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THE CHIEF CONSTABLE OF DYFED-POWYS POLICE

# STATEMENT OF ACCOUNTS

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FOR THE YEAR ENDED  
31 MARCH 2024



## Contents

<b>Narrative Report .....</b>	<b>3</b>
<b>Statement of Responsibilities.....</b>	<b>19</b>
<b>The Independent auditor’s report of the Auditor General for Wales to the Chief Constable for Dyfed-Powys.....</b>	<b>20</b>
<b>Comprehensive Income and Expenditure Statement .....</b>	<b>24</b>
<b>Balance Sheet.....</b>	<b>25</b>
<b>Police Pension Fund .....</b>	<b>26</b>
<b>Notes to the Accounts .....</b>	<b>28</b>
<b>1. Accounting Policies.....</b>	<b>28</b>
<b>2. Previous Period Adjustments .....</b>	<b>31</b>
<b>3. Accounting Standards issued but not yet been adopted.....</b>	<b>31</b>
<b>4. Critical judgements in applying accounting policies .....</b>	<b>32</b>
<b>5. Assumptions and other major sources of estimation uncertainty .....</b>	<b>32</b>
<b>6. Events after the Reporting Period .....</b>	<b>32</b>
<b>7. Financing and investment income and expenditure .....</b>	<b>32</b>
<b>8. Financial Instruments .....</b>	<b>33</b>
<b>9. Short-term Debtors .....</b>	<b>34</b>
<b>10. Short-term Creditors.....</b>	<b>34</b>
<b>11. Collaborative Arrangements .....</b>	<b>34</b>
<b>12. Officers’ remuneration.....</b>	<b>40</b>
<b>13. External audit costs .....</b>	<b>43</b>
<b>14. Related parties .....</b>	<b>43</b>
<b>15. Leases.....</b>	<b>44</b>
<b>16. Termination benefits.....</b>	<b>45</b>
<b>17. Defined benefit pension schemes .....</b>	<b>45</b>
<b>18. Contingent Liabilities.....</b>	<b>53</b>
<b>19. Nature and extent of risks arising from financial instruments .....</b>	<b>53</b>
<b>Glossary of Terms .....</b>	<b>54</b>

## Narrative Report

### 1. Introduction

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

The establishment of the two Corporations sole requires each body to produce their own Statement of Accounts with the Commissioner producing a Statement of Accounts for the Group and Police Pension Fund. The Chief Constable produces separate accounts for the Dyfed-Powys Police Force.

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

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

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

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

### 2 Organisational Overview and External Environment

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



The resident population of around 519,000 is spread across extensive rural areas, holiday, and market towns as well as more heavily populated areas. The draw of tourism presents unique demands with large numbers of tourists visiting key towns. This presents its own implications for crime, anti-social behaviour, and roads policing.

The Welsh language is spoken by 28% of the residents of the Dyfed-Powys area compared with the national average of 17%. Both the Commissioner and the Chief Constable are committed to ensuring that the workforce is representative of the communities it serves so that members of the public are, whenever possible, afforded the opportunity to communicate in the Welsh language.

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

Pressures continue to arise from the changing nature of crime and incidents and more recently from a complex array of financial and economic consequences arising from the Covid-19 pandemic, compounded by the cost-of-living crisis. This resulted in significant inflationary cost pressures which necessitated a cost reduction plan of £6.4m that needed to be incorporated to balance 2023/24 budgets.

Against a challenging financial backdrop, operational demands continue to grow and become increasingly complex. The service continues to evolve quickly to enable its response to new risks, threats, and changes in technology, many of which have required new ways of working. The introduction of a new records management system in May of 2023 had a significant impact on records processing timeliness during the summer months. Summer demands were exacerbated further by a significant police resourcing requirement linked to protests in the vicinity of the asylum processing centre in Llanelli. May 2023 also saw the opening of a new police station and custody facility at Dafen, Llanelli.

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

After extensive consultation, the Commissioner published his new Police and Crime Plan in March 2022. The plan sets out three priorities and four values which will underpin delivery:

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

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

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

Detailed delivery plans were developed to underpin the delivery of the Police and Crime Plan and the Chief Constable's priorities. These plans take cognisance of the challenging operational and financial environment, the need for continued investment to support sustainable services and the requirement to match resources and assets to meet evolving demands and legislation which have been incorporated in the Medium-Term Financial Plans.

2023/24 was another busy year in terms of operational requirements, with the Force's officers and staff dealing with numerous high-profile events including the King's Coronation, and many other planned and unplanned operations and incidents of significance.

### **3 Governance and Performance**

#### **Governance**

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

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

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

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

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

#### **Performance**

From a Force perspective, performance against key objectives is monitored and reported locally at all levels within the organisation as well as at monthly Force Performance Events and two weekly Policing Board Meetings.

During 2023/24, 36,674 crimes were recorded, against 45,450 in 2022/23, a decrease of 19.3% (8,776) as shown in the following table:

	2022/23	2023/24	Difference	Difference
Crimes Recorded by Crime Type	Offences	Offences	Offences	%
Violence Against the Person	22,398	17,597	(4,801)	(21.4%)
Theft	4,896	4,787	(109)	(2.2%)
Arson and Criminal Damage	4,582	4,043	(539)	(11.8%)
Public Order Offences	6,253	4,173	(2,080)	(33.3%)
Drug Offences	2,272	1,587	(685)	(30.1%)
Sexual Offences	1,752	1,459	(293)	(16.7%)
Burglary	1,285	1,279	(6)	(0.5%)
Miscellaneous Offences	910	745	(165)	(18.1%)
Vehicle Offences	694	628	(66)	(9.5%)
Possession of Weapons	322	298	(24)	(7.5%)
Robbery	86	78	(8)	(9.3%)
<b>Total</b>	<b>45,450</b>	<b>36,674</b>	<b>(8,776)</b>	

The year has seen improvements in crime recording practices alongside changes to Home Office Counting Rules and enhanced proactivity in ensuring compliance with the National Crime Recording Standard (NCRS) and the Home Office Counting Rules (HOCR) when recording crimes. This will account for a large proportion of the decreases. The changes in counting rules, for example, include the reinstating of the principal offence rule for behavioural crimes to allow a focus on the most impactful offence, and increasing the threshold for malicious communications crimes to ensure that they are only recorded when the threshold of a crime is met, rather than when someone is merely offended by something for example posted on social media.

The Force continues to maintain an effective and efficient 999 telephony service. 999 calls are, inevitably, prioritised above all others as they represent urgent emergency requests for assistance where time is of the essence. Reflecting on national reported data during the period 2023/24, the Force's average answer time was 9.74 seconds (source BT data presented by Digital Public Contact). In terms of the Force's performance, cognisance must be given to the latency time – that is the time taken for a call to be transferred from the BT exchange to the Force Control Centre which is included within BT reporting data. Dyfed-Powys Police maintains a record of performance which provides reassurance that during the period, 87% of 999 calls were answered within 9 seconds. The transition to the new telephony system which is expected in the autumn will provide more accurate data for national comparison and is expected to reduce latency time significantly.

The public largely consider the 101 service to be a contact channel for reporting non-emergency incidents to the Police (generally, calls that do not warrant a 999 call). In this respect, the Option-1 101 service reflects this expectation. Over the last 12 months, 69% of these calls were answered in under 120 seconds with an average speed of answer of 131 seconds. Abandonment on this service was 13% and this has deteriorated over the course of the year. Significant additional telephony system and staffing investments are being implemented to reverse this trend, which aims to enable delivery to be within the Home Office target of 10%.

The Force offers a 24/7 Digital Contact Service which includes the Single Online Home online reporting platform and Two-Way Social Media Communications. During 2023/24, a total of 16,450 Single Online Home forms were submitted. This demand is ever increasing with new form categories and services being introduced regularly. In terms of various social media channels and email communication, data shows that during 2023/24, a total of 20,924 conversations were held through social media (Data source Digital Public

Contact). Whilst not yet fully quantifiable, it is also considered that direct email contact is approximately 100 emails per day.

In 2023/24, 5,475 arrests were made which is a decrease in arrest volumes from 8,244 in 2022/23. Arrests in connection with Domestic Abuse (DA) have decreased from 2,621 in 2022/23 to 2,458 in 2023/24, which is reflective of the decrease in DA offences recorded.

Considering crimes that were reported and assigned an outcome (finalised) in 2023/24, 18,610 out of 35,455 (52.5%) crimes were assigned an outcome within 30 days of it being reported. This compares to 30,288 out of 44,708 crimes (67.7%) in 2022/23. A new records management system was implemented in May 2023, which has impacted on processing times. Positive outcomes rates rely on victim participation and the quality of investigations to bring offenders to justice. Between November 2023 and March 2024, the positive outcome rate has ranged between 14.1% and 18.9% for each of those months.

### **His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)**

The Force was inspected by HMICFRS in 2023, as part of the 2023-25 Continuous Assessment Police, Effectiveness, Efficiency and Legitimacy (PEEL) framework. The 2023-25 PEEL report was published in November 2023, with an assessment of the Force's performance and gradings against the framework's core question areas. The Force was assessed as 'Adequate' in six areas; 'Police powers and public treatment', 'Preventing crime and anti-social behaviour', 'Responding to the public', 'Investigating crime', 'Managing offenders' and 'Leadership and force management. It was assessed as 'Requiring Improvement' in two areas; 'Protecting vulnerable people' and 'Developing a positive workforce'

HMICFRS were satisfied with most aspects of the performance of the Force in keeping people safe, reducing crime, and providing victims with an effective service, however they noted some areas where the Force needs to improve. HMICFRS were pleased with Dyfed-Powys Police's approach to problem solving and preventing anti-social behaviour. It was highlighted that the Force has achieved some impressive standards in the effective investigation of crimes, as well as the work of staff in the Force Communication Centre (FCC), who prioritise calls effectively and use a structured approach to consistently identify vulnerability and repeat victims, with Dyfed-Powys Police comparing favourably with other reviews of victim service assessments in other Forces. HMICFRS have highlighted there is still work to do to achieve appropriate outcomes for victims and in improving answering times for calls from the public, both of which are national themes for all Forces.

HMICFRS recognised that the Force introduced a new records management system, NICHE, in May 2023, which is considered the most significant change in the history of the Force. HMICFRS commented on a strong performance culture, and that the Force's efforts in improving performance was producing positive results. It was also highlighted that the Force uses data effectively to understand its finances, which is identified as promising practice and is being shared with other Forces nationally. In addition, Dyfed-Powys Police has made significant improvements in officers' behaviour and effective communication with the public and encourages strong scrutiny and challenge of stop and search, resulting in an improvement in grading in the use of police powers and public treatment.

With reference to areas identified as requiring improvement, HMICFRS highlighted some concerns in relation to the way Dyfed-Powys Police was assessing incidents related to domestic abuse. The Force has acted immediately in response to this feedback by ensuring that all incidents related to domestic abuse now have a secondary risk assessment by trained specialist staff. In addition, some issues were highlighted in relation to addressing the welfare and understanding of the demand placed on the workforce. Again, the Force has acted swiftly to address these issues through a wellbeing action plan to proactively improve welfare support and advice available, as well as ensuring that supervisors are provided with leadership courses (in line with the College of Policing leadership standards).

Dyfed-Powys Police has introduced a Wellbeing and Retention Officer, to undertake 'say and stay' and 'exit interviews' to better understand the challenges faced by officers and staff, aiming to reduce the risk of skilled personnel leaving the organisation. The Force is also undertaking a review of the wider operating model to ensure that resources are best placed to meet demand, and that victims' needs, and the delivery of the organisational priorities are fully aligned.

### **Force Management Statement (FMS)**

The Chief Constable submitted the most recent FMS (2023) to the HMICFRS in May 2024. The 2023/24 financial year was a year of transition, and the FMS provided an updated assessment of operational capacity for Dyfed-Powys Police against current and expected future demand. The FMS is cognisant of several factors within the Force including:

- Priorities set out by the Chief (themed around domestic abuse, drugs, rape and sexual offences);
- The three-year Force Review Programme established to support, challenge and facilitate the identification of operational business improvements and delivery of savings targets;
- A new programme of work structured around the HMICFRS Victim Service Assessment;
- Implementation of the new NICHE Records Management System (RMS);
- A new Performance Framework in development, following transition to Niche RMS;
- New Strategic Policing Requirement (SPR), following publication in February 2022.

The FMS includes an overview of each of the above factors and the impact they have had on the Force as a whole. It provides an update on these key risks and any new risks that have emerged. Each section of the FMS also demonstrates how performance is currently measured within that area of business and what future strategic plans are in place to prevent and deter crime and vulnerability to deliver on the Chief Constable's priorities.

The FMS identified several cross-cutting themes and priorities, specifically in relation to service demand changes. It also highlighted the need for the planned improvements in the Force Annual Planning and Assurance Process whereby details of demand for policing services and the resources needed to meet demand, together with the details of areas to be addressed through investment or productivity improvements are brought together. The report findings are summarised across the following headings:

- Workforce investment, training and accreditation, recruitment, retention resilience, and wellbeing.
- Financial challenges, including the Cost of Living Crisis / economic conditions.
- Communication Centre demand and staffing pressures.
- Environmental issues and sustainability.
- Performance and demand challenges.
- Estates and visibility of Neighbourhood Policing Teams.
- Information Communications Technology department (ICT) infrastructure and development/support.
- Information and data management.

The current FMS approach is centrally coordinated and will be more closely aligned to the Mid-term Financial Plan (MTFP), strategic planning and budget process for 2025/26. The Force will continue to



revise its methodology for producing the FMS to ensure the most efficient and effective approach to strategic planning.

#### 4 The Organisational Model

Dyfed-Powys Police is organised on both a geographical and functional basis. The Chief Constable is supported by a Chief Officer Team which comprises the Deputy Chief Constable, the Assistant Chief Constable, the Director of People and Organisation Development, and the Director of Finance. The main responsibilities of the four positions supporting the Chief Constable are shown in the table below:

Deputy Chief Constable	Assistant Chief Constable	Director of People and Organisation Development	Director of Finance
Legal Department	Local Policing	Human Resources	Corporate Finance
Service Improvement / Force Review	Investigations	Occupational Health and Wellbeing	Information Systems and Technology
Information Management	Specialist Response	Development Services	Procurement
Performance	Force Contact Centre	Staff Associations and Employer Relations	Fleet
Collaboration	Scientific Support		Estates
Professional Standards	Custody and Criminal Justice		
Health and Safety	Partnerships		
HMICFRS Inspection	Corporate Communications		

Having recognised the extent of future financial challenges, the Chief Constable initiated a Force Review Programme in June 2022 to support, challenge, and facilitate the identification and delivery of operational business improvements and delivery of budget saving targets of circa £10 million over the next 3 years. Importantly, the Chief Constable also took a range of early steps to proactively contain expenditure within 2022/23, which could then mitigate financial burdens as well as assisting in meeting future one-off pressures. The Commissioner also took measures to contain expenditure within his own office, which will allow some flexibility in dealing with financial challenges.

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

For the 2023/24 financial year, the Commissioner and Force had a budgeted establishment of 1,304 Police Officers, 163 Police Community Support Officers (PCSOs), and 824 Police Staff. A breakdown of the distribution of staffing is shown in the following table:

	Police Officers	PCSOs	Police Staff	Total
Budgeted Positions 2023/24	FTE	FTE	FTE	FTE
Local Policing	562	163	24	749
Investigations	445	0	171	616
Operational Support (including Call Handling)	171	0	134	305
Criminal Justice	1	0	68	69
Scientific Support and Digital Forensics	3	0	62	65
Professional Standards	8	0	17	25
Other including Business Support	36	0	297	333
Office of the Police and Crime Commissioner	0	0	21	21
Seconded and Funded Areas	78	0	30	108
<b>Total</b>	<b>1,304</b>	<b>163</b>	<b>824</b>	<b>2,291</b>

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

As well as recruiting to replace normal retirements and leavers, the Force has also been increasing establishment in line with the Home Office Police Uplift Programme to recruit an additional 20,000 officers by March 2023. Dyfed-Powys Police has realised increases of 42 in 2020/21, a further 42 in 2021/22 and a final 57 for 2022/23 to meet its share of the national targets. In addition, the Force was offered an additional unforeseen opportunity to increase this target further by 14 officers during the year which was delivered.

The Commissioner has an Office which supports him to deliver the statutory responsibilities as set out in The Policing Protocol Order 2011. In addition to the statutory roles of Monitoring Officer and Chief Finance Officer, the Commissioner has a team of professionals to advise on matters relating to finance, policy, performance, engagement, commissioning, and partnerships. The Commissioner had a budgeted establishment of 21 FTE for 2023/24. As part of a comprehensive review of the Estates related matters, the Commissioner transferred the function back to the Chief Constable with effect from 1 April 2022.

## 5 Financial Performance

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

The cost of services included within the Comprehensive Income and Expenditure Statement shows that £153.2m has been spent on providing policing services to the public of Dyfed-Powys Police in 2023/24 (2022/23: £173.2m). The Statement provides an analysis across the main cost components. For example, the largest element was spent on Police Officer Pay and Pensions which accounted for £77.3m of the total in 2023/24 (2022/23: £96.3m). The variation in cost of service is impacted significantly by the movement in pension liabilities and capital depreciation entries.

The Balance Sheet provides a snapshot of the Chief Constable's assets and liabilities as at 31 March 2024.

The Balance Sheet is dominated by the long-term liability of £1,053m (previously £1,075m) that exists in respect of future pension liabilities for police officers and staff. This represents the amount that would need to be set aside at the balance sheet date to cover future payments of pensions for all current serving and retired officers and staff. This figure has been calculated independently on an actuarial basis and takes account of future salary levels, inflation, mortality rates, etc. There has been a small reduction in this liability since March 2023 which is due to changes in actuarial assumptions including the discount factor.

The next largest item on the Balance Sheet is the £17m (2022/23: £17.8m) of short-term creditors representing the amounts owed by the Chief Constable at the end of the year which has decreased by £0.7m since March 2023. Further details and breakdowns in respect of Balance Sheet items are included in the notes to the accounts.

#### Financial Performance and Budget Variance Analysis 2023/24

The Commissioner set a budget of £133.4m as a Revenue Budget for the financial year 2023/24 which incorporated a use of reserves of £2.6m, as well as financial savings of £6.4m (4.6%). These were deducted from baseline budgets despite a council tax increase of 7.75%. This reflected the unprecedented cost increases that Dyfed-Powys Police faced in energy, general inflation, and interest rates etc. Going into the financial year, the Force also faced the risk of cost escalation from unfunded pay awards and on-going significant operations in relation to asylum centre protests (Operation Cambrian).

The 2023/24 financial year has been a year of significant financial variances, the vast majority of which are positive. The following table sets out the final out-turn position for 2023/24 and compares this to the original budget. The revised budget is also shown which reflects the additional budgets and reserve movements approved during the year for budget monitoring purposes approved in accordance with the Corporate Governance Framework.

Variation Statement	Original Budget	Revised Budget	Actual	Variance (Positive for Saving)
Budget Holder	£m	£m	£m	£m
<b>Police and Crime Commissioner</b>				
Office and Commissioning Costs	2.4	2.4	2.4	0.0
Transfer to/(from) Reserves - Commissioner	0.0	0.0	(0.1)	0.1
<b>Total Commissioner Revenue Budget Costs</b>	<b>2.4</b>	<b>2.4</b>	<b>2.3</b>	<b>0.1</b>
<b>Chief Constable</b>				
Police Pay and Allowances	76.4	78.1	76.6	(0.2)
Police Officer Overtime	2.0	1.9	2.1	(0.1)
Bank Holidays	1.1	1.1	1.0	0.1
Police Staff Pay and Allowances	36.6	37.8	37.2	(0.6)
Police Staff Overtime	0.2	0.2	0.2	0.0
Pension Costs	1.7	1.7	1.9	(0.2)
Recruitment, Insurance and Training	3.5	3.4	2.7	0.8
Premises Costs	6.3	6.3	5.7	0.6
Other Non-Pay Costs	11.9	11.6	10.9	1.0
Telephone Analysis and Forensics	2.6	2.6	2.3	0.3
Collaboration Payments	4.6	4.7	3.9	0.7
Grants	(11.6)	(14.4)	(15.1)	3.5
Income	(4.5)	(5.0)	(5.0)	0.5
Capital Financing	3.3	4.9	4.9	(1.6)
Recharges	(0.5)	(0.7)	(0.6)	0.1
<b>Total Budget - Force</b>	<b>133.6</b>	<b>134.2</b>	<b>128.7</b>	<b>4.9</b>
<b>Total Budget - Police and Crime Commissioner and Chief Constable</b>	<b>136.0</b>	<b>136.6</b>	<b>131.0</b>	<b>5.0</b>
Contribution to/(from) Reserves - Chief Constable	(2.6)	(3.2)	2.4	(5.0)
<b>Net Spending After Transfer from Revenue to Reserves</b>	<b>133.4</b>	<b>133.4</b>	<b>133.4</b>	<b>0.0</b>
<b>Holding Accounts and self-balancing accounts</b>				
Driver Retraining Programme	0.0	0.0	(0.3)	0.3
Transfer to/(from) Reserves - Driver Retraining	0.0	0.0	0.3	(0.3)
Go Safe Partnership	0.0	0.0	0.9	(0.9)
Transfer to/(from) Reserves – Go Safe	0.0	0.0	(0.9)	0.9
Direct Revenue Financing - Capital	0.0	0.0	0.0	0.0
Transfer to/(from) Reserves - Capital	0.0	0.0	0.0	0.0
<b>Total Holding Accounts</b>	<b>133.4</b>	<b>133.4</b>	<b>133.4</b>	<b>0.0</b>

The Police and Crime Commissioner's spending was in-line with budget with a small transfer from reserves of £0.1m being utilised to fund some revenue costs in year. Dyfed-Powys Police expenditure was £4.9m within budget. This meant that a transfer to reserves of £2.4m could be processed rather than the £2.6m transfer from Commissioner's reserves that was budgeted.

As was reported throughout the year, officer pay was running very close to the original budget. This was despite a pay award of 7% being approved by UK Government for payment from September 2023 against a budgeted increase of 2.75%. Officer leavers were significantly higher than anticipated and almost exactly matched the additional cost of the pay award. Additional recruitment at the end of the year led to the Force exceeding its officer uplift targets for the year.

Police staff budgets were approximately £0.6m over budget with the additional Government pay award contributing £1.0m towards this. The underlying position has been an underspend of around £0.4m with the recruitment freeze for PCSOs and the Force Review, combining contributing factors such as difficulties in attracting and recruiting staff in a timely manner. Police staff overtime, bank holidays and officer pension costs were largely on target against budget.

The recruitment, training and insurance line included a one-off cost of £1.5m to fund Force Review transitional costs. Vacancy management resulted in a lower compulsory, voluntary and early retirement requirement to implement structural changes and meant that only £0.6m of the costs of change were incurred. A small overspend of £0.1m against training and other budgets resulted from additional training requests being approved in lieu of the overall budget position.

Some significant cost increases were budgeted for premises headings due to anticipated inflationary increases in gas and electricity costs, as well as additional running costs from May 2023 for the new Custody Facility in Dafen. The year also saw changes implemented in relation to facilities management arrangements, with a savings target of £0.4m being set for such headings in 2023/24 as part of a £1.0m three-year target for the Estates Department (10% of the Force Review target). It is pleasing that the overall budget position is some £0.6m in hand at the end of the year which reflects significant effort by the Estates Team, with savings being delivered through energy management, rates appeals, agile working, premises rationalisation, and income generation.

Other non-pay budget headings are some £1.0m within budget, with delays in implementation of the Contact Management System (CMS) and telephony solution in the control room contributing £0.5m of this. Savings of £0.3m against the Insurance and Litigation Provision have also been experienced due to the accounting statements being held open for longer as a result of delays in the audit process. This meant that £0.3m of claims received in relation to 2022/23 had to be charged back to that year, with a reduction in the Insurance and Litigation Reserve funding this in 2022/23. An additional transfer to reserves has been included in the 2023/24 accounts to replenish the Insurance and Litigation reserve back up to £0.4m. This incorporates a reduction of £0.05m in respect of claims received in 2024/25.

Savings against telephone analysis and forensic services costs of around £0.3m have been experienced during the year. Some £0.1 million was deleted from budgets in 2024/25 in recognition of this. The 2023/24 financial year saw limited serious crime investigations, so demand in terms of forensics was lower. In addition, the escalating costs of roadside drug testing were contained.

Collaboration budgets remain the most difficult to predict with Collaborative Units, mainly Regional Organised Crime Unit (Tarian), and the Joint Firearms Units coming in well within budgets, again mainly due to staffing issues. Contributions to other National Joint Arrangements were also lower than anticipated at budget setting time.

By far the biggest variation against budgets was seen against grant headings, which contributed £3.5m towards the underspend. This included unexpected additional grant such as the £2.3m Special Grant towards pay awards, and £0.5m additional grant due to achieving uplift acceleration. Additional unannounced funding was also received from the Home Office in respect of Disclosure and Barring, software cost increases and the National Law Enforcement Data (LEDS) Programme.

Other non-grant income was over budget by £0.5m with interest receipts contributing the vast majority of this. The Home Office pensions top-up grant and Welsh Government top-up grant were paid early in April

and with interest rates being +5% this made a significant saving. Additional income was also received for Mutual Aid support given to other Forces. Driver training income (Metropolitan Police) and traffic prosecution costs recovered saw shortfalls in income due to staffing difficulties and other pressures.

The MTFP set in January 2024 assumed that £1.1m additional Direct Revenue Financing charges were to be made to reduce statutory repayment and interest charges in 2024/25 when balancing budgets. In addition, some items of equipment over the capitalisation de-minimis of £6k, paid for from departmental revenue budgets needed to be capitalised and charged to this heading which resulted in savings against non-pay budgets, but increased capital charges.

Additional internal recharges against grants, capital and collaborative units resulted in a net saving of £0.1m against these budget headings.

As in previous years, the Driver Retraining Scheme made a cost surplus of around £0.3m, however the Safety Camera Partnership - Go Safe - which the Force administers, did make a financial loss in the year which necessitated the utilisation of £0.9m from reserves and a surplus contribution from Forces (due to lost speed enforcement income during the rollout of the 20 MPH limits by Welsh Government).

As highlighted above, the favourable budget position overall did allow the Police and Crime Commissioner to increase revenue reserves by £1.7m overall from £19.7m to £21.4m. Taking account of Holding Account transfers, the overall increase for the Police and Crime Commissioner Reserves is £2.3m.

Reserves Transfer Headings	Reserves Transfers £m
<b>Overall Reserves Movement including Holding Accounts</b>	<b>1.7</b>
<b>Adjust for Holding Accounts and self-balancing accounts</b>	
Add Go Safe Reserves Utilisation	0.9
Less: Driver Retraining Reserves Movement	(0.3)
<b>Police and Crime Commissioner and Chief Constable Reserves Movements</b>	<b>2.3</b>

Both the Commissioner and the Chief Constable exercised considerable financial restraint and prudence over the year despite continued operational demands. Several fortuitous events and proactive commercial decisions made the final outturn position far more favourable than expected. The year-end position is very positive and puts Dyfed-Powys Police in a stronger position to deal with future financial challenges.

At the Policing Board meeting of the 17<sup>th</sup> May 2024, the Police and Crime Commissioner made decisions on the allocation of reserves towards meeting capital slippage costs and current / future cost pressures including:

- An increase in General Reserves to 4% of budget to mitigate potential future financial risks and ensure improved financial resilience.
- An increase in Capital Reserves to reduce future borrowing requirements.
- The earmarking of reserves towards future innovative ICT, partnership working and commissioning initiatives over the next four years.
- To pay for slippage and additional current year cost challenges in respect of capital schemes to mitigate against future borrowing requirements.

- To meet several short-term cost pressures in relation to Welsh language translation, diversity, staff wellbeing and professional standards.

Full details of the movement in reserves and outstanding reserves are reported in 'Note 10 - Transfers to/from Earmarked Reserves' of the Group Accounts.

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

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

The main risks that remained 'live' at the end of 2023/24 included:

- Aberystwyth Sexual Assault Referral Centre - concerns around funding, timescales, and accreditation requirements by October 2025 for the new premises given a fixed lease termination date at the current site. This position is being closely monitored collaboratively. [residual score 16]
- CCTV storage capabilities in custody – risk of system failures impacting footage storage whilst a programme of system upgrades is rolled out. [residual score 15]
- Safety Camera Partnership financing in Wales – the Go-Safe Partnership is experiencing financial deficits that are being underwritten by Forces, caused by fluctuating ticket income and inflationary pressures, exacerbated by fixed grant funding. A recovery plan is being formulated. [residual score 15]
- Departmental Business Continuity Plans – Policy updates and more timely testing of Business Continuity arrangements are being implemented to address Internal Audit recommendations [residual score 12]
- Future funding risk – There is a risk that a Funding Formula Review being undertaken by the Home Office may result in grant funding reductions. The Force is awaiting further consultation and determinations from the Home Office [residual score 12]
- Health Care Professionals in Custody – A failure to meet attendance times at Newtown by the outsourced service provider due to nurse recruitment and vetting issues that are being addressed. [residual score 12]
- Goleudy Victim Services – a delay in transitioning to a new service provider has required a 3-month extension of Force provision. The Force will be unable to fill vacancies over this period which could result in gaps in services to victims. The team does currently retain the capacity to deliver the service. [residual score 12]
- Withdrawal of Welsh Government funding for Police Community Support Officers – this has impacted 2024/25 budgets with the number of grant funded positions reducing from 89 in April 2023/24 to 44 by April 2025, with an impact on neighbourhood policing capacity. This is mitigated in part by additional funding for 14 PCSOs provided through precept increases. [residual score 9]
- Health and Safety Training and Compliance – withdrawal of 32 courses by the College of Policing. Mandatory training courses are being planned internally or outsourced to other providers. [residual score 9]
- Information Management - Disclosure and Baring Service - backlogs potentially leading to Service Level Agreement non-compliance caused by new systems and staffing absence, mitigated by additional resources that are reducing backlogs. [residual score 9]
- Information Management - Freedom of Information – backlogs in responding to queries within the 20-day statutory deadline due to new systems and staff absence. Additional staff have been assigned which are reducing backlogs. [residual score 9]

- Property and exhibit management – the risk of damage or loss to property / exhibits detained as part of criminal cases. Investment in premises, staffing and reassignment of supervisory structures have been implemented, linked to the new Records Management System and the Force Review, and an improved audit report was received in March 2024. [residual score 9]
- Finance Department Resourcing Pressures – increased demand from delays in final accounts completion and audit. The 2021/22 and 2022/23 accounts have now been signed-off by the Auditor General. [residual score 4]

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

Dyfed-Powys Police has updated its Medium-Term Financial plans as part of the budget and precept setting process for 2024/25. It has faced significant financial challenges since 2010 due to reductions in funding from Central Government, along with cost pressures and increases in the demand for policing services. These have been set against an increasingly challenging financial and economic landscape that have necessitated significant cost reductions and above inflation increases in council tax precept over the period.

Recent years have been unprecedented for a variety of reasons, but 2023/24 unfortunately continued in this vein with a weakening economy, higher interest rates, and soaring inflation. The impacts of the cost-of-living crisis are far reaching and are also set against the backdrop of the War in Ukraine, the effects of Brexit, the Covid-19 pandemic, and political turmoil, which have all contributed to a volatile economic landscape.

Significant cost pressures have been experienced in gas and electricity budgets which needed to be increased from £0.8m in 2022/23 to £2.2m in 2023/24. This is alongside double-digit increases in non-pay contracts linked to inflation and pay awards of 7% for staff and officers from September 2023.

Having recognised the extent of the future financial challenges, the Chief Constable initiated a Force Review in June 2022 to assess all areas of activity, seeking efficiencies, cost reductions, savings, and transformational opportunities. A very challenging 3-year cost reduction target of £10m was set. The budget position for 2023/24 was such that £6.4 million of these cost reductions were needed in 2023/24 to balance revenue budgets despite the utilisation of reserves of £2.6m and a £22 (7.75%) increase in council tax at Band D. Un-hypothecated central government grants increased by just 0.3% in the original settlement.

The Commissioner and the Chief Constable took a range of further steps to proactively contain expenditure within 2023/24. These steps allowed for some flexibility in mitigating financial burdens and will assist in meeting one-off cost pressures arising in 2024/25.

In January 2024, the Police and Crime Panel unanimously agreed the 6.2% precept (or £19.38 increase in Council tax at Band D) as proposed by the Police and Crime Commissioner for 2024/25 resulting in a net budget of £143.9m. Within this budget level there are several assumptions, including:

- A headcount of 1,318 officers as required to meet central government officer uplift targets.
- An additional investment of 21 Full Time Equivalents (FTEs) in the FCC.
- An additional collaborative investment in accreditation through the creation of a Welsh Forensic Alliance.
- The funding of the new Sexual Assault Referral Centre (SARC) service.
- A reduction in PCSOs from an establishment of 163 FTE to 132 FTE by the end of 2025, through natural wastage.
- Funding to offset the reduction in Welsh Government School Liaison Programme grant.
- The budget incorporates a 2.5% increase in pay from September 2024 and inflation increases also at 2.5%, as well as a cost reduction plan requirement of £2.2m.



- An increase in police staff vacancy factor to 4% has also needed to be built in.
- An increase in the police officer pensions contribution rate of 4.4% is funded by an additional specific grant of £2.6m.

In relation to capital, reserves and borrowing, the MTFP is predicated on:

- Reserves falling from £14.6m in March 2024 to £9.4m by March 2026.
- A Capital Programme for 2024/25 of £21.3m, including work commencing on a new station in Brecon and a Collaborative Joint Firearms Unit training facility for Southern Wales.
- This necessitates an additional capital financing (borrowing) requirement of £46m by March 2029 with an external borrowing requirement of £53.3m.

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

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

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

The full MTFP document for 2024/25 can be found at:

<https://www.dyfedpowys-pcc.org.uk/en/finance/precept-and-medium-term-financial-plan/>

## 7 Basis of Preparation and Presentation

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

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

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

- **Statement of Responsibilities for the Statement of Accounts** - this statement sets out the responsibilities of the Chief Constable and their Chief Finance Officer;
- **Independent Auditor's Report** - this sets out the opinion of the external auditor, the Auditor General for Wales, on whether the Chief Constable's accounts presented give a 'true and fair view' of the financial position and operations of the Chief Constable for 2023/24;
- **Comprehensive Income and Expenditure Statement (CIES)** - this core statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day-to-day expenses and related income on an accrual basis, as well as transactions measuring the value of fixed assets consumed and the real projected value of retirement benefits earned by employees in the year;

- **Balance Sheet** - this core statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The Chief Constable has no reserves to account for. These are the responsibility of the Commissioner. Net assets net to nil by means of an intra group debtor and creditor for working capital to meet the short-term debtors, inventories and creditors;
- **Police Pension Fund Account** - is a statement that shows expenditure, income, assets and liabilities pertaining to Police Pensions in the year. The account shows the top up grant due from the Group to the Pension Fund Account. Subsequently the Home Office reimburses the Group for money paid over to the account and effectively underwrites the deficit. This practice would work in reverse if the Pensions Fund Account were to show a surplus at the year-end;
- **Notes to the financial statements** - these provide additional information that further explains items included within the main statements with an aim of improving the readers' understanding of the main financial statements. They set out the Accounting Policies used as the basis of preparing the financial statements as required by the Code of Practice;
- **Glossary of terms** – these provide additional narrative to explain terms used within the statement with an aim of improving the readers' understanding as required by the Code of Practice;
- **Movement in Reserves Statement (MiRS)** – this statement is not applicable given that all reserves are the responsibility of the Commissioner;
- **Cash Flow Statement** - this statement is not applicable as bank accounts are held by the Commissioner and are operated on a Group basis;
- **Expenditure and Funding Analysis (EFA)** – No separate Expenditure and Funding Analysis is presented for the Chief Constable as it would provide an incomplete picture of the required disclosures. The Group EFA is provided in the Police and Crime Commissioner for Dyfed-Powys Group Financial Statements and shows the complete analysis as required; and
- **A Joint Annual Governance Statement (AGS)** is published separately to this Statement of Accounts and sets out details of how the Commissioner and Chief Constable exercise governance over their affairs. The Statement is a statutory document for each corporation sole, albeit it continues to be a combined statement for 2023/24. This aims to aid transparency and understanding to the reader, clearly demonstrating where arrangements are consistent and where they differ between the Commissioner and the Chief Constable. The statement includes an annual review of the adequacy of the governance arrangements and provides assurance on the systems of internal control.

## Statement of Responsibilities

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

### The Chief Constable's responsibilities

The Chief Constable is required to:

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

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



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**Chief Constable of Dyfed-Powys**

**Date: 27 November 2024**

### The Chief Financial Officer's responsibilities

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

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

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

The Chief Financial Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Chief Constable at the reporting date and of its expenditure and income for the year ended 31 March 2024.



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**Chief Financial Officer to the Chief Constable**

**Date: 27 November 2024**

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

### Opinion on financial statements

I have audited the financial statements of:

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

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

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

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

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

In my opinion the financial statements:

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

### Basis of opinion

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

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

### Conclusions relating to going concern

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

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

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

### **Other information**

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

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

I have nothing to report in this regard.

### **Opinion on other matters**

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24; and
- the information given in the joint Annual Governance Statement of the Police and Crime Commissioner for Dyfed Powys and the Chief Constable for Dyfed Powys for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

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

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

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

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

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

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 19, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;

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

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

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

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

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

My procedures included the following:

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

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

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

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

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

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

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



Adrian Crompton  
Auditor General for Wales  
29 November 2024

1 Capital Quarter  
Tyndall Street  
Cardiff,  
CF10 4BZ

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

## Comprehensive Income and Expenditure Statement

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

2022/23					2023/24		
Gross Expend. £'000	Gross Income £'000	Net Expend. £'000	Comprehensive Income and Expenditure Statement	Note	Gross Expend. £'000	Gross Income £'000	Net Expend £'000
96,272	0	96,272	Police Officer Pay and Pensions *		77,301	0	77,301
3,536	0	3,536	Police Officer Overtime		3,253	0	3,253
43,975	0	43,975	Police Staff Pay and Pensions *		38,216	0	38,216
237	0	237	Police Staff Overtime		209	0	209
1,788	0	1,788	Other Employee Related Costs		2,693	0	2,693
4,200	0	4,200	Premises Costs		5,454	0	5,454
2,465	0	2,465	Transport Costs		2,402	0	2,402
11,861	0	11,861	Supplies & Services		12,684	0	12,684
4,911	0	4,911	Agency & Contracted Services		6,434	0	6,434
3,956	0	3,956	Capital Financing Costs **		4,558	0	4,558
<b>173,201</b>	<b>0</b>	<b>173,201</b>	<b>Total Cost of Services</b>		<b>153,204</b>	<b>0</b>	<b>153,204</b>
46,974	0	46,974	Financing & Investment Income & Expenditure	7	50,071	0	50,071
0	(220,175)	(220,175)	Commissioning Costs (Intra-group transfer)		0	(203,275)	(203,275)
<b>220,175</b>	<b>(220,175)</b>	<b>0</b>	<b>Surplus/Deficit on Provision of Services</b>		<b>203,275</b>	<b>(203,275)</b>	<b>0</b>
		(684,427)	Actuarial (gains)/losses on pension asset/liabilities				(50,804)
		<b>684,427</b>	<b>Commissioning Costs (Intra-group transfer)</b>				<b>50,804</b>
		<b>0</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>0</b>

\* Pay and Pension costs have previously been presented on separate lines in the CIES but have now been amalgamated into one line. Pension contributions are reversed out of the CIES and are replaced with current service cost (as assessed by Mercer Ltd, the Force actuary). Current service costs for officer and staff pensions are significantly lower for 2023/24 than in previous years, and this has resulted in the net figure for pensions being a credit. The Pay and Pension costs have therefore been amalgamated into one line to avoid any ambiguity to the reader of the accounts. There is no impact on the overall totals for Pay and Pensions for both the 2022/23 and 2023/24 accounts.

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



## Balance Sheet

31 March 2023 £'000		Note	31 March 2024 £'000
1,075,364	Long term debtors	17	1,053,164
<b>1,075,364</b>	<b>Long term assets</b>		<b>1,053,164</b>
535	Inventories		640
1,805	Short term debtors	9	1,698
(2,340)	Intra-group transfer		(2,338)
<b>0</b>	<b>Current assets</b>		<b>0</b>
(17,794)	Short term creditors	10	(17,047)
17,794	Intra-group transfer		17,047
<b>0</b>	<b>Current liabilities</b>		<b>0</b>
(1,075,364)	Other long-term liabilities	17	(1,053,164)
<b>(1,075,364)</b>	<b>Long term liabilities</b>		<b>(1,053,164)</b>
<b>0</b>	<b>Net assets/(liabilities)</b>		<b>0</b>

## Police Pension Fund

Chief Constable 2022/23		Fund Account	Chief Constable 2023/24	
£'000	£'000		£'000	£'000
		Contributions receivable		
(15,058)		Employer contributions	(16,399)	
(905)		Other Income (Employers ill health contributions) *	281	
(6,469)		Officers' contributions	(7,084)	
	<b>(22,432)</b>	<b>Contributions receivable</b>		<b>(23,202)</b>
	<b>(708)</b>	<b>Transfers in from other pension funds</b>		<b>(528)</b>
		Benefits payable		
31,547		Pensions	35,395	
7,523		Commutations and lump sum retirement benefits *	5,640	
	<b>39,070</b>	<b>Benefits Payable</b>		<b>41,035</b>
		Payments to and on account of leavers		
40		Refunds of contributions	53	
480		Scheme Pays tax payments **	(41)	
	<b>520</b>	<b>Payments to and on account of leavers</b>		<b>12</b>
	<b>16,450</b>	<b>Net amount payable for the year</b>		<b>17,317</b>
(16,450)		Intra-group transfer	(17,317)	
	<b>(16,450)</b>	<b>Total Intra-group transfer</b>		<b>(17,317)</b>
	<b>0</b>	<b>Total</b>		<b>0</b>

\* In respect of 'Other Income (Employers ill health contributions)', and 'Commutations and lump sum retirement benefits', there were accounting entries relating to 2022/23 that were not put through until 2023/24. This has resulted in the figures being overstated in 2022/23 and understated in 2023/24. In 2023/24, the understatement against 'Other Income (Employers ill health contributions)' has led to the figure becoming a debit (instead of a credit).

The above entries negate to nil, therefore, for each year, the adjustments have not affected the 'Additional contribution from the Police fund (re: Home Office Grant)'.

\*\* In respect of 'Scheme Pays tax payments', there was an accounting entry relating to 2022/23 that was not put through until 2023/24. This has resulted in the figure for 'Scheme Pays tax payments' being overstated in 2022/23 and understated in 2023/24. In 2023/24, the understatement has led to the figure becoming a credit (instead of a debit).

This adjustment has also resulted in the 'Additional contribution from the Police fund (re: Home Office Grant)' being overstated in 2022/23, with a corresponding understatement in 2023/24.

Chief Constable 2022/23 £'000	Net Assets Statement	Chief Constable 2023/24 £'000
	Current Assets	
1,215	Debtor – net balances owed from the Police fund	255
<b>1,215</b>	<b>Current Assets</b>	<b>255</b>
	Current Liabilities	
(1,215)	Creditors – benefits payable to retiring officers end of March paid April	(255)
<b>(1,215)</b>	<b>Current Liabilities</b>	<b>(255)</b>
<b>0</b>	<b>Net Assets</b>	<b>0</b>

### Notes to the Police Pension Fund Accounts

- The accounting policies followed, and assumptions made regarding the Police Pensions Account are in line with those set out in Note 1 - Accounting Policies;
- The Police Pension Scheme is administered by Carmarthenshire County Council under a Service Level Agreement;
- There are no investment assets in the fund. The payments in and out of the Pension fund are balanced to nil each year by receipt of additional contributions from the General Police Fund, which in turn is reimbursed by a specific Home Office grant (Top Up Grant). This grant is received by the Commissioner and passed on to the Chief Constable by way of an intra-group transfer; and
- The Pension Fund's financial statements do not take account of future pension obligations after the 31 March 2024. However, these are presented on the Balance Sheet under 'Other Long-Term Liabilities, with detailed disclosures in Note 17 - Defined Benefit Pension Schemes.

## Notes to the Accounts

### 1. Accounting Policies

#### General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2023/24 financial year and the position at the year-end of 31 March 2024. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 as amended, which require them to be prepared in accordance with proper accounting practice. This practice primarily comprises the Code of Practice on Local Authority Accounting in the United Kingdom 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.

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

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

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

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

#### Accruals of Income and Expenditure

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

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### Overheads and Support Services

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

#### Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement (CIES) or in the notes to the

accounts, depending on how significant the items are to an understanding of the financial performance of the Chief Constable.

### **Events after the Balance Sheet Date**

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

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

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

### **Financial Instruments**

#### Financial Liabilities

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

#### Financial Assets

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

#### Foreign currency translation

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

### **Inventories**

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

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Chief Constable 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 Chief Constable. 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 liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

### **Joint arrangements - Accounting for the consolidation of joint arrangements**

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

such arrangements are classed as Joint Operations where the Commissioner/Chief Constable is entitled to their fair share of the Joint Operation's Assets and Liabilities.

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

## **Employee Benefits**

### Benefits Payable During Employment

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

### Termination Benefits

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

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

### Post-Employment Benefits

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

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

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

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

### Discretionary Benefits

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

### **Leases**

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

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

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

## **2. Previous Period Adjustments**

There are no previous period adjustments that affect the Chief Constable's Statement of Accounts for 2023/24.

## **3. Accounting Standards issued but not yet been adopted**

The Code requires the Chief Constable to disclose information relating to the impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code. The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- IFRS16 Leases - issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year). The Police and Crime Commissioner will adopt IFRS 16 from 1<sup>st</sup> April 2024 (2024/25). There will not be a requirement in 2024/25 to restate the 2023/24 comparative figures in the CIES, MiRS and Notes to the Accounts.

IAS17 is the current accounting standard for leases, which cover the accounting treatment for Operating and Finance leases. IFRS16 will replace IAS17. All arrangements that meet the Code's definition; a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time will be identified as a lease under the new accounting standard IFRS16.

IFRS16 recognises the lease as a Right of Use (RoU) asset and will see that moved onto the balance sheet with a corresponding lease liability. Lessor accounting is effectively unchanged.

The Police and Crime Commissioner has undertaken an assessment to identify leases the Force holds across all departments. The review has concluded that requirements of the new standard will not have a material impact on the information provided in the financial statements when adopted.

- Classification of Liabilities as Current or Non-current (Amendments to IAS1) - issued in January 2020;
- Lease Liability in a Sale and Leaseback (Amendments to IFRS16) - issued in September 2022;
- Non-current Liabilities with Covenants (Amendments to IAS1) - issued in October 2022;
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS12) - issued in May 2023;
- Supplier Finance Arrangements (Amendments to IAS7 and IFRS7) - issued in May 2023.

It is anticipated that the above changes will have no impact on the current Financial Statements. When compiling the Financial Statements for 2024/25, the effect of the changes will be reassessed and if necessary, the comparative figures restated.

#### 4. Critical judgements in applying accounting policies

There continues to be a high degree of uncertainty about future funding levels for the Police and Crime Commissioner for Dyfed-Powys. The Home Office continue their work on the Police Funding Formula review which is used to allocate resources amongst policing bodies in England and Wales, timescales remain unclear, and this continues to be a risk. These matters will take some time to crystallise both in terms of local impact and also within the wider economic and political landscape and are reviewed and monitored as part of ongoing work on the Medium-Term Financial Plan. The Commissioner has determined that this uncertainty is not yet sufficiently defined to provide an indication if assets may be impaired, as a result of a need to close facilities, or of a need to reduce the level of service provision.

#### 5. Assumptions and other major sources of estimation uncertainty

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

The items in the Chief Constable's Balance Sheet as at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase of 0.25% in pay award for the police officer pension scheme would result in an increase to the pension liability from £1,053m to £1,064m.

#### 6. Events after the Reporting Period

The Draft Statement of Accounts was authorised for issue by the Chief Financial Officer on 28 June 2024.

There have been no events after the reporting period that would affect the Chief Constable's financial position for 2023/24.

#### 7. Financing and investment income and expenditure

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

2022/23 £'000		Note	2023/24 £'000
46,974	Pensions interest cost and expected return on pensions assets	17	50,071
<b>46,974</b>	<b>Total</b>		<b>50,071</b>



## 8. Financial Instruments

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

### Financial Liabilities

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

### Financial Assets

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

### Financial Instruments – Balances

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

	Long Term		Current	
	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000
Creditors	0	0	(17,794)	(17,047)
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>(17,794)</b>	<b>(17,047)</b>
Debtors	0	0	1,805	1,698
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>1,805</b>	<b>1,698</b>

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

### Gains and Losses

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

### Fair Values

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

The 2010 Code of Practice requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is defined in International Financial Reporting Standard IFRS13 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price.

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

Carrying amount 31 March 2023 £'000	Fair value 31 March 2023 £'000		Carrying amount 31 March 2024 £'000	Fair value 31 March 2024 £'000
		Financial Liabilities		
(17,794)	(17,794)	Creditors	(17,047)	(17,047)
<b>(17,794)</b>	<b>(17,794)</b>	<b>Total Financial Liabilities</b>	<b>(17,047)</b>	<b>(17,047)</b>
		Financial Assets		
1,805	1,805	Debtors	1,698	1,698
<b>1,805</b>	<b>1,805</b>	<b>Total Financial Assets</b>	<b>1,698</b>	<b>1,698</b>

### Financial Liabilities

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

### Financial Assets

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

## 9. Short-term Debtors

31 March 2023 £'000		31 March 2024 £'000
1,431	Prepayments	1,697
374	Other receivables	1
<b>1,805</b>	<b>Total</b>	<b>1,698</b>

## 10. Short-term Creditors

31 March 2023 £'000		31 March 2024 £'000
(5,452)	Trade payables	(3,026)
(12,342)	Other payables	(14,021)
<b>(17,794)</b>	<b>Total</b>	<b>(17,047)</b>

## 11. Collaborative Arrangements

Police forces in Wales have a long, successful history of collaborating to develop specialist areas of policing. This included those under the remit of the former Police Authorities of Wales Joint Committee. Future collaboration will be driven by the need to satisfy the strategic policing requirement and by the outcomes of the Regional Strategic Assessment of threats, risks and harm to the southern region of Wales.

The Police and Crime Commissioner for each police force will be responsible for ensuring the Strategic Policing Requirement is met. As part of this, the Commissioner will look to work in collaboration with other Commissioners and forces to provide the most effective service possible. Such agreements are regulated

by Section 22A of the Police Act 1996, as amended by the Police Reform and Social Responsibility Act 2011.

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

The total costs of the collaborative team in 2023/24 were £422k (2022/23 £198k) and Dyfed-Powys Police's contribution to these costs was £109k in 2023/24 (2022/23 £49k).

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

Included in Accounting Policies under Collaborative Arrangements is an explanation of the accounting requirements for joint operations. IFRS11, Accounting for Joint Arrangements, requires income and expenditure to be subject to a different accounting treatment than actually incurred. Accordingly, expenditure in the Comprehensive Income and Expenditure Statement has been increased by £2,506k (2022/23: £1,311k) and income/grants have been increased by £2,503k (2022/23: £1,675k); a net increase in expenditure of £3k (2022/23: decrease of £364k). This net increase has been reversed in the Movement in Reserves Statement in the Group Accounts with no impact on the Police Fund balance.

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

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

Expenditure and Income Statements for 2023/24 for the main collaborative arrangements were as follows:

Service Classification	Counter Terrorism Intelligence Unit/Special Branch	Counter Terrorism Specialist Advisors	Counter Terrorism Port/Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Joint Firearms Unit	Total £'000
	National Policing £'000	National Policing £'000	National Policing £'000	Intelligence Investigation £'000	Intelligence £'000	Specialist Operations £'000	
Pay Expenditure	9,241	627	3,697	11,642	1,663	14,666	41,536
Non-Pay Expenditure	2,314	64	529	2,338	560	2,374	8,179
<b>Gross Expenditure</b>	<b>11,555</b>	<b>691</b>	<b>4,226</b>	<b>13,980</b>	<b>2,223</b>	<b>17,040</b>	<b>49,715</b>
Specific Grant Income	(11,492)	(691)	(4,226)	(7,316)	0	(1,336)	(25,061)
Income	(63)	0	0	(116)	(29)	(844)	(1,052)
<b>Total Income &amp; Grants</b>	<b>(11,555)</b>	<b>(691)</b>	<b>(4,226)</b>	<b>(7,432)</b>	<b>(29)</b>	<b>(2,180)</b>	<b>(26,113)</b>
<b>(Surplus) or Deficit - to be funded from Force contributions as follows</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,548</b>	<b>2,194</b>	<b>14,860</b>	<b>23,602</b>
Force contributions (net)							
Dyfed-Powys	0	0	0	(1,332)	(446)	(4,458)	(6,236)
Gwent	0	0	0	(1,701)	(570)	(2,972)	(5,243)
South Wales	0	0	0	(3,515)	(1,178)	(7,430)	(12,123)
<b>Total Force Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,548)</b>	<b>(2,194)</b>	<b>(14,860)</b>	<b>(23,602)</b>

Each Force's contribution towards Expenditure and Income for 2023/24 was as follows:

Service Classification and agreed basis of apportionment	Counter Terrorism Intelligence Unit/Special Branch	Counter Terrorism Specialist Advisors	Counter Terrorism Port/Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Joint Firearms Unit	Total £'000
	National Policing (Population – national benefit basis) £'000	National Policing (Population – national benefit basis) £'000	National Policing (Population – national benefit basis) £'000	Intelligence/ Investigation (Population – national benefit basis) £'000	Intelligence (Agreed Financial Contribution – local delivery) £'000	Specialist Operations (Agreed Financial Contribution – local delivery) £'000	
Dyfed-Powys	1,915	115	430	2,969	452	5,112	<b>10,993</b>
Gwent	2,182	131	490	3,384	577	3,408	<b>10,172</b>
North Wales*	2,539	152	2,202	0	0	0	<b>4,893</b>
South Wales	4,919	293	1,104	7,627	1,194	8,520	<b>23,657</b>
<b>Gross Expenditure</b>	<b>11,555</b>	<b>691</b>	<b>4,226</b>	<b>13,980</b>	<b>2,223</b>	<b>17,040</b>	<b>49,715</b>
Dyfed-Powys	(1,915)	(115)	(430)	(1,579)	(6)	(654)	<b>(4,699)</b>
Gwent	(2,182)	(131)	(490)	(1,799)	(7)	(436)	<b>(5,045)</b>
North Wales*	(2,539)	(152)	(2,202)	0	0	0	<b>(4,893)</b>
South Wales	(4,919)	(293)	(1,104)	(4,054)	(16)	(1,090)	<b>(11,476)</b>
<b>Total Income &amp; Grants</b>	<b>(11,555)</b>	<b>(691)</b>	<b>(4,226)</b>	<b>(7,432)</b>	<b>(29)</b>	<b>(2,180)</b>	<b>(26,113)</b>

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

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

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

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

### Tri-Force Firing Range – Capital Project

The Tri-Force Firing Range Project is a joint capital project between South Wales Police (SWP), Gwent Police (GWP) and Dyfed-Powys Police (DPP) to construct and operate a joint asset which will deliver a new operational training facility for the Joint Firearms Unit. The Asset is being constructed within the South Wales Police Force area but will be jointly funded, owned and operated by the three forces.

Total Expenditure on the Asset Under Construction at 31st March 2024 is £4.709m, with expenditure of £2.674m during the financial year 2023/24. The breakdown of this expenditure and the funding for it from the 3 partner forces is shown in the table below:

Assets Under Construction	Dyfed-Powys Police 26.72%	South Wales Police 44.35%	Gwent Police 28.93%	Total
	£'000	£'000	£'000	£'000
<b>Opening Balance 01/04/23</b>	544	903	588	<b>2,035</b>
Expenditure 2023/24	714	1,186	774	<b>2,674</b>
<b>Closing Balance 31/03/24</b>	<b>1,258</b>	<b>2,089</b>	<b>1,362</b>	<b>4,709</b>

## 12. Officers' remuneration

Senior employees - The remuneration paid to the Chief Constable's senior employees in 2023/24 was as follows:

	From	To	Full-time equivalent salary as at 31.03.24 or end date £	Actual salary, including allowances £	Benefits in kind - lease cars £	Benefits in kind - relocation & rent £	Pay in Lieu of Notice / Exit Payment £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration including pension contributions £
Chief Constable	01/04/2023	31/03/2024	<b>174,633</b>	169,873	0	0	0	<b>169,873</b>	52,661	<b>222,534</b>
Deputy Chief Constable*	01/04/2023	11/12/2023	<b>133,248</b>	90,885	5,312	0	0	<b>96,197</b>	27,633	<b>123,830</b>
Temporary Deputy Chief Constable**	04/06/2023	31/03/2024	<b>133,248</b>	110,209	7,411	0	0	<b>117,620</b>	33,578	<b>151,198</b>
Assistant Chief Constable	16/07/2023	31/03/2024	<b>122,307</b>	81,401	3,225	0	0	<b>84,626</b>	25,175	<b>109,801</b>
Temporary Assistant Chief Constable (A)	01/04/2023	15/07/2023	<b>107,502</b>	31,210	1,190	0	0	<b>32,400</b>	9,675	<b>42,075</b>
Temporary Assistant Chief Constable (B)	01/04/2023	03/06/2023	<b>114,306</b>	20,364	1,564	0	0	<b>21,928</b>	6,201	<b>28,129</b>
Director of Finance/ Chief Financial Officer to the Chief Constable	01/04/2023	31/03/2024	<b>103,134</b>	100,357	0	0	0	<b>100,357</b>	16,860	<b>117,217</b>
Director of People and Organisation Development***	07/08/2023	31/03/2024	<b>86,934</b>	56,125	0	0	0	<b>56,125</b>	9,429	<b>65,554</b>
<b>Total 2023/24</b>				<b>660,424</b>	<b>18,702</b>	<b>0</b>	<b>0</b>	<b>679,126</b>	<b>181,212</b>	<b>860,338</b>

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

\*\* the salary includes a £493 back payment from 2021/22 for their time as ACC Regional Collaboration. There is £153 within pension contributions relating to this too

\*\*\*this is a new post created in the 2023/24 year

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



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

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

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

Other employees (excludes senior officers – itemised above)

The other Chief Constable employees receiving more than £60,000 remuneration for the year (excluding employer's pension contributions) in bands of £5,000 were:

2022/23 Number of employees		2023/24 Number of employees
39*	£60,000 - £64,999	71
10	£65,000 - £69,999	23
2	£70,000 - £74,999	7
5	£75,000 - £79,999	3
5	£80,000 - £84,999**	4
2	£85,000 - £89,999	0
5	£90,000 - £94,999**	6
0	£95,000 - £99,999	6
1	£100,000-£104,999	2
0	£105,000-£109,999	0
0	£110,000-£114,999	2
0	£115,000-£119,999	0
0	£120,000-£124,999	0
0	£125,000-£129,999	0

\*2022/23 comparative was increased by one employee following a review of in-year leavers

\*\* Remuneration includes a compensation for loss of office payment

Salaries over £150,000

One police officer, Dr Richard Lewis, the Chief Constable, receives an annual salary of £174,633 (2022/23: £163,208)

Ratio of Chief Constable Remuneration

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

- the remuneration of the body's Chief Constable during the year to which the accounts relate
- the median full-time equivalent remuneration of all the body's employees in post at 31 March 2024; and
- the ratio of the amount in sub-paragraph (a) to the amount in sub-paragraph (b).

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

The annualised remuneration for the Chief Constable was £174,633 (2022/23: £163,208). The Chief Constable received no benefit in kind during 2023/24 (2022/23: nil)

The median full-time equivalent remuneration of all the Chief Constable's employees as at 31 March 2024 was £39,307 (2022/23: £37,083)

The ratio of the Chief Constable's remuneration to the median Chief Constable employee's remuneration was 4:44:1 (2022/23: 4:40:1)

Members

The Scheme of Governance states that Members' expenses should be split equally between the Commissioner and Chief Constable. In 2023/24, allowances and expenses paid amounted to £2,000 in total (2022/23: £4,000). As 50% of this amount is not material, the costs have not been accounted for in the Chief Constable's accounts but accounted for in full within the Group accounts.

**13. External audit costs**

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

2022/23 £'000	Area of Audit Work	2023/24 £'000
92	Audit of Accounts	97
5	Use of Resources	6
<b>97</b>	<b>Total</b>	<b>103</b>

**14. Related parties**

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

Central Government

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

Local Government

The Police and Crime Commissioner for Dyfed-Powys receives income in the form of precepts from the Council Tax Collection Funds of Local Authorities. The income received for 2023/24 and 2022/23 is provided as follows:

2022/23 £'000		2023/24 £'000
(21,675)	Carmarthenshire County Council	(23,471)
(17,481)	Pembrokeshire County Council	(18,712)
(18,301)	Powys County Council	(20,090)
(9,304)	Ceredigion County Council	(10,245)
<b>(66,761)</b>	<b>Total</b>	<b>(72,518)</b>

#### Entities Controlled or significantly influenced by the Chief Constable

The Chief Constable and the Financial Officer to the Chief Constable are trustees of the “Safer Dyfed-Powys Diogel” trust. In 2023/24 The Chief Constable did not undertake any financial transactions with “Safer Dyfed-Powys Diogel” (2022/23: nil). Further information about the Trust is included in note 40 of the Group Statement of Accounts.

#### Joint Audit Committee Members

The total allowances and expenses paid to members during 2023/24 are shown in note 12.

During 2023/24, one member of the Joint Audit Committee has been employed by Barcud Housing Association, who is a partner of Dyfed-Powys Police. During the 2023/24 financial year, there were no transactions between the Chief Constable and the Housing Association.

## 15. Leases

### Chief Constable as Lessee

#### Finance Leases

The Chief Constable does not have any Finance Leases.

#### Operating Leases

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

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

31 March 2023 £'000		31 March 2024 £'000
204	Not later than one year	192
402	Later than one year and not later than five years	443
645	Later than five years	746
<b>1,251</b>	<b>Total</b>	<b>1,381</b>

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

2022/23 £'000		2023/24 £'000
220	Minimum lease payments	232
<b>220</b>	<b>Total</b>	<b>232</b>

## 16. Termination benefits

Nineteen exit packages (including payment in lieu of notice) were paid during 2023/24 (2022/23: one). There was an increase due to a Force Savings Review.

Exit package cost band	2022/23				2023/24
	Number of departures agreed in each band FTE	Departure cost (including payment in lieu of notice) £'000	Number of departures agreed (excluding compulsory redundancies) FTE	Number of compulsory redundancies agreed FTE	Departure cost (including payment in lieu of notice and compulsory redundancies) £'000
£0 - £20,000	1.0	2	7.0	2.0	70
£20,001 - £40,000	0.0	0	3.0	1.0	104
£40,001 - £60,000	0.0	0	0.0	0.0	0
£60,001 - £80,000	0.0	0	1.0	2.0	196
£80,001 - £100,000	0.0	0	1.0	0.0	92
£100,001 - £150,000	0.0	0	2.0	0.0	228
	<b>1.0</b>	<b>2</b>	<b>14.0</b>	<b>5.0</b>	<b>690</b>

## 17. Defined benefit pension schemes

### Participation in Pension schemes

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

The Chief Constable participates in two post-employment schemes:

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

difference between benefits payable and contributions receivable being met by a top up grant from the Home Office via the Commissioner.

### **Valuation of Scheme Liabilities**

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

### **Transactions Relating to Post-employment Benefits**

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

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

	Local Government Pension Scheme		Police Pension Scheme	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Comprehensive Income and Expenditure Statement				
Cost of services				
Current service cost	(12,026)	(5,093)	(38,181)	(16,005)
Past service cost (including McCloud)	0	0	0	0
Other	(119)	(652)	0	0
Financing and Investment Income and Expenditure				
Net interest cost	(2,040)	601	(44,934)	(50,672)
<b>Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>(14,185)</b>	<b>(5,144)</b>	<b>(83,115)</b>	<b>(66,677)</b>
Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement				
Re-measurement of the net defined benefit liability comprising				
Return on plan assets (excluding the amount included in the net interest expense)	(9,216)	11,134	0	0
Experience (gain)/loss	(23,452)	(765)	(87,952)	(6,348)
Re-measurement gains and losses arising on changes in demographic assumptions	7,202	2,189	9,302	20,752
Re-measurement gains and losses arising on changes in financial assumptions	121,904	6,854	676,302	36,862
IFRIC 14 surplus adjustment	(9,663)	(19,873)	0	0
<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>72,590</b>	<b>(5,605)</b>	<b>514,537</b>	<b>(15,411)</b>
<b>Commissioning Costs (intra-group transfer)</b>	<b>(72,590)</b>	<b>5,605</b>	<b>(514,537)</b>	<b>15,411</b>
<b>Net cost</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	0	0	0	0
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to scheme	0	0	0	0

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

IFRIC surplus adjustment

The IAS19 Balance Sheet was showing a surplus for the Local Government Pension Scheme of £30.157m at 31 March 2024.

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

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

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

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

£29.536m of the Local Government Pension Scheme surplus was in respect of employment costs incurred by the Chief Constable and £0.621m was in relation to employment costs incurred by the Police and Crime Commissioner.

Pensions Assets and Liabilities recognised in the Balance Sheet

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

The net liability arising from the defined benefit obligation:

2023/24	Local Government Pension Scheme £'000	Police Pension Scheme £'000	Total £'000
Present value of the defined benefit obligation	(178,496)	(1,053,173)	(1,231,669)
Fair value of plan assets	208,653	0	208,653
IFRIC 14 surplus adjustment	(30,157)	0	(30,157)
<b>Net liability arising from defined benefit obligation (Group)</b>	<b>0</b>	<b>(1,053,173)</b>	<b>(1,053,173)</b>
Amount attributable to Police and Crime Commissioner	9	0	9
<b>Net liability arising from defined benefit obligation</b>	<b>9</b>	<b>(1,053,173)</b>	<b>(1,053,164)</b>

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



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

	Local Government Pension Scheme		Police Pension Scheme	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
<b>Opening fair value of scheme assets</b>	<b>185,847</b>	<b>185,385</b>	<b>0</b>	<b>0</b>
Interest income	5,322	8,972	0	0
Re-measurement gain / (loss) - The return on plan assets, excluding the amount included in the net interest expense	(9,423)	11,360	0	0
Contributions from employer	5,293	5,706	33,393	35,659
Contributions from employees into the scheme	1,940	2,006	6,469	7,071
Benefits paid	(3,475)	(4,653)	(39,862)	(42,730)
Other (if applicable)	(119)	(123)	0	0
<b>Closing fair value of scheme assets</b>	<b>185,385</b>	<b>208,653</b>	<b>0</b>	<b>0</b>

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
<b>Opening Balance as at 1 April</b>	<b>(265,357)</b>	<b>(175,504)</b>	<b>(1,621,351)</b>	<b>(1,073,421)</b>
Current service cost	(12,296)	(5,196)	(38,181)	(16,005)
Interest cost	(7,408)	(8,359)	(44,934)	(50,672)
Contributions from scheme participants	(1,940)	(2,006)	(6,469)	(7,071)
Remeasurement gains / (losses)				
Remeasurement gains / losses arising from changes in demographic assumptions	7,363	2,233	9,302	20,752
Remeasurement gains / losses arising from changes in financial assumptions	124,637	6,993	676,302	36,862
Other (if applicable)	(23,978)	(781)	(87,952)	(6,348)
Past service cost (including McCloud)	0	0	0	0
Losses / gains on curtailment (where relevant)	0	(529)	0	0
Benefits Paid	3,475	4,653	39,862	42,730
<b>Closing balance as at 31 March</b>	<b>(175,504)</b>	<b>(178,496)</b>	<b>(1,073,421)</b>	<b>(1,053,173)</b>

Local Government Pension Scheme Assets

Fair value of Scheme assets	2022/23 £'000	2023/24 £'000
Cash and cash equivalents	1,335	1,044
Equity instruments	137,908	151,798
Bonds	14,126	19,633
Property	24,934	25,701
Alternatives	7,082	10,477
<b>Total Assets</b>	<b>185,385</b>	<b>208,653</b>

Basis for estimating Assets and Liabilities

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

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

The significant assumptions used by the actuary have been:

Mortality & Other Assumptions	Local Government Pension Scheme		Police Pension Scheme	
	2022/23	2023/24	2022/23	2023/24
Longevity at 65 (60 for police scheme) for current pensioners				
Men	21.9	21.5	25.9	25.4
Women	24.1	23.8	28.2	27.9
Longevity at 65 (60 for police scheme) for future pensioners				
Men	23.3	22.9	27.9	27.3
Women	26.0	25.6	30.1	29.7
Other assumptions				
Rate of inflation	2.7%	2.6%	2.7%	2.6%
Rate of increase in salaries	4.2%	4.1%	4.2%	4.1%
Rate of increase in pensions	2.8%	2.7%	2.8%	2.7%
Rate for discounting scheme liabilities	4.8%	4.9%	4.8%	4.9%

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

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

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

	Impact on the defined benefit obligation in the scheme	
	Increase £'000	Decrease £'000
<b>Local Government Police Scheme 2023/24</b>		
Longevity (increase by 1 year)	4,063	0
Rate of inflation (increase by 0.1%)	8,555	0
Rate of increase in salaries (increase by 0.1%)	2,189	0
Rate for discounting scheme liabilities (increase by 0.1%)	0	15,953

	Impact on the defined benefit obligation in the scheme	
	Increase £'000	Decrease £'000
<b>Police Pension Scheme 2023/24</b>		
Longevity (increase by 1 year)	21,800	0
Rate of inflation (increase by 0.1%)	48,063	0
Rate of increase in salaries (increase by 0.1%)	11,201	0
Rate for discounting scheme liabilities (increase by 0.1%)	0	86,378

### Local Government Police Scheme - Impact on Cash flows

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

Year	Employer rate
2025/26	16.8%
2024/25	16.8%
2023/24	16.8%

### Legal Cases

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation: Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is bought into Force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

### McCloud Remedy

The McCloud remedy window ran from 1 April 2015 to 31 March 2022. Eligible members will be able to elect which scheme they wish to receive benefits from for this period. Due to the differing benefits structures, the Actuary expects the majority of eligible police members to elect to take legacy scheme (1987 Scheme or 2006 Scheme) benefits for the remedy period. An allowance for McCloud remedy was first included in the 2018/19 pension disclosures as a past service cost for four years remedy service from 2015 to 2019. This past service cost was attributed proportionally to the 1987 and 2006 schemes. For subsequent years to 2021/22 an allowance was made in the 2015 service costs for the annual accrual of additional remedy service. Now that the remedy window is closed, the Actuary has moved all McCloud related liabilities for eligible members for the period 2019 to 2022 to the associated legacy schemes. This means all McCloud liability are held within the legacy scheme where benefits are expected to be paid from.

### Impact on pension liability

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

The accounting figures prepared in 2021, 2022, and 2023 already include an allowance for McCloud that is substantially in line with the eligibility criteria and assumes that protected members currently accrue benefits in their legacy schemes.

For the 2024 exercise, an allowance has continued to be included for McCloud that is assessed in a similar manner to that adopted previously.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement on contribution rates for employers and employees was measured as part of the Police Pension valuation, which was reported in 2023/24. Employer contribution rates increased to 35.3% in 2024/25 (up from 31.0% in 2023/24).

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

### Virgin Media Pensions Ruling

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 Pension Schemes Act 1993. 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 judgement was appealed in June 2024 but the appeal was dismissed.

For both the Local Government and Police Pension Scheme, The Government Actuary's Department (GAD) do not believe that there are any absent actuarial confirmations. Therefore, they

do not expect any liability changes to arise following this judgement. GAD will confirm whether actuarial confirmations are available in due course.

## 18. Contingent Liabilities

### Undercover Policing Inquiry

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

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

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

## 19. Nature and extent of risks arising from financial instruments

### Outstanding Debts

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

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

31 March 2023 £'000		31 March 2024 £'000
315	Less than one month overdue	34
118	One to two months overdue	127
1	Two to three months overdue	354
62	More than three months overdue	219
<b>496</b>	<b>Total overdue debt</b>	<b>734</b>
<b>25</b>	Value of doubtful debts impaired	<b>49</b>
<b>5.0%</b>	Impairment of doubtful debts as % of total overdue debt	<b>7.0%</b>

## Glossary of Terms

Term	Definition
2023/24	This refers to the period covered by these accounts - 1 April 2023 to 31 March 2024.
2022/23	This refers to the period covered for comparative purposes by these accounts – 1 April 2022 to 31 March 2023.
Accounting policies	These are a set of rules and codes of practice used when preparing the accounts.
Accruals	The accounting treatment, where income and expenditure is recorded when it is earned or incurred not when the money is received or paid.
CIPFA	The Chartered Institute of Public Finance and Accountancy, one of the professional accountancy bodies in the UK. CIPFA specialises in the public services and has responsibility for setting accounting standards for these services.
Commissioning	The entire cycle of assessing the needs of people in a local area, designing services, and then securing them.
Contingent liabilities	These exist where: <ul style="list-style-type: none"> <li>• a possible obligation arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control; or</li> <li>• a present obligation arises from past events but is not recognised because: <ul style="list-style-type: none"> <li>• it is not probable that a transfer of economic benefits will be required to settle the obligation, or</li> <li>• the amount of the obligation cannot be measured with sufficient reliability.</li> </ul> </li> </ul>
Corporation sole	A corporation sole is a legal entity consisting of a single ("sole") incorporated office, occupied by a single ("sole") man or woman i.e. the Commissioner and Chief Constable are both corporations sole under the PRSRA.
Creditors	Individuals or organisations to which the Chief Constable owes money at the end of the financial year split short-term (within 12 months) and long-term.
Current assets	Current assets are items that can be readily converted into cash.  By convention, the items are ordered by reference to the ease that such conversion into cash can be carried out.
Current liabilities	Current liabilities are items that are due immediately or in the short-term.
Current service cost (Pensions)	An estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.

Term	Definition
Curtailment	Changes in liabilities relating respectively to actions that relieve the employer of primary responsibility for a pension obligation (e.g. a group of employees being transferred to another scheme) or events that reduce the expected years of future service of employees or reduce the accrual of defined benefits over their future service for some employees (e.g. closing a business unit).
Debtors	Individuals or organisations that owe the Chief Constable money at the end of the financial year split short-term (within 12 months) and long-term.
Defined benefit scheme	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The schemes may be funded or unfunded.
Fair value	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase of the asset.
Financial instrument	Any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.  A derivative financial instrument is a financial contract that derives its value from changes in underlying assets or indices.
IFRS	International Financial Reporting Standard.
IFRIC	International Financial Reporting Interpretations Committee.
Group accounts	The financial statements of the group i.e., the two corporations sole, presented as a single economic entity.
Inventories	Amounts of unused or unconsumed stocks held in expectation of future use at the Balance Sheet date.
Leases	This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.
Materiality	An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.
Net Interest Cost (Pensions)	For a defined benefit scheme, this occurs during the period when the net defined benefit liability (asset) arises from the passage of time.
Operating Leases	An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership.
Past service cost	For a defined benefit scheme, these arise from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.

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