chief Constable (3)	2	85,016	0	0	0	0	4,451	89,466	26,355	115,821
Assistant Chief Officer Resources	6	119,764	0	0	0	0	0	119,764	21,917	141,681
Police & Crime Commissioner		64,095	0	0	0	0	0	64,095	2,310	66,405
Deputy Police & Crime Commissioner		59,202	0	0	0	0	0	59,202	10,834	70,036
Chief Finance Officer (1) OPCC		101,037	0	0	0	0	0	101,037	18,335	119,372
Chief Finance Officer (2) OPCC	5	285	0	0	0	0	0	285	52	337
Chief Executive OPCC		99,948	0	0	0	0	0	99,948	18,291	118,239

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.
- 5** Chief Finance Officer (2) OPCC to cover Section 151 duties whilst the Chief Finance Officer (1) OPCC on sick leave.
- 6** The Assistant Chief Officer Resource retired on the 30th April 2024 and the Chief Finance Officer started 1st May 2024.

2022/23

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	0	0	0	3,094	0	154,117	46,817	200,934
Deputy Chief Constable (1)	1	72,108	0	0	0	0	6,953	79,061	22,353	101,414
Deputy Chief Constable (2)	2	47,779	0	0	0	281	0	48,060	14,811	62,871
Assistant Chief Constable (1)	3	96,861	11,001	0	0	14	4,839	112,715	30,027	142,742
Assistant Chief Constable (2)	4	10,637	0	0	0	0	457	11,094	3,297	14,391
Assistant Chief Constable (3)	5	35,795	0	0	0	0	1,611	37,406	11,097	48,503
Assistant Chief Officer Resources		114,313	0	0	0	0	0	114,313	20,348	134,661
Police & Crime Commissioner		73,144	0	0	0	0	0	73,144	13,020	86,164
Deputy Police & Crime Commissioner		57,192	0	0	0	0	0	57,192	10,180	67,372
Chief Finance Officer OPCC	6	96,657	2,028	0	0	0	0	98,685	17,205	115,890
Chief Executive OPCC		96,072	0	0	0	0	0	96,072	17,101	113,173

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 29 - Termination Benefits

A Schedule of exit packages at 31st 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	1	0	0	0	1	0	179,967
Total	8	1	0	0	8	1	430,787	179,967

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 30 - External Audit Costs

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

The total costs of £104,480 are split equally between the PCC Group Statement of Accounts and the Chief Constable's Statement of Accounts.

2022/23		2023/24
£'000		£'000
99	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	104
99	Total	104

Note 31 - Grant Income

The following grants were credited to the Cost of Services in the CIES in 2023/24.

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

31 March 2023		31 March 2024
£'000		£'000
(25,727)	Revenue Support Grant	(25,877)
(62,343)	Police Grant	(62,520)
0	Capital Grant and Contributions	0
(88,070)	Total	(88,397)
2022-23		2023-24
(738)	All Wales Counter Terrorism Intelligence Unit (CTIU)	(755)
(202)	All Wales Regional Intelligence Unit (RIU)	(203)
0	All Wales Regional Organised Crime Unit - Cyber	(257)
(18)	All Wales Regional Organised Crime Unit - STU	(39)
(396)	All Wales Regional Organised Crime Unit - STU Online	(172)
(129)	All Wales Regional Organised Crime Unit - Disruption	(31)
(80)	All Wales Regional Organised Crime Unit - Dark Web	(2)
(173)	All Wales Regional Prison Intelligence	(62)
(333)	Data Barring Service	(358)
0	Emergency Services Mobile Communications Programme	(32)
(106)	Fire Crime Unit	0
(612)	Funding-Safer Streets Initiative	(422)
(1,334)	Home Office Pensions Grant	(1,325)
(128)	IOM Cymru Womens Pathfinder (Diversion - IF)	(445)
(1,306)	Ministry of Justice - Victim Services	(1,290)
(219)	Missing Childrens Team	(270)
(98)	National Cyber Crime Build Project	(113)
(1,010)	Operation Uplift	(2,127)
(4,556)	Police Community Support Officers	(3,753)
(491)	Police Education Qualification Framework	(491)
(456)	Private Finance Initiative (PFI) - Ystrad Mynach	(429)
(216)	Regional Assest Recovery Team	(224)
(576)	Safety Camera Enforcement	(697)
(22)	Violence Against Woman, Domestic Abuse And Sexual Violence	(22)
(107)	We Don't Buy Crime	0
(422)	Welsh Government (WG) - All Wales Schools Liaison (AWSL)	(445)
(131)	Youth Offending	(128)
0	Domestic Abuse Perpertrator Programme	(38)
(208)	Drug Testing on Arrest	(71)
(719)	Pay Award	(3,388)
(18)	SVOC - Preventions Serious Violence Duty Grant	(38)
(135)	LEDS Grant	(145)
(493)	Counter Terrorism Policing Grant	(156)
0	Bursary awards Grant	(6)
0	SVOC Serious Violence – Preventions	(92)
(15,432)		(18,026)

Note 32 - Related Parties

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

Central Government

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

Members

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

A JAC member is an independent member of Monmouthshire County Council Governance and Audit Committee. During the 2023/24 financial year, the Police and Crime Commissioner for Gwent paid a total of £1,166,299 (2022/23: £1,052,978) to Monmouthshire County Council. During 2023/24 the Police and Crime Commissioner received £15,504,946 (2022/23: £14,391,857) in Precept and there was no debtor balance. There was a creditor balance of £10,631 (2022/23: £7,651).

Officers

The Assistant Chief Officer- Resources was the Company Secretary to Gwent Independent Film Trust (GIFT) Ltd. See Note 40 – Gwent Independent Film Trust (GIFT) for additional information. In addition, the Assistant Chief Officer- Resources has a long-term friendship with the Commercial Manager of BAM Construction Ltd (BAM). Police and Crime Commissioner for Gwent have contractual relationships with BAM in relation to the construction of a new HQ building. During the 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.

The Chief Finance Officer is a member of the Audit and Risk Committee of Police Digital Services (PDS). PDS is a company limited by guarantee and is wholly owned by Police and Crime Commissioners in England and Wales. It was established to support policing to make the public safer through better ICT, through seeking to act as a bridge between the policing, technological and commercial worlds. During the 2023/24 financial year, the Police and Crime Commissioner for Gwent paid a total to PDS of £344,195 (2022/23: £233,028). No income was received and there was no debtor balance (2022/23: £16,361).

A family member of the Chief Finance Officer is a Senior Finance Business Partner for Newport City Council (NCC). The Police and Crime Commissioner for Gwent have contractual relationships with NCC, in relation to such things as the receipt of precept monies and also co-funded initiatives such as the Missing Children's Hub. During 2023/24, the Police and Crime Commissioner for Gwent received £19,855,543 (2022/23: £18,506,838) income from NCC and, made payments to them of £2,939,261 (2022/23: £3,118,966). There is a Debtor Balance of £2,700 (2022/23: £34,693), Creditor balance of £0 (2022/23 £0).

During 2023/24 the previous Police and Crime Commissioner was a Non-Executive Director of the College of Policing, PDS and Shared Resource Services (SRS). The College of Policing received £148,030 (2022/23 £134,563) during the financial year and paid the Police and Crime Commissioner for Gwent £6,905 (2022/23 £236,193). There is a Creditor balance of £16,053 (2022/23 £87) and £127,253 debtor balance (2022/23 £0). The transactions for PDS are above and the amount paid to SRS during 2023/24 was £7,409,372 (2022/23 £7,757,859), income received from SRS was £25,735 (2022/23: £15,171). There was a creditor balance of £0 (2022/23 £42) and a debtor balance of 0 (2022/23 £0)

A family member of the Chief Executive works for Aneurin Bevan University Health Board (ABUHB) as a procurement manager. The Police and Crime commissioner for Gwent have contractual relationships with ABUHB in relation to the Victims of Crime initiative and received a total of £15,393 during 2023/24 (2022/23 £30,785). The Police and Crime Commissioner received income of £19,656 (2022/23 £14,742) from ABUHB. The debtor and creditor balance were nil for 2023/24 and 2022/23.

Note 33 – Capital Expenditure and Capital Financing

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

Capital Expenditure and Capital Financing

31 March 2023		31 March 2024
£'000		£'000
0	Opening Capital Financing Requirement	0
	Capital Investment:	
7,141	Property Plant and Equipment	10,225
323	Intangible Assets	103
0	Other Capital Expenditure	0
7,464	Total Capital Spending	10,328
	Sources of Finance:	
0	Capital receipts	(301)
0	Government Grants and other contributions	0
	Sums set aside from revenue:	
(7,464)	- Direct revenue contributions	(10,027)
0	- Minimum revenue provision	0
(7,464)	Total Sources of Finance	(10,328)
0	Closing Capital Financing Requirement	0

Note 34 - Leases PCC

PCC and PCC Group as Lessee

Finance Leases

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

Operating Leases

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

The expenditure charged to Premises costs line in the CIES during the year in relation to the property leases was £821,077 inclusive of service charges (2022/23: £721,178).

The PCC Group also utilises Multi-Functional Devices (combined photocopier, printer and scanners) through operating leases. The PCC Group has a 5-year contract with Konica Minolta, which was renewed in January 2022. Expenditure on these leases (excluding copy charges) during the year was £29,047. (2022/23: £44,496).

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

Premises Leases

	2022/23	2023/24
	£'000	£'000
Not later than 1 year	429	654
Later than 1 year but not later than 5 years	953	2,229
Later than 5 years	981	1,831
Total	2,363	4,714

MFD Leases

	2022/23	2023/24
	£'000	£'000
Not later than 1 year	26	26
Later than 1 year but not later than 5 years	94	68
Later than 5 years	0	0
Total	120	94

PCC and PCC Group as Lessor

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

Bargoed Police Station - £2,200 (2022/23 £2,200), from Bargoed Town Council. The lease agreement with respect to Bargoed Police Station ended March 2024.

The PCC also received rental income from the Radio Mast sites of £10,668 (2022/23 £10,668)

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

Premises Rental Income

	2022/23	2023/24
	£'000	£'000
Not later than 1 year	2	0
Later than 1 year but not later than 5 years	0	0
Later than 5 years	0	0
Total	2	0

Note 35 – Collaboration

Police forces in Wales have a long, successful history of collaborating to develop specialist areas of policing. This includes those under the remit of the former Police Authorities of Wales Joint Committee. Future collaboration will be driven by the need to satisfy the Strategic Policing Requirement and by the outcomes of the Regional Strategic Assessment of threats, risks and harm to the southern region of Wales. The Police and Crime Commissioner for each Police Force will be responsible for ensuring the Strategic Policing Requirement is met. As part of this, they will look to work in collaboration with other 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
2023/24	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross Expenditure											
South Wales Police	4,919	294	1,104	7,627	1,194	2,900	1,105	5,101	8,520	352	33,116
Dyfed Powys Police	1,915	115	430	2,969	452	0	0	0	5,112	0	10,993
Gwent Police	2,182	131	490	3,384	577	1,684	631	2,510	3,408	352	15,349
North Wales Police	2,539	152	2,202	0	0	0	0	0	0	0	4,893
	11,555	692	4,226	13,980	2,223	4,584	1,736	7,611	17,040	704	64,351
Total Income & Grants											
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)
	(11,555)	(692)	(4,226)	(7,432)	(29)	0	0	0	(2,180)	0	(26,114)

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
Gross Expenditure											
South Wales Police	4,528	251	1,081	5,943	1,262	2,858	983	4,697	8,109	312	30,024
Dyfed Powys Police	1,778	99	425	2,334	478	0	0	0	4,865	0	9,979
Gwent Police	2,027	113	484	2,661	610	1,539	491	2,289	3,243	312	13,769
North Wales Police	2,368	131	2,113	0	0	0	0	0	0	0	4,612
	10,701	594	4,103	10,938	2,350	4,397	1,474	6,986	16,217	624	58,384
Total Income & Grants											
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)
	(10,701)	(594)	(4,103)	(5,803)	(42)	0	0	(92)	(2,164)	0	(23,499)

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 36 - Defined Benefit Pension Scheme

McCloud / Sargeant Judgement

The Chief Constable of Gwent along with other Chief Constables and the Home Office currently has 148 claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. These claims against the Police Pension Scheme (the Aarons case) had previously stayed behind the McCloud/Sargeant judgement but have now been lifted and a case management hearing was held on 25th October 2019. The resulting Order of 28th 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 25th March 2020.

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

On 19th July 2021 the Public Service Pensions and Judicial Offices Act 2022 was taken to the House of Lords. This received royal assent on 10th March 2022 and the Act came into force from 1st April 2022. HMT directions to accompany the act were published on 14th December 2022. The Act closed the legacy schemes from 31st March 2022 and brings the retrospective remedy into force by 1st 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 1st October 2023, this consultation opened on 28th February 2023 and closed on 23rd 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 31st 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 25th 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 31st 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 31st March 2022.
- From 1st 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:

2022/23				General Fund Transactions				2023/24			
LGPS for CC	LGPS for PCC	Police Pensions	Total					LGPS for CC	LGPS for PCC	Police Pensions	Total
£'000	£'000	£'000	£'000					£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement											
Cost of Services											
Service cost comprising:											
15,066	410	30,720	46,196	Current service cost				5,905	172	9,970	16,047
276	0	0	276	Past service cost				215	0	0	215
0	0	410	410	Transfers In				0	0	370	370
152	4	0	156	Administration expenses				164	5	0	169
0	0	0	0	Other Operating Expenditure:				0	0	0	0
0	0	0	0	Financing and Investment Income and Expenditure				0	0	0	0
2,594	112	42,820	45,526	Net interest expense				3	43	51,300	51,346
18,088	526	73,950	92,564	Total charged to Surplus and Deficit on Provision of Services				6,287	220	61,640	68,147

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

£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Re-measurement of the net defined benefit liability comprising:				
5,627	186	0	5,813	Return on plan assets (excluding the amount included in the net interest expense)	(13,938)	(472)	0	(14,410)
19,928	1,632	58,740	80,300	Actuarial gains and losses - experience	5,355	204	37,620	43,179
(13,880)	(673)	(26,850)	(41,403)	Actuarial gains and losses arising on changes in demographic assumptions	(1,043)	(39)	0	(1,082)
(117,976)	(4,628)	(570,180)	(692,784)	Actuarial gains and losses arising on changes in financial assumptions	(12,421)	(481)	(25,130)	(38,032)
2,651	0	0	2,651	IFRIC 14 Surplus Restriction	21,904	0	0	21,904
(103,650)	(3,483)	(538,290)	(645,423)	Total charged to Other Comprehensive Income and Expenditure Statement	(143)	(788)	12,490	11,559
(85,562)	(2,957)	(464,340)	(552,859)	Total charged to the Comprehensive Income and Expenditure Statement	6,144	(568)	74,130	79,706

2022/23				Movement in Reserves Statement	2023/24			
LGPS for CC	LGPS for PCC	Police Pensions	Total		LGPS for CC	LGPS for PCC	Police Pensions	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(18,088)	(526)	(73,950)	(92,564)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(6,287)	(220)	(61,640)	(68,147)
5,743	157	36,010	41,910	Actual amount charged against the general fund balance for pensions in the year: Employers' contributions payable to scheme	6,144	174	40,490	46,808

2022/23				Pensions Assets and Liabilities Recognised in the Balance Sheet	2023/24			
LGPS for CC	LGPS for PCC	Police Pensions	Total		LGPS for CC	LGPS for PCC	Police Pensions	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(169,005)	(6,737)	(1,118,133)	(1,293,875)	Present value of the defined obligation	(173,300)	(6,829)	(1,151,773)	(1,331,902)
169,005	5,834	0	174,839	Fair value of plan assets	173,300	6,668	0	179,968
0	(903)	(1,118,133)	(1,119,036)	Value of Assets / (Liabilities)	0	(161)	(1,151,773)	(1,151,934)
0	0	0	0	Other movements in the (liability) / asset	0	0	0	0
0	(903)	(1,118,133)	(1,119,036)	Net (liability) / asset arising from the defined benefit obligation	0	(161)	(1,151,773)	(1,151,934)

2022/23				Movement in the Value of Scheme Assets	2023/24			
LGPS for CC	LGPS for PCC	Police Pensions	Total		LGPS for CC	LGPS for PCC	Police Pensions	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
171,004	5,681	0	176,685	Opening fair value of scheme assets	169,005	5,834	0	174,839
4,667	154	0	4,821	Interest income	8,125	279	0	8,404
				Re-measurement gain / (loss):				
(5,627)	(186)	0	(5,813)	- The return on plan assets, excluding the amount included in the net interest expense	13,938	472	0	14,410
(2,356)	129	0	(2,227)	Other gains / (losses)	0	0	0	0
5,743	157	36,010	41,910	Contributions from employer	6,144	174	40,490	46,808
2,023	72	6,880	8,975	Contributions from employees into the scheme	2,141	72	7,570	9,783
(3,798)	(173)	(42,890)	(46,861)	Benefits / transfers paid	(4,149)	(163)	(48,060)	(52,372)
(2,651)	0	0	(2,651)	IFRIC 14 Surplus Restriction	(21,904)	0	0	(21,904)
169,005	5,834	0	174,839	Closing value of scheme assets	173,300	6,668	0	179,968

2022/23				Movements in the Fair Value of Scheme Liabilities	2023/24			
LGPS for CC	LGPS for PCC	Police Pensions	Total		LGPS for CC	LGPS for PCC	Police Pensions	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(262,309)	(9,698)	(1,618,483)	(1,890,490)	Opening balance at 1 April	(169,005)	(6,737)	(1,118,133)	(1,293,875)
(15,066)	(410)	(30,720)	(46,196)	Current service cost	(5,905)	(172)	(9,970)	(16,047)
(7,261)	(266)	(42,820)	(50,347)	Interest cost	(8,128)	(322)	(51,300)	(59,750)
(2,023)	(72)	(6,880)	(8,975)	Contributions from scheme participants	(2,141)	(72)	(7,570)	(9,783)
				Re-measurement gains and losses:				
(17,572)	(1,761)	(58,740)	(78,073)	- Actuarial gains / (losses) - experience	(5,355)	(204)	(37,620)	(43,179)
13,880	673	26,850	41,403	- Actuarial gains / (losses) from changes in demographic assumptions	1,043	39	0	1,082
117,976	4,628	570,180	692,784	- Actuarial gains / (losses) from changes in financial assumptions	12,421	481	25,130	38,032
0	0	0	0	- Other	0	0	0	0
(276)	0	0	(276)	Past service cost	(215)	0	0	(215)
0	0	(410)	(410)	Transfers in	0	0	(370)	(370)
3,798	173	42,890	46,861	Benefits / transfers paid	4,149	163	48,060	52,372
(152)	(4)	0	(156)	Administration expenses	(164)	(5)	0	(169)
(169,005)	(6,737)	(1,118,133)	(1,293,875)	Balance as at 31 March	(173,300)	(6,829)	(1,151,773)	(1,331,902)

The liabilities show the underlying commitments that the Chief Constable has in the long run to pay retirement benefits. The total liability of £1.332bn (2022/23: £1.294bn) has a substantial impact on the net worth of the PCC Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1.152bn (2022/23: £1.119bn).

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

Basis for Estimating Assets and Liabilities

The expected return on assets are no longer required for IAS19 as the discount rate (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 (Group)			
	2022/23	2022/23	2023/24	2023/24
	£'000	%	£'000	%
Asset Allocations				
Equity Securities	0	0.00%	0	0.00%
Investment Funds and Unit Trusts	172,974	97.45%	194,599	95.09%
Real Estate	3,595	2.03%	3,383	1.65%
Cash and Cash Equivalents	921	0.52%	6,666	3.26%
Total	177,490	100%	204,649	100%

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
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	21.90	21.90	20.30	20.20
Women	23.50	23.60	23.20	23.00
Longevity at 65 for future pensioners:				
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	
	Approximate increase/(decrease) in assumption		Approximate % increase to Employer Liability	Approximate monetary amount
	%	£'000	PCC Group %	£'000
0.5% increase in the Real Discount Rate	(8.00%)	(92,000)	0.00%	0
0.1% decrease in the Real Discount Rate	0.00%	0	2.00%	3,959
1 year increase in member life expectancy	2.50%	29,000	4.00%	6,932
0.5%/0.1% increase in the Salary Increase Rate	1.00%	12,000	0.00%	152
0.5%/0.1% increase in the Pension Increase Rate	8.00%	91,000	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 follow:

LGPS Certified Rates for the Year Ending

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

Note 37 - Contingent Assets and Liabilities

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

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

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

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

Overall Procedures for Managing Risk

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

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

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

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

Credit risk

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

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

Exposure to Credit Risk

	Amount at 31 March 2024	Historical experience of default	Adjustment for market conditions at 31 March 2024	Estimated maximum exposure to default
	£'000	%	%	£'000
Deposits with Banks and Financial Institutions	5,241	0.000%	0.00%	0.00
Money Market Funds	8,032	0.000%	0.00%	0.00
Local Authorities	11,192	0.006%	0.00%	0.45
Debt Management Office	0	0.000%	0.00%	0.00
Trade Debtors	1,040	0.075%	0.075%	0.78
Total	25,505			1.23

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

Outstanding Debts

The PCC Group does not generally allow credit for its trade debtors, however aged debtors has increased from 2022/23. The recoverability of this debt is not considered a risk as the majority of the trade debt is with other public sector counter parties. As at 31st March 2024 £0.143m of the £1.040 balance is past its due date for payment. The amounts can be analysed by age as follows:

	31 March 2023	31 March 2024
	£'000	£'000
Not Due	263	841
0-1 Month	8	55
1-3 Months	7	18
3-6 Months	3	16
6-12 Months	28	73
> 12 Months	30	36
Total	339	1,040

Liquidity Risk

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

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

Refinancing and Maturity Risk

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

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

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

The PCC group has £nil (2022/23:£nil) financial liabilities with a maturity of greater than one year. All trade and other payables are due to be paid in less than one year. In addition, all Financial Assets are due to be repaid in less than one year. For further disclosure see Note 16 – Financial Instruments.

Market Risk

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

Interest Rate Risk

The PCC Group has minimal exposure to risk in terms of its exposure to interest rate movements on its borrowings and investments. Investments of £14m are at fixed rates. If interest rates were to rise, the fair value of these will remain the same as they are all for less than one year in duration. A further £8m is deposited in Money Market Funds which are subject to variable interest rates or yields however the size, diversification and structure of the fund's assets mitigate risk. There is also a £2m deposit in Lloyds Bank Instant Access account. The interest rate is fixed but the yield will vary depending on the time left in the call account.

Price Risk

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

Foreign Exchange Risk

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

Note 39 - Intra Group Adjustments

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

CIES Intra-group adjustments

PCC	Chief Constable	PCC Group		PCC	Chief Constable	PCC Group
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
207,692	0	207,692	Total	186,225	0	186,225
(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
(645,423)	0	(645,423)	Total	11,559	0	11,559

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
(17,245)	0	(17,245)	Total	(18,964)	0	(18,964)

Note 40 - Gwent Independent Film Trust (GIFT)

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

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

At 31st March 2023 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 31st 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 7th May 2024.

Glossary

Term	Definition
2023/24	This refers to the period covered by these accounts – 1 st April 2023 to 31 st March 2024
2022/23	This refers to the prior year financial period for comparative purposes – 1 st April 2022 to 31 st March 2023
Accounting Policies	These are a set of rules and codes of practice the PCC Group 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"> • Events have not coincided with the actuarial assumptions made in the last valuation; or • The actuarial assumptions have changed.
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 Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group.
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 PCC Group accounts.
Creditors	Individuals or organisations to which the PCC Group owes money at the end of the financial year split short-term (within 12 months) and long-term.
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 PCC Group money at the end of the financial year split short-term (within 12 months) and long-term.
Defined Benefit Scheme	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The schemes may be funded or unfunded.

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 PCC Group over more than one year.
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.
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 its 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 PCC Group. Examples include software, licenses and patents.
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 PCC Group is statutorily required to set aside from revenue funds to meet the repayment of borrowing undertaken to support capital investment.
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 nd 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 PCC Group may set aside amounts as provisions to meet liabilities or losses that are likely to arise in the future.

Public Works Load 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 PCC Group.
Revaluation Reserve	An amount representing the accumulated gains on the fixed assets held by the PCC Group arising from increases in value, as a result of inflation and other factors, to the extent that these gains have not been consumed by subsequent downward movements in value.
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, Chief of Staff and statutory Chief Officers (ACPO).
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.

