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THE CHIEF CONSTABLE OF DYFED-POWYS POLICE

# STATEMENT OF ACCOUNTS

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FOR THE YEAR ENDED  
31 MARCH 2021

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## Narrative Report

### 1. Introduction

- 1.1 This narrative report aims to provide information on the most significant matters reported within the Statement of Accounts for the services provided by the Chief Constable of Dyfed-Powys. A separate Statement of Accounts document is produced which sets out Group Accounts for the Police and Crime Commissioner and the Chief Constable.
- 1.2 The Police Reform and Social Responsibility Act 2011 created two corporations sole within each police Force area, the Commissioner and the Chief Constable. Each individual has a clear and separate statutory remit.
- The Commissioner is publicly elected and therefore, represents the public's voice on policing matters. As part of a range of measures, the Coronavirus Act 2020 postponed elections for Police and Crime Commissioners, which were due to take place in May 2020, by one year to 6 May 2021. The Act extended the term of office of the current incumbent for one year and reduces the term of office for the next incumbent by one year. Mr Dafydd Llywelyn was first elected as Commissioner in May 2016 and then re-elected as the third term Commissioner in May 2021.
  - Mr Mark Collins was appointed by the Commissioner to the position of Chief Constable in December 2016 and following an announcement in mid-December 2020, he retired in March 2021. Given the close proximity to the Police and Crime Commissioner elections and the importance of the relationship between the two corporations sole, the Commissioner decided not to progress with the appointment process for a permanent new Chief Constable at that time and temporarily promoted Mrs Claire Parmenter to Temporary Chief Constable from February 2021.
- 1.3 This report details the main objectives, strategies and principle risks that the Chief Constable of Dyfed-Powys faces. It provides a commentary on how resources have been used to achieve desired outcomes in line with these objectives and strategies.
- 1.4 It aims to give a fair, balanced and understandable analysis of financial and operational performance, which can be used to provide context to the financial information included with the financial statements to aid the understanding of the reader. The narrative report will focus on the following areas:
- Organisational Overview and External Environment
  - Governance and Performance
  - Organisational Model
  - Financial Performance
  - Risks, opportunities and the Medium-Term Financial Outlook
  - COVID-19 Pandemic Response and Implications
  - Basis of preparation and presentation

## 2. Organisational Overview and External Environment

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



- 2.2 The resident population of 518,062 is spread across extensive rural areas, holiday and market towns as well as more heavily populated areas. The draw of tourism presents unique demands with large numbers of tourists visiting key towns. This presents its own implications for crime, anti-social behaviour and roads policing.
- 2.3 The Welsh language is spoken by 40.9% of Dyfed-Powys residents compared with the national average of 28.4%. The Force is committed to ensuring that the workforce is representative of the communities it serves so that members of the public are, whenever possible, afforded the opportunity to communicate with us via the medium of Welsh.
- 2.4 The skills of the workforce and resourcing levels are critical in dealing with the ever evolving and changing demands and legislation. The Chief Constable manages and controls the Force through internal governance arrangements with the Commissioner providing oversight and scrutiny on behalf of the public.
- 2.5 Against national trends, Dyfed-Powys' Police Officer headcount had remained relatively stable for a number of years, with 2018/19 seeing a small planned reduction as a result of a voluntary early severance scheme for Police Officers which realised £1.2m of cost reductions and facilitated succession planning to deliver an optimal and effective skills mix. The budgeted number of Police Support Staff posts have since risen to 744. The workforce also includes 148 PCSO positions, 78 special constables and 47 police staff volunteers.
- 2.6 The Government's commitment to the Uplift Programme to recruit an additional 20,000 police officers across England and Wales by March 2023 are now impacting on these numbers, with the initial tranche of 6,000 officers (42 in Dyfed-Powys) being recruited before 31 March 2021. Further information is provided in Section 4 and 6.

	Home Office Police Workforce Statistics (Full Time Equivalents)											
	31 March											30 Sept
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020
Police Officers	1,195	1,157	1,131	1,112	1,123	1,176	1,149	1,160	1,186	1,145	1,165	1,183
PCSO	83	80	97	143	150	147	135	143	145	146	143	143
Police Staff	720	673	606	606	600	536	584	622	633	651	674	697
<b>Total</b>	<b>1,998</b>	<b>1,910</b>	<b>1,834</b>	<b>1,861</b>	<b>1,873</b>	<b>1,859</b>	<b>1,868</b>	<b>1,925</b>	<b>1,964</b>	<b>1,942</b>	<b>1,982</b>	<b>2,023</b>

- 2.7 The financial landscape continues to be challenging and Dyfed-Powys Police has seen central grant funding reductions of 21% or £13m between the 2010 Comprehensive Spending Review and 2019/20 albeit it has seen subsequent increases to support the Uplift Programme. The Force has been required to make savings of £30.7m since 2010/11 and has an extensive efficiency and savings plan going forward but there may also be a requirement to identify more to ensure a balanced budget given cost pressures expected particularly in relation to pension costs, the impact of the COVID-19 pandemic on public finance in the future and the potential review of the police funding formula.
- 2.8 Against this backdrop, there has been continued investment in capital infrastructure which is critical to delivery of effective policing services. Much work has been undertaken to consider future requirements over the next ten years in relation to the estate, vehicle fleet and ICT system requirements, as well as vital ongoing maintenance and equipment replacements.
- 2.9 There has been much independent commentary over recent years in relation to Police sustainability, funding, resilience and increased financial burdens compounded by one-year grant settlements which significantly hamper effective medium-term planning. Pressures continue to arise from the changing nature of crime and more recently the complex array of implications and far reaching financial and economic consequences arising as a result of the COVID-19 pandemic. These highlight the continued precarious position that Dyfed-Powys, the police service, public services and the country face as a whole face.
- 2.10 The impact of the continued lack of longer-term clarity and uncertainties around both core and specific grant funding make both short and medium-term planning difficult. Both the Commissioner and Chief Constable continue to articulate concerns both directly and through their respective networks. The Medium-Term Financial Plan for 2021/22 further details the array of financial considerations:  
<https://www.dyfedpowys-pcc.org.uk/media/10559/2122-mtftp-and-precept-report-for-panel-submitted-003.docx>
- 2.11 Against this challenging financial backdrop, demands continue to grow and become increasingly complex. The Force has experienced year on year increases in recorded crime with incidents involving mental ill-health and more complex inquiries into child sexual exploitation and cybercrime. Changes to the way that crimes are recorded nationally have impacted on published crime levels and account for some of the increase. Work continues to improve crime data integrity and the Force's focus on vulnerability over the last year has realised a positive increase in the reporting and recording of crimes.

2.12 Police officers and staff are called upon to deal with a wide variety of important issues affecting the public.

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

2.13 The service continues to evolve quickly to enable its response to new risks, threats and changes in technology, many of which have required new ways of working.

2.14 The Force and Office of the Police and Crime Commissioner developed a delivery plan for 2017-21 in support of the Police and Crime Plan with a Vision being created for 2025. Detailed delivery plans were then developed to underpin these high-level strategic documents. The plans recognise the challenging operational and financial environment, the need for continued investment to support sustainable services and the requirement to match Force resources and assets to meet Force demand appropriately.

2.15 With the Commissioner's support, the Force has invested significantly in digital policing, providing front line officers and PCSOs with access to Force systems through mobile data terminals and body worn video cameras, as well as introducing vehicle-based telematics to enhance incident response. CCTV has continued to be rolled out widely across the area, acting both as a deterrent but also providing a valuable and effective crime investigation tool.

2.16 Policing is a non-devolved service in terms of the Welsh Government, however much of the work that is undertaken across the four county areas is rightly done in partnership with Local Authorities, Fire Authorities, Local Health Boards and many other partners including the third sector. In addition, several important services such as Armed Response and responding to the threat of Organised Crime and Terrorism are carried out in collaboration with other forces.

2.17 The significant restrictions introduced as a consequence of the COVID-19 pandemic, meant that there were fewer national policing activities in 2020/21 compared to other years. Notwithstanding that, Force's officers and staff have assisted with a number of high profile policing events and incidents during the year which were reimbursed including:

- Operation Feather - police dog handlers deployed to west Mercia to assist with a major crime investigation – August 2020
- Operation Blythe - mutual aid for Kent Police and their management of the traffic congestion at the coastal ports as a result of the administrative delays induced by Brexit – February 2021

- Operation Coltman – “Kill the Bill” protests in Bristol where DPP provided a PSU serial for rapid deployment capability which was on standby over a number of weeks – March 2021
- 2.18 More locally, the Force had several significant planned and unplanned operations and events during the year including:
- Operation Carlston – Murder
  - Asylum Seeker Centre - Penally – Protests / Black lives matter protests
  - Success in combatting controlled drugs during pandemic
  - COVID restrictions – enforcement
  - Increases in reports of Anti-Social Behaviour
  - A number of other tragic incidents which brought significant operational challenges and extraordinary resourcing requirements
- 2.19 Early 2020 also saw the developing emergency arising from COVID-19 pandemic, with the World Health Organisation declaring it a pandemic on the 12 March 2020. The impact and response to this has been unprecedented amongst the public sector, most significantly on the National Health Service but also specifically to policing.
- 2.20 Dyfed-Powys took a range of early steps to ensure that it was well prepared to respond at a local, regional and national level. The governance arrangements established were significant to ensure that all aspects of operational and organisational performance and service delivery were both optimal and dynamic to respond appropriately to the quickly evolving position, with the health and wellbeing of the workforce being paramount. These arrangements are further outlined within the Annual Governance Statement (AGS) and an additional section has been included at paragraph 7 of this narrative report to highlight some of the wider service delivery and organisational issues along with the array of financial implications.

### **3.0 Governance and Performance**

- 3.1 The Governance arrangements by which the Commissioner and Chief Constable operate are complex. These were critically reviewed during 2018/19 and continue to evolve to ensure effective organisational management, oversight and scrutiny, with some further changes being made during early 2021. An Annual Governance Statement (AGS) is included as part of this Statement of Accounts and this details the arrangements in place for delivering robust scrutiny and accountability by the Commissioner and Chief Constable. A Joint Corporate Governance Framework sets out the principles, structures and processes by which the Office of the Police and Crime Commissioner and Dyfed-Powys Police will be governed, both jointly and separately, and this is reviewed and updated annually.
- 3.2 The Commissioner and Chief Constable each have a clear and separate statutory remit. The operational independence of the Chief Constable is protected in legislation. 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 Queens' Peace.

- 3.3 The Police and Crime Commissioner is statutorily responsible for securing an efficient and effective police Force and holding the Chief Constable to account for the exercise of their 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 Commissioner is the statutory owner of all capital assets and is the holder of all reserves and balances.
- 3.4 The Commissioner is responsible for setting the strategic priorities for the Force through the production of the Police and Crime Plan, ensuring business is conducted in accordance with the law and that proper standards are achieved and maintained.
- 3.5 The Commissioner's Police and Crime Plan is an important document that sets out four priorities and five key delivery principles namely:

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

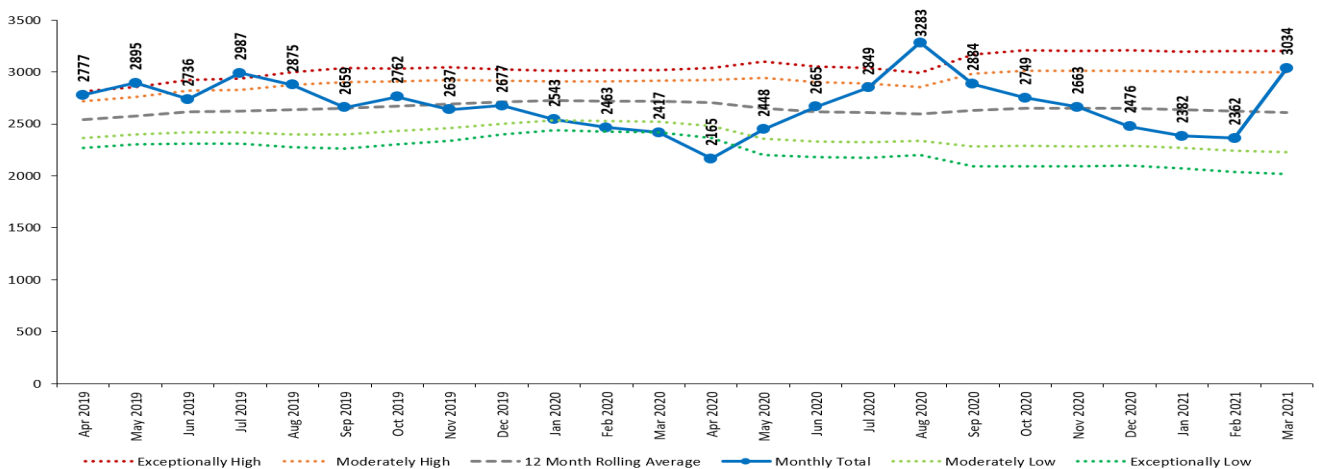
- 3.6 The Commissioner and Chief Constable have continued to consolidate the solid and professional relationship between the two functions but have a single joint vision for improving Dyfed-Powys Police and the service it provides to the public.
- 3.7 The Chief Constable is responsible for supporting the Commissioner in the delivery of the priorities set out in the Police and Crime Plan. Their operational delivery, performance monitoring frameworks and financing decisions focus on these priorities. Progress against the plan is reported quarterly at the Policing Accountability Board; a public meeting where the Police and Crime Commissioner holds the Chief Constable and their senior team to account. The latest Performance Report can be obtained within the agenda for the last meeting at:  
<http://www.dyfedpowys-pcc.org.uk/en/accountability/policing-accountability-board>
- 3.8 There are several volume and output metrics that are monitored as part of these assurance and governance arrangements. This analysis provides indicators of progress and performance against the priorities within the Police and Crime Plan. All performance is monitored and scrutinised through the appropriate Boards within the Governance structure with a key focus on improvement.
- 3.9 For the year ending March 2021, Dyfed-Powys Police have continued to answer 999 calls within the 10 second target set by the Code of Practice for the Public Emergency Call Service (PECS). The monthly average speed of answer (ASA) remained



between 1.7 seconds - 6.3 seconds, often following a seasonal pattern (increased ASA during summer months and decreased during winter).

- 3.10 101 performance in terms of average speed of answer and abandonment has remained relatively stable over time. Demand through the Force Communications Centre (FCC) has also remained consistent with notable increases in calls for service during March and August 2020 and more recently in March 2021. Demand to the Communications Centre followed the imposing and easing of restrictions.
- 3.11 Response times to calls for service, in accordance with the prioritisation given to them, is very good. Some geographical challenges are faced in places such as Lampeter and Radnorshire areas however, in comparison, the response times are far better than in other forces.
- 3.12 Digital engagement with communities generally has increased significantly in the last year. The Force's adoption of the Single Online Home (SOH) platform, a nationally hosted website which replaced our Internet site, provides the public with an ability to report online a variety of incidents or seek information on more general matters. It is expected that the growth of online reporting will increase demand as many of those that have so far reported via SOH have advised that they would not have done so if a digital means were not available to them.
- 3.13 Furthermore, the establishment of a Digital Desk has enabled central management of all social media engagement resulting in quick response to any matters reported via Face Book, Twitter or Instagram. These measures ensure improved accessibility to those who wish to engage with the service online and facilitate timely and consistent, corporate responses where appropriate.
- 3.14 The following chart demonstrates total crime recorded over the last year. The pattern of crime was largely influenced by local and national restrictions as was the types of crimes reported. During periods of lockdown, reports of Anti-Social Behaviour rose considerably, however following easing of restrictions Violence Against the Person and Public Order increased.

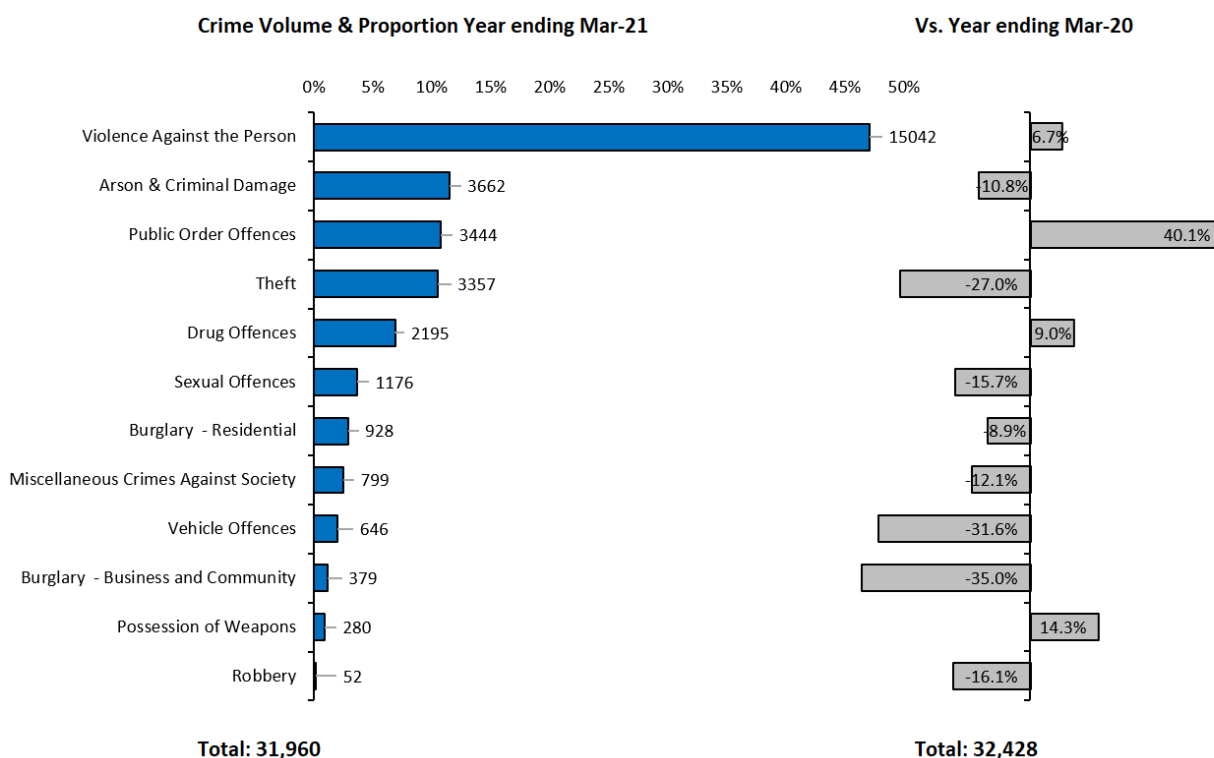
Total recorded crime volume over time



Note: Prior years' figures have been updated following additional/amended data received.

3.15 Within the last year the largest increases in recorded crime are within Public Order Offences. Increases are also noted within Possession of a Weapon albeit, these are small in number, but given the serious nature of the crimes and indeed the national focus on knife crime, it is important that the Force continues to record and deal effectively with all such reports. There was a significant decrease in many acquisitive crimes compared with 2019/20, attributed to the national directive to “stay at home” and “work from home if you can”.

Crime Category comparison 2019/2020 to 2020/21



3.16 A significant proportion of offences recorded now require an element of digital/cyber investigations. The ever-increasing number and complexity of devices and the continued rise in the volume of data represent significant challenges for the Digital Forensics Unit in Force. However, the development of a robust gatekeeping model to ensure that the examination of devices is prioritised and phased, has been instrumental in managing the workload within the unit. In addition, the introduction of an imaging lab, a viewing room for officers, and robust forensic strategies to incorporate triage software to negate the need for in depth examination of a large number of devices for each case have allowed the unit to service the significant demand in this area.

3.17 County Lines remains a national threat with Organised Crime Groups from major cities targeting rural communities and taking control of local drug markets. Early intervention by Dyfed-Powys Police to pursue and disrupt activity has assisted in minimising the harmful impact within the Force area. The creation of Serious Violence and Organised Crime boards within each County has helped develop a multi-agency approach to this threat and protect the vulnerable who are targeted by these groups. Most notably the launch of our INTACT early intervention and prevention team to work in the Serious Violence and Organised Crime arena, with a Prepare, Protect,

Prevent approach instilled into the team. County Lines, which is very much a threat and risk that causes our communities serious harm, will be one of the main focuses of the INTACT commitment.

- 3.18 During 2020/21 Standards of Investigation, Neighbourhood policing and Domestic Abuse were established as priority areas, set and promoted by the Chief Officer team to drive improvement in further safeguarding our communities.
- 3.19 Dyfed-Powys Police have also prioritised raising the standards of investigations across all crimes reported, paying specific emphasis on more serious crimes whereby investigations can become protracted. This work has been led by the Head of Crime and has resulted in a substantial reduction in live cases that are over 12 months old. Focus has been paid to Rape and Serious Sexual offences (RASSO) due to the trauma that is caused to victims. There is effective management of these investigations amongst senior leaders and regular RASSO meetings are held with the Crown Prosecution Service to review any failed cases and to scrutinise police decision making around any “No further action (NFA)” cases.
- 3.20 To further build on measures put in place to enhance the service provided to victims of crimes, which included the establishment of a Vulnerability Desk, a Secondary Risk Assessment Unit (SRAU) has been developed to effectively respond to the increase in domestic abuse incidents and cases referred to the Multi-Agency Risk Assessment Committee. The SRAU provide a consistent approach to the grading of domestic incidents and provide a timely and effective risk management plan through multi-agency daily discussions. Furthermore, staff are trained to complete a Screening Assessment for Stalking and Harassment.
- 3.21 The Vulnerability Hub draws together key functions including the Central Referral Unit, SRAU, Offender Management Unit and Harm Reduction Unit. It is anticipated that this will improve our response to all vulnerable victims. Through the development of a Triage and Assessment unit, the Force can review all Multi Agency Referral Forms providing a consistent assessment of threat, risk and harm. The introduction of the Safer Communities Team has provided a pathway enabling early intervention to address lower level vulnerability adopting an Adverse Childhood Experience lens approach. Working with partners at the Regional Safeguarding Board has stimulated interest to form clear early help pathways and to a Local Authority level Triage and Assessment process. This can be carried out physically or virtually using recently purchased state of the art software, mitigating some of the geographical challenges presented to Dyfed-Powys.
- 3.22 During 2020/21, the conviction rates in Dyfed-Powys for both Crown (2 out of 4 quarters) and Magistrates’ court (4 out of 4 quarters) have consistently remained higher than the national average. Although the conviction rates have fluctuated on a quarterly basis, the trends remain steady in the last 2 months of 2020/21 i.e. 64.7% to 89.3% in the Crown Court and 87.8% to 91.8% in the Magistrates’ Court (figures for March are higher than the national and Welsh average). Due to the low number of cases, the figures are susceptible to fluctuation.
- 3.23 Public opinion of local policing is gauged from two key sources of information. These are the Crime Survey for England and Wales (CSEW) which offers public perception of policing and the Victim Satisfaction Survey which provides victim experience of policing. The CSEW is carried out by the Office for National Statistics and the Victim Satisfaction Survey had been carried out by police staff within Dyfed-Powys Police, a

service commissioned by our Police and Crime Commissioner. However, during 2020/21, this function had been temporarily suspended and revised to ensure safety of victims being surveyed and also to modernise the approach of engagement.

### 1. Crime outcomes

Considering crimes that were reported and assigned an outcome (finalised) in 2020/21, 68.3% (20,648 crimes) were assigned an outcome within 30 days of it being reported. This is an increase of 3.7% when compared with 2019/20. The volume of crimes assigned an outcome within 30 days depends highly on both the type and nature of the crime. Crimes of greater complexity, such as sexual (42.5%) are likely to take longer to assign an outcome, than crimes that are generally considered less complex such as arson & criminal damage and public order offences (77.4% and 69.8%, respectively).

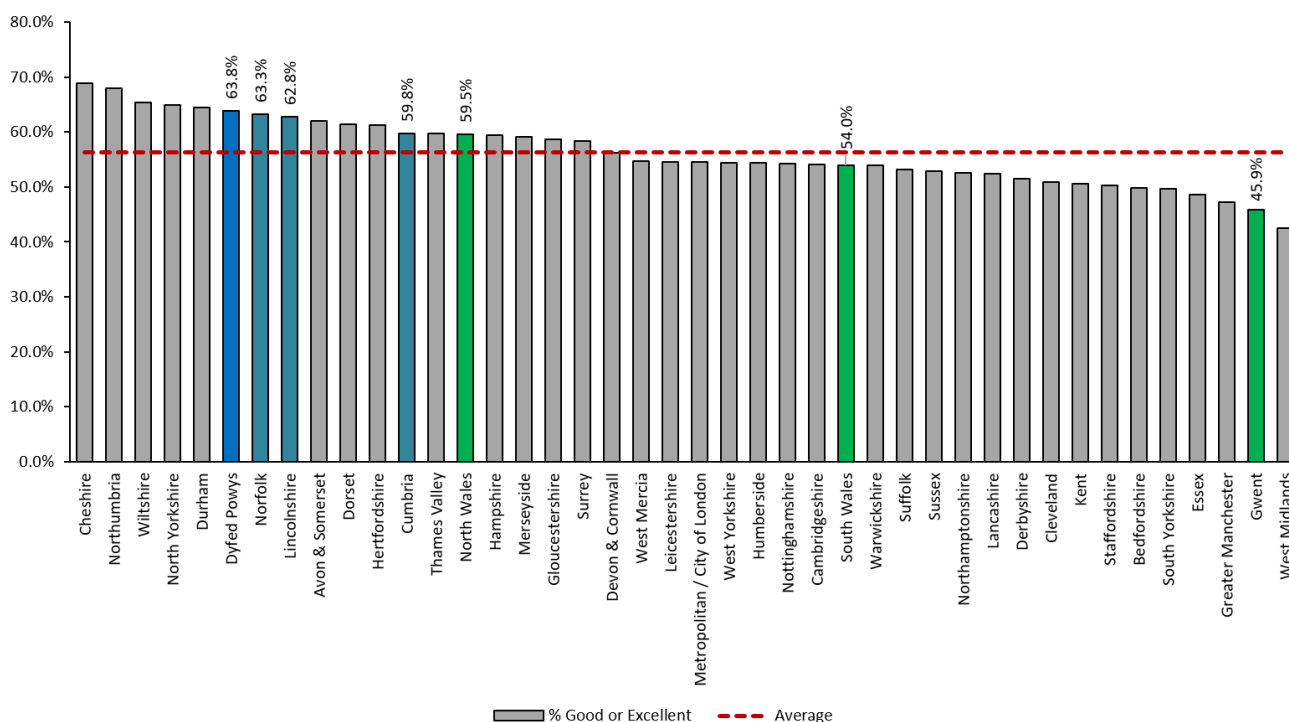
### 2. Victim satisfaction

Due to restrictions imposed by the COVID-19 pandemic, all Domestic Abuse surveying was suspended due to the increased risk to victims that were isolating with perpetrators. Furthermore, victim satisfaction surveys for all other crime types were suspended and instead a small working group was established to consider the implementation of automated crime surveys for the Force. The aim was to capture feedback from more crime victims across the full range of crime types (with some exclusions as per national protocols).

Automated surveys via email have subsequently been established. Prompts are received from the Crime Management System which identifies set criteria and facilitates an automated survey to those victims, sent via email. This happens automatically 9 weeks after the crime was recorded. On completion of the surveys, the results inform service recovery and identification and dissemination of good practice, linked to officers Development and Assessment Profiles. Monitoring of the themes will take place in Divisional Performance meetings to ensure that the best possible service is being consistently offered to victims of crime at all times.

- 3.24 Despite a small number of personnel changes occurring within the Police Chief Officer team over the year, the Commissioner and Force continue to work hard together to overcome continued challenges with progress being made in a number of critical areas. A focus on public engagement and working together to safeguard the vulnerable has resulted in a shift in focus, to what has now been recognised nationally as exceptional victim care.
- 3.25 The level of public perception remains high in comparison with levels elsewhere in the country with 63.8% rating the work that Dyfed-Powys Police do as good or excellent (CSEW March 2020 Data):

Level of Public Perception – Good or Excellent



3.26 During October 2018, Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) undertook the first annual integrated PEEL inspection of the Force. The findings were published in late April 2019 with the following gradings:

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

3.27 Although disappointing to see the gradings, both the Commissioner and Chief Constable continue to be absolutely committed to providing a first-class policing service to the communities of Dyfed-Powys. The Force has invested a significant amount of time in better understanding the issues highlighted and continues to focus on addressing these. Due to the outbreak of COVID, HMICFRS suspended all inspection activity during 2020. The Force accepted an invitation from HMICFRS to be a pilot force for the new Continuous Assessment PEEL framework. This inspection took place in early 2021 but the report is not expected until late summer 2021.

3.28 HMICFRS has recognised the significant progress the Force is making in relation to restructuring services to deliver specialist support to communities. It is also reassuring to hear praise for the work of staff in the FCC, who consistently identify vulnerability. HMICFRS have further provided positive feedback to progress made around the new strategic direction and model for Neighbourhood Policing. The Force was graded as good for treating the public fairly, which is testament to the work

undertaken daily to support and safeguard the communities of Dyfed-Powys. A programme of change is already in place which will deliver significant process and cultural change with elements seeking to improve the Forces' ability to manage demand, support victims, improve the timeliness and quality of investigations and supervision of crime.

- 3.29 As part of the new Continuous Assessment PEEL inspection carried out in 2021, HMICFRS issued a cause for concern in relation to crime data integrity. The Chief Constable has initiated a Gold Group which will seek to critically review the issues and oversee the development and implementation of an appropriate action plan.
- 3.30 In the PEEL Spotlight Report May 2019, HMICFRS acknowledged that Police forces in England and Wales were straining under significant pressures as they try and meet growing and complex demand with dwindling resources. It is further anticipated that demand for Police Services will be affected by future social, economic, environmental trends in the following six key areas:
- Population
  - Health
  - Economy and infrastructure
  - Climate change
  - Land Use and Natural Resources
  - Society and Culture
- 3.31 The Chief Constable submitted their third Force Management Statement (FMS) during 2020 as a self-assessment for HMICFRS. This statement is an explanation of:
- The demand the Force expects to face in the next four years.
  - How the Force will change and improve the condition, capacity, capability, serviceability, performance and security of supply of its workforce and other assets to cope with that demand.
  - How the Force will improve to make sure the gap between future demand and future capacity is as small as it can be.
  - The money the Force expects to have to do all the above.
- 3.32 The Force has revised its approach to producing the FMS to address recommendations previously made by HMICFRS in relation to improving the way it plans. The new approach to FMS has brought a centralised approach to the coordination of the document, which is the Force's strategic plan for the next year, with forecasted demand predicted for the forthcoming 4 years and aligning with the Medium-Term Financial Plan (MTFP).
- 3.33 The analysis of demand data both current and predicted is carried out centrally and business leads are required to apply professional judgement and expertise to the evidence base. It is anticipated that the approach taken this year will ensure more effective strategic planning strengthening the linkages with the MTFP, ICT and Estates Strategy and Resource planning for the next few years. Vulnerabilities identified through this process will be monitored via the Force governance structure and progress against each reported periodically.
- 3.34 The FMS has identified the most significant gaps and challenges to the Force as:

- Uncertainty over the long-term financial position and the ability of the Force to deliver an effective service to our communities given the combination of the potential reduction in resources and significant increases in demand.
- Overall sickness is increasing with Psychological Disorders being the greatest causes of absence.
- Calls for service: being the increase in 999 calls and increased complexity.
- The scale digital and online demand and the capacity and capability to address it.
- The volume of demand and the impact that COVID is causing is creating a backlog in trials, impacting on outcomes and creating additional demands for Victim Services.
- Demand in sexual offences is predicted to increase and the shape of the workforce and our capacity/capability to address this demand with the skills needed.
- Increasing demands for ICT and Information Management to increase productivity and transparency.

3.35 Both the Commissioner and Chief Officer Group are very clear that they want a culture where everyone feels able to be heard and to challenge but it was evident that there was work to do in relation to concerns about perceived fairness. The Force undertook a staff survey during 2020 with a response rate of 52.6%. The survey was analysed independently by Durham University who reported exceptionally positive findings. These have provided a great opportunity for Chief Officers to learn about and act on the opinions of the workforce. This is supplemented by frequent Chief Officer Road Shows and is supplemented further by online interactions by Chief Officers on platforms such as "Ask the Chief", "Film Friday", social media and the "COG Blog".

3.36 It was very pleasing to note that the Force was awarded the prestigious Gold Award by Investors in People in April 2020. This process casts an independent eye across the whole of the Force including its working practices, leadership and culture. With less than 7% of organisations applying achieving this level of accreditation, this is a significant achievement and underlines the extent of the improvements that have been made in relation to the leadership approach, staff welfare and the management of people.

3.37 Chief Officers review the feedback from Investors in People together with the results of the staff survey to identify and address all opportunities to improve further.

3.38 The Force has continued to re-shape to meet demand and has made considerable progress in many of the delivery principles which underpin the Police and Crime Plan. The Force has one of the lowest levels of recorded crime and is therefore one of the safest places to live in England and Wales with public trust and confidence remaining high. It is however, recognised that the landscape of policing is forever changing, and that there is still much work ahead to address future challenges whilst addressing the issues identified within the most recent HMICFRS Reports.

#### **4. The Organisational Model**

4.1. The Force is organised on both a geographic and functional basis. The Chief Constable is supported by a Chief Officer Team which comprises the Deputy Chief Constable, the Assistant Chief Constable and the Director of Finance. The main

responsibilities of the three positions supporting the Chief Constable are shown in the table below:

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

4.2. For the 2020/21 financial year, the Force had a budgeted establishment of 1,208 police officers, 148 Police Community Support Officers and 744 police staff. A breakdown of the distribution of staffing is shown in the table below:

Budgeted Positions 2020-21	Police Officers FTE	PCSO FTE	Police Staff FTE	Total FTE
Local Policing	590	148	35	773
Investigations	336	0	177	513
Operational Support (including Call Handling)	167	0	134	301
Criminal Justice	1	0	54	55
Scientific Support	4	0	24	28
Professional Standards	9	0	16	25
Other including Business Support	35	0	275	310
Seconded and Funded Areas	66	0	29	95
<b>Total</b>	<b>1,208</b>	<b>148</b>	<b>744</b>	<b>2,100</b>

4.3. Recruitment intakes have been carefully planned and managed during the year to ensure optimal resourcing levels, availability of specialist skills and to allow the proportionate geographical distribution of staff. New training arrangements were implemented from March 2019 under the Police Education Qualifications Framework which continues to see intakes of student constables each year with external course providers delivering core elements of their training.

4.4. In January 2020, the Force welcomed its first cohort of 22 recruits that were appointed under the Home Office's Uplift Programme which aims to increase the number of Police Officers employed nationally by 20,000 by March 2023. Up to 6,000 Officers needed to be in place by March 2021 and the Force received an allocation of



42 constable positions from the initial allocation announced, supported by elements of both core and specific grant in 2020/21. A comprehensive programme of recruitment was put in place not only to support the additional officers but also to replace officers leaving the service over this period. Despite the challenges posed by the COVID-19 pandemic, the Force achieved its target by year end, with Officer numbers increasing to 1,182 full time equivalents (excluding secondments) by March 2021 and a headcount of 1,209 against a target of 1,205 officers. The grant settlement for 2021/22 included additional funding for the second tranche of 6,000 Officers for the Uplift Programme. Dyfed-Powys' allocation equating to a further 42 Officers, with 2 being ring-fenced to support the priorities and work of the Regional Organised Crime Unit. This will see the headcount number of Officers in post increasing to 1,247 (by 31 March 2022).

## 5. Financial Performance

- 5.1 This Statement of Accounts shows the financial performance of the Chief Constable and has been prepared on the basis of proper accounting practice which meets the requirements of the Chartered Institute of Public Finance & Accountancy's Code of Practice. This differs slightly from the budgets that are managed and monitored on a day to day basis as these exclude some elements such as depreciation and movements on pension liabilities which under statute do not need to be financed fully in the year.
- 5.2 The cost of services included within the Comprehensive Income and Expenditure Statement (CIES) shows that £144.1m (2020/21: £138m) has been spent on providing policing services to the public of Dyfed-Powys Police in 2020/21.
- 5.3 The Statement provides an analysis across the main cost components. For example, the largest element was spent on Police Officer Pay which accounted for £68.426m (2019/20: £64.472m) of the total in 2020/21. The Table below shows the main reasons for variations in the cost of services between the two years at a high level:

Cost of Service Comparison	19/20 £M	20/21 £M	Change £M	Inflation and Pay Awards £M	Other £M	Other Reason
Police Officer Pay	64.5	68.4	3.9	1.6	2.3	Accumulated absences increase plus recruitment of Uplift Officers
Police Officer Overtime	2.3	2.8	0.5	0.1	0.4	COVID Enforcement & Penally Asylum Camp (Grant funded)
Police Officer Pensions (IFRS)	16.3	16.3	0.0	0.2	(0.2)	Minimal Changes
Police Staff Pay	29.4	32.3	2.9	0.7	2.2	Accumulated absences increase plus increase in budgeted posts
Police Staff Overtime	0.1	0.2	0.1	0.0	0.1	COVID related overtime
Police Staff Pensions (IFRS)	4.5	4.0	(0.5)	0.1	(0.6)	Asset valuation / Increased employer contributions
Other Employee Related Costs	1.2	0.9	(0.3)	0.0	(0.3)	Slippage in external training
Premises Costs	1.6	1.4	(0.2)	0.0	(0.2)	Utilities – Home Working

Transport Costs	3.0	2.9	(0.1)	0.0	(0.1)	Reduced hire and fuel – COVID related
Supplies & Services	11.7	12.0	0.3	0.2	0.1	Minimal changes
Agency & Contracted Services	3.4	2.9	(0.5)	0.1	(0.6)	Collaboration reductions
<b>Total</b>	<b>138.0</b>	<b>144.1</b>	<b>6.1</b>	<b>3.0</b>	<b>3.1</b>	

The CIES for the Chief Constable and the figures above include charges from the Commissioner for the use of non-current assets. Previously, in the CIES, these charges have been shown against the heading 'Capital Financing Costs' but they are now being included within the Premises, Transport and Supplies and Services figures depending on what class of asset they relate. The charges are as follows:

Cost of Service heading	19/20 £M	20/21 £M
Premises Costs	1.2	1.0
Transport Costs	1.0	1.1
Supplies & Services	1.5	1.9
<b>TOTAL</b>	<b>3.7</b>	<b>4.0</b>

- 5.4 It can be seen from the above that £3.0m of the total increase of £6.1m in the cost of service between the two years is accounted for by inflation with pay awards of 2.5% for officers and staff that were awarded from September 2019 and 2020 being the main contributor to this. Aside from this, the policing of the COVID-19 pandemic, lockdown periods, home working alongside recruitment of officers and staff to meet operational gaps and government uplift targets have had a significant impact on spending. There is also a significant increase in the value of accumulated untaken annual leave which has been included which again is largely due to the COVID-19 pandemic.
- 5.5 The amount that has needed to be added to spending to fully reflect the current service costs of police staff pensions under proper practice has fallen by £700k due to the increase in the employer contribution rate from 13.2% to 17.8%. Asset values held in the scheme have also increased during the year. It is notable however that a net loss of £196.7m has needed to be incorporated below the cost of service line as a result of changes in actuarial assumptions relating to inflation (+0.6%) and pay awards (+0.6%) affecting future periods. This is predominantly an increase in the Police Officer Scheme costs with the cost increases broadly being cancelled out by asset valuation gains and contributions for the Police Staff Scheme.
- 5.6 The Balance Sheet provides a snapshot of the Chief Constable's assets and liabilities as at 31 March 2021.
- 5.7 The Balance Sheet is dominated by the long-term liability of £1,676m (previously £1,442m) that exists in respect of future pension liabilities for police officers and staff. This represents the amount that would need to set aside at the balance sheet date to cover future payments of pensions of all current serving and retired officers and staff. This figure has been calculated independently on an actuarial basis and takes account of future salary levels, inflation, mortality rates etc. This has increased by £233m during the year predominantly due to changes in financial and demographic assumptions. The additional deficit resulting from the McCloud / Sargeant case were

included in 2019/20 valuations and the actuaries have not amended these in 2020/21 for either scheme. The impact of the COVID-19 pandemic on police staff scheme asset valuations were also incorporated into the accounts in 2019/20 and these have been updated with an increase in valuation from £131.6m to £170.5m being reflected. Traditionally a comprehensive full valuation is undertaken on a 3-yearly basis with a roll-forward approach being applied in the intervening years. A new valuation would ordinarily have been due this year. Given the uncertainties arising from the McCloud case affecting all reformed public pension schemes, our actuarial advisors recommended a roll-forward exercise for the 2020/21 accounts, with a full exercise being conducted next year. By that time, it is believed that many of the uncertainties associated with the McCloud case in terms of remedy will be clear and a better indication of scheme liabilities would be provided for the next cycle.

- 5.8 The next largest item on the Balance Sheet is the £12.4m of short-term creditors representing amounts owed by the Chief Constable at the end of the year which has increased by £3.8m since 31 March 2020 and represents an increase in 'other' rather than trade creditors which have decreased by £1.1m. Around £2.8m of this represents an increase in outstanding annual leave balances untaken by officers and staff at year end with the remainder representing amounts owed to other public bodies for example in respect of collaboration.
- 5.9 Further details and breakdowns in respect of Balance Sheet items are included in the notes to the accounts.

### Financial Performance and Variance Analysis 2020/21

- 5.10 The Police and Crime Commissioner set a budget of £112.909m as a Revenue Budget for the financial year 2020/21 which incorporated a use of reserves of £703k as well as financial savings of £1.260m which were deducted from baseline budgets. These cashable savings were to be delivered across several initiatives including workforce structures, collaborative arrangements, ICT developments, income generation and significant reductions in non-pay spending delivered through procurement and other cost reduction initiatives. The budget incorporated a 2.5% pay award assumption for officers and staff and a 2.5% increase in general inflation on non-pay costs.
- 5.11 Of the total budget, £107.415m was set as the budget for the Chief Constable. This took account of several specific grants including £1.302m that was paid by Home Office to partly offset the cost of previous increases in Police Officer pension employer contribution rates and £1.190m to support the first tranche of the Uplift Programme.
- 5.12 The scale of financial challenges is well understood within the Force and both the Chief Finance Officer and Director of Finance and their team work closely together to critically review and develop financial management arrangements. It is acknowledged that the impact of the COVID-19 pandemic on public finances and deficits will exacerbate these pressures further in coming years. Financial management is fully embedded into governance structures and there has been a continued strengthening during 2020 with the Corporate Finance team undertaking a series of external training sessions provided by CIPFA to enhance their finance business partnering skills which will better support the organisation from both a strategic and operational perspective, enhance relationships with service managers and continue to develop financial awareness and management skills across the organisation. The team will also

support the organisational focus on strengthening the vital linkages between the FMS and MTFP and business benefits realisation.

- 5.13 2020/21 was a year like no other with the national emergency arising from the COVID-19 pandemic. The policing response was unprecedented as it adapted quickly to enforcing the changing UK and Wales legislation whilst maintaining service delivery and protecting its workforce.
- 5.14 The Association of Police and Crime Commissioners (APCC) and National Police Chief Council (NPCC) networks worked closely with the Home Office on the financial implications of the COVID-19 pandemic with detailed reporting being made by forces on a monthly basis. Consequently, the Policing Minister and Home Office confirmed additional specific grants during the year, which are detailed in section 7.
- 5.15 An additional operation demand resulted from the unforeseen policing requirements arising from the Home Secretary's decision to accommodate asylum seekers in Penally. Due to the extent of anticipated costs, the Commissioner submitted a special grant application to the Policing Minister in October 2020. Albeit that the bid was successful, the Minister confirmed that the 1% threshold would not be waived, which meant the £1.129m would be borne locally with only costs over the threshold being met by special grant. This significant financial pressure was reflected within in year financial planning as well as the MTFP. A decision was unexpectedly taken to close Penally in March 2021 with asylum seekers being relocated to other facilities elsewhere in the UK. The additional cost of this policing requirement totalled £440k, and it was pleasing to be advised that despite the original notification, the Minister decided to meet this cost in full.
- 5.16 After much representation over the years through Policing in Wales, the Welsh Government announced in March additional grant funding to address the recurring shortfalls in grant funding for Police Community Support Officers (PCSOs). This realised the receipt of an additional £358k for 2020/21.
- 5.17 The following table sets out the final out-turn position for 2020/21 and compares this to the original budget. A revised budget is also shown in this variation statement that reflects additional budgets and reserve movements approved during the year. Virements are processed during the year to ensure that the budget is updated on a timely basis. The changes to the budget referred to below were updated and reported at the monthly Policing Board meetings and quarterly public Police Accountability Boards held throughout the year.

Variation Statement	Original Budget	Revised Budget	Actual	Variance (Positive for Saving)
Budget Holder	£'000	£'000	£'000	£'000
<b>All Commissioner Revenue Budget Costs</b>	<b>6,197</b>	<b>6,197</b>	<b>5,768</b>	<b>429</b>
<b>Chief Constable</b>				
Police Pay and Allowances	65,697	65,725	64,928	797
Police Officer Overtime	1,690	1,608	1,915	(307)
Bank Holidays	681	691	763	(72)
Police Staff Pay and Allowances	31,424	31,445	30,803	642
Police Staff Overtime	202	173	163	10

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Pension Costs	1,644	1,644	1,588	56
Recruitment and Training	1,438	1,052	922	130
Other Non-Pay Costs	9,485	10,098	9,342	756
Telephone Analysis and Forensics	2,301	2,313	2,107	206
Collaboration Payments	3,546	3,292	2,690	602
Grants	(8,874)	(9,356)	(11,335)	1,979
Income	(2,660)	(2,771)	(2,382)	(389)
Capital Financing	1,031	1,091	1,240	(149)
Recharges	(190)	(190)	(191)	1
<b>Total Departmental Budgets - Force</b>	<b>107,415</b>	<b>106,815</b>	<b>102,553</b>	<b>4,262</b>
Reserves Utilised to Finance Capital	0	0	(1,774)	1,774
Direct Revenue Financing Consequential	0	0	1,774	(1,774)
<b>Total - Force</b>	<b>107,415</b>	<b>106,815</b>	<b>102,553</b>	<b>4,262</b>
Holding Account - Go Safe	0	0	(77)	77
Other Holding Accounts	0	0	(42)	42
Spending from Reserves on Commissioner Priorities	0	0	191	(191)
Holding Accounts - Transfers to (-) From Reserves	0	0	(72)	72
<b>Net Spending by Force and Commissioner</b>	<b>113,612</b>	<b>113,012</b>	<b>108,321</b>	<b>4,691</b>
Transfer to Revenue Reserves - PCC	0	0	428	(428)
Transfer to Capital and Other Reserves	(703)	(103)	4,160	(4,263)
<b>Net Spending After Transfer from Revenue to Reserves</b>	<b>112,909</b>	<b>112,909</b>	<b>112,909</b>	<b>0</b>

5.18 The Variation Statement above shows that the Chief Constable costs overall were £4.262m below the revised budget for the year. An explanation of the main reasons for the more material variances in budget for 2020/21 is provided below:

- i. Police Officers Pay and Allowances: In total, this budget was underspent by £797k at the end of the year. Vacancies, earlier retirement, career breaks, dismissals and transfers of police officers were higher than anticipated early in the year and this accounts for around £600k of this saving. In addition, the COVID-19 pandemic did cause a delay of 1 month from June to July in relation to a recruitment intake. Transferees that were budgeted to transfer in during November started early in 2021. Pay awards were as budgeted and the Force did hit the Officer Uplift target by the end of the year despite these pressures.
- ii. Police Officer Overtime: Police Officer overtime was £307k over budget with payments in respect of Operation Asper (Penally) of £351k and £147k in relation to the response to and enforcement policing of the COVID-19 pandemic accounting for this. This expenditure was largely offset by grants received. Aside from that, underlying rate of spending was around £191k under budget. The Overtime Working Group applies considerable scrutiny and control to overtime spending which along with reduced crime related offending during lockdown periods have been instrumental in delivering this.

- iii. Police Officer Bank Holiday Payments: This heading overspent by £72k during the year. The overspend is fairly evenly distributed across functions and areas and was due to the need to provide a general increased operational presence on bank holidays as a result of policing the COVID-19 pandemic and to support additional operational activity and incidents that arose early on in the financial year.
- iv. Police Staff Pay and Allowances: This heading underspent by £642k during the year as a result of delays in appointing replacement police staff as vacancies arose early in the financial year as a result of lockdowns and home working. These mainly affected office-based positions. As the year progressed, alternate arrangements were implemented that included on-line interviews etc. Pay awards of 2.5% from September 2020 were consistent with those budgeted.
- v. Police Staff Overtime: These costs were largely as budgeted showing a slight underspend of £10k for the year.
- vi. Police Officer Pension Costs: Pension payments were slightly under budget by £56k as a result of decisions around permanence and injury awards that were taken in March on medical grounds. There is a backlog of small number of cases for which a medical opinion will be needed at year end which will need to be considered within the budget for ill health retirements next year.
- vii. Recruitment and Training: The Force reduced the training budget by £386k during the year in anticipation of an underspend position as a result of the suspension of many external face-to-face training courses during periods of lockdown. As part of the budget setting process, a rollover of additional training for this amount was included for 2021/22 following a training prioritisation process. Training and recruitment spending were some £130k within this lower total. The Force has been able to prioritise recruiting, assessment and training in support of the Operation Uplift Programme during the year. An additional 42 officers were recruited in two tranches during July 2020 and January 2021 in support of the National initiative to increase officer numbers by 20,000 by March 2023 and 6,000 by March 2021. These additional costs were offset to some extent by an additional Grant of £1.1m (see below).
- viii. Other Non-Pay Costs: A saving of £756k is recorded against this heading. Most of the variance is attributable to additional legal / insurance costs and savings arising from changes in ways of working that were already being considered but were accelerated due to the COVID-19 pandemic. The Table below shows the main headings affected in this way. A Recovery, Change and Transformation Programme is working to embed these and other changes with around a quarter of the savings listed having been incorporated into the budget as a savings target for 2021/22.

Non-Pay Variation Statement – COVID-19 Pandemic Related	Original Budget	Revised Budget	Actual	Variance Saving / (Cost)
Selected Spending Heading	£'000	£'000	£'000	£'000
<b>Savings Against Budgets</b>				
Vehicle Hire and Mileage Claims	308	324	161	163

Fuel	877	829	694	135
Accommodation and Subsistence Headings	342	373	145	228
Photocopying and Paper Costs	270	270	205	65
ICT Including Mobile Phones	3,920	3,995	3,729	266
Other Miscellaneous Payments	303	285	118	167
Marine Fuel	73	73	16	57
	<b>6,093</b>	<b>6,149</b>	<b>5,068</b>	<b>1,081</b>
<b>Additional Costs</b>				
Protective Equipment	13	351	571	(220)
Legal Costs and Insurance (Not COVID-19 Pandemic Related)	26	26	131	(105)
<b>Total Selected Headings</b>	<b>6,132</b>	<b>6,526</b>	<b>5,770</b>	<b>756</b>

- ix. Telephone Analysis and Forensics: Restrictions in relation to Digital Forensics and Scientific Support Forensic procurement have resulted in a savings of £268k against this heading but pressure against other headings such as expert witness statement and telephone analysis costs have reduced this to £206k at the end of the year.
- x. Agency and Collaboration Payments: This heading showed an underspend of £602k and this incorporates payments to outside agencies including Regional and National collaborative Units. The charge due to the Regional Firearms Unit was lower than anticipated due to vacancies across Southern Wales and the changes expected in relation to changing the allocation basis for National Projects and Teams were phased. There was an underspend in relation to the Regional Organised Crime Unit of £200k as a result of staffing changes and additional Proceed of Crime Act contributions at year end.
- xi. Grants: The Commissioner received more grants than were expected at budget setting time with many of these not being notified until March 2021. The Table below shown the main grants received against budget along with variances. Further details on the COVID related grants are provided in section 7.9 below.

Grant Variation Analysis	Original Budget £'000	Revised Budget £'000	Actual £'000	Variance (Positive for Saving) £'000
<b>COVID Related Grants</b>				
Home Office - Income Loss Grant	0	0	(319)	319
Home Office - Operation Talla Grant	0	0	(411)	411
Home Office - Surge Funding	0	0	(98)	98
Home Office - PPE Cost Recovery	(350)	(350)	(350)	0
<b>Welsh Government Grants</b>				
WG - PCSO Grant	(2,479)	(2,479)	(2,837)	358
WG - EU Transition Funding	0	0	(150)	150
<b>Home Office Grants</b>				

Operation Asper (Penally Asylum Camp)	0	0	(440)	440
Pension Grant	(1,302)	(1,302)	(1,302)	0
National Uplift Grant	(1,190)	(1,190)	(1,190)	0
<b>Other Miscellaneous</b>				
Other Grants (Miscellaneous)	(4,035)	(4,035)	(4,238)	203
	<b>(9,356)</b>	<b>(9,356)</b>	<b>(11,335)</b>	<b>1,979</b>

- xii. Income: The Force received less income than was anticipated over the course of the year and this resulted in an overspend of £389k against this heading in total. Again this is largely down to the impact of the COVID-19 pandemic with headings such as Vehicle Sales (£68k), External Training Income (£208k) Mutual Aid (£158k), Special Policing Services of events etc. (£92k), Firearms Licensing (£56k), vehicle recovery (£72k) and other income / recoveries (£142k) accounting for the majority of the loss. The provision of PPE was funded by the Department of Health from June 2020 onwards and the Force has recognised an additional cost and donation of £330k which also affects this heading.
- xiii. Capital Financing: The Table above shows a net underspend of £149k against capital financing charges at the end of the financial year. This is the result of the decision taken at the end of the last financial year not to borrow for capital purposes in that year.
- xiv. Transfer from Reserves: Because of the financial complexities that arose during 2020/21, several in year adjustments to the planned movements in reserves were approved by the Commissioner. The Finance Department actioned transfers from reserves to support both approved capital and revenue activities as well as several transfers to existing reserves, as well as the creation of new reserves to mitigate future pressures and support various projects and initiatives. In total the net movement of reserves was £2.434m and is further detailed in section 5.23.

- 5.19 The Force budget also incorporates self-balancing holding accounts in respect of Go Safe, Driver Retraining, collaboration funded posts and Secondments. Both Go Safe and Driver Retraining activities were impacted as a consequence of the COVID-19 pandemic, however they were largely on target compared to the budget. A transfer to reserves of £77k was made by the Go Safe Partnership to support its future activities in respect of capital and revenue.
- 5.20 The scale and complexity of issues that arose during the year, made the accurate assessment of the final outturn challenging but the year-end position is very positive and puts Dyfed-Powys in a stronger position to deal with future financial challenges. The Force has exercised considerable financial restraint and prudence over the year despite some considerable operational and financial challenges as well as the plethora of uncertainties during 2020/21.
- 5.21 The final section of the table in paragraph 5.17 above shows the net movements on reserves and capital financing compared to the budget. Capital spending was down on profile overall which meant that the transfer from the earmarked Capital Reserve was £1.774m which was some £1.559m lower than anticipated at budget setting time.



5.22 The final out-turn position was discussed at the Policing Board meeting that was held on the 20 May 2021. In this meeting, the Commissioner approved several reserve movements:

- Commissioners Fund to support Term 3 Police and Crime Plan priorities of £428k.
- A Transformational Projects Reserve to trial robotic processing and provide pump priming for the End to End Project Reserve for a whole system approach from crime recording to investigation of £572k.
- Transfer of £3.052m to the Capital Reserve to reduce future borrowing requirements for IT capital infrastructure which will realise annual revenue savings as a result of lower debt charges.
- An additional £14k to reinstate the Chief Constables operational reserve to a total of £499k.
- An additional £450k to create an insurance reserve which will assist in mitigating the financial impacts of changes to self-insured levels because of increases in insurance premiums.
- A reserve of £92k to assist in meeting service backlogs that had arisen, because of the COVID-19 pandemic, in Goleudy to support Victim services.

5.23 The net movements on reserves are shown in the following table. Total reserves have increased from £14.575m to £17.009m during the year.

Reserve	Opening balance 1/4/20 £'000	Closing Balance 31/3/21 £'000	Net movements £'000	
General Reserve	-4,032	-4,032	0	No utilisation required
<b>Total General Reserve</b>	<b>-4,032</b>	<b>-4,032</b>	<b>0</b>	
Insurance & Litigation	0	-450	-450	reserve established to mitigate claim and legal exposure
Earmarked Revenue Reserve	-774	0	774	reategorised to meet other pressures
Op Talla / COVID Reserve	-650	-411	239	reserve increased to meet legacy issues and backlogs
Chief Constable Operational Fund	-485	-499	-14	reinstated to optimal level to mitigate against peaks in operational demand
Revenue Transformational Projects	0	-572	-572	creation of reserve to facilitate organisational transformation projects
Goleudy/Victim Services	0	-92	-92	creation of reserve to meet service backlogs
Sustainability & Transformation Fund	-494	-494	0	no movement
Proceeds of Crime Act	-162	-136	26	additional proceeds of crime received
Commissioner's Fund	0	-428	-428	new reserve to fund Commissioner priorities
Forfeiture Reserve *	0	-37	-37	net utilisation
Sale of Found Property *	0	-34	-34	net additionality
Driver Retraining Scheme	-870	-536	334	utilisation to support a range of projects and community initiatives
Drug Intervention	-135	-95	40	utilisation to fund drugs testing kits
<b>Total Specific Earmarked Revenue Reserves</b>	<b>-3,570</b>	<b>-3,784</b>	<b>-214</b>	
Other Earmarked Capital Reserves	-4,964	-7,414	-2,450	capital grant applied in year
<b>Total Earmarked Capital Reserves</b>	<b>-4,964</b>	<b>-7,414</b>	<b>-2,450</b>	
Collaboration Revenue Reserve	-262	-262	0	
'Go Safe' Revenue Reserve	-313	-375	-62	net movement from Go Safe partnership
'Go Safe' Capital Reserve	-1,008	-1,023	-15	net movement from Go Safe partnership
<b>Total Ring-Fenced Revenue &amp; Capital Reserves</b>	<b>-1,583</b>	<b>-1,660</b>	<b>-77</b>	
<b>Sub-total Usable Reserves (Note 9)</b>	<b>-14,149</b>	<b>-16,890</b>	<b>-2,741</b>	
Capital Grants Unapplied	-426	-119	307	net transfer in to underpin IT capital projects to negate future borrowing requirement
<b>Total Usable Reserves (Balance Sheet)</b>	<b>-14,575</b>	<b>-17,009</b>	<b>-2,434</b>	

5.24 The final reserves position for the Commissioner shows a figure of £17.009m held as at 31 March 2021. This incorporates a sum of £7.533m to support future capital budget commitments and a general reserve of £4.032m. This includes a balance of £1.398m which is held on behalf of the road safety partnership "Go Safe" and £262k being held for regional collaborative arrangements. Some account codes that were previously classified as provisions were reclassified during the 2020/21 financial year as revenue reserves, to meet with proper accounting practice, namely Sale of Found Property and Forfeiture.

## 6.0 Risks, Opportunities and the Medium-Term Financial Outlook.

6.1 Risks are managed at all levels of the organisations through the Governance Structure and a Corporate Risk Register is used to record, manage and mitigate the main risks which could affect the delivery of Police and Crime Plan outcomes. The Risk Register is a live document which is updated at least weekly. The main risks that remaining outstanding at the end of 2020/21 include:

- Crime Recording and HMICFRS cause for concern;
- Road Traffic Toxicology samples and Drugs casework nearing FSS service delivery capacity;

- Force Control Centre Fall-back site;
  - Uncertainty in relation to the Comprehensive Spending Review 2021 and impact of the COVID-19 pandemic on financial settlements;
  - Police National Database and Information Assets – inconsistency of data sets;
  - COVID-19 pandemic;
  - Estates - concerns in relation to contract management, resourcing, project management, governance and financial management.
- 6.2 The Risk Register is monitored regularly in order to ensure that risks are allocated an owner responsible for applying appropriate mitigations. Further details in relation to risk management are included in the Joint AGS is included as part of this document.
- 6.3 In terms of the Medium-Term Financial Outlook, Dyfed-Powys Police has faced significant financial challenges since 2010 due to reductions in funding from central government along with cost pressures and continual changes in the demand for policing services.
- 6.4 In September 2019, the Government declared that it had “turned the page on austerity” with the Chancellor outlining a commitment to tackling crime and keeping people safe with plans for 20,000 additional police officers.
- 6.5 In July 2020, the Chancellor launched the much-awaited Comprehensive Spending Review but amid economic uncertainty caused by the COVID-19 pandemic, October saw the announcement that only a one-year provisional settlement would be set out in late November. The Chancellor stated that “in the current environment it is essential that we provide certainty.....with a total focus on tackling COVID-19 and delivering our Plan for Jobs”.
- 6.6 The Chancellor set out the CSR2020 on the 25 November which included:
- A public sector (excluding NHS) pay freeze but with lower income protection for those earning under £24,000
  - The Government continued committed to the Police Uplift Programme target with a further 6,000 to be recruited in 2021/22.
- 6.7 Clearly the impact of the continued lack of longer term clarity and uncertainties around both core and specific grant funding make both short and medium term planning very difficult and both the national APCC and NPCC along with their respective working groups continue to work closely with the Home Office to make representations wherever possible.
- 6.8 In outlining the settlements both the Home Secretary and Policing Minister recognised the productive engagement they had had with the service which had allowed for a clearer picture of the changing nature of demands and the capabilities needed to respond robustly to the challenges. They also paid tribute to police forces and police staff around the country for their exceptional bravery, dedication and hard work and outlined a determination to give the service the resources it needed to crack down on crime, deal robustly with the criminals exploiting the vulnerable and to improve outcomes for the victims of crime.
- 6.9 The Home Secretary and Policing Minister set out the provisional police grant on the 17 December 2020 recognising the police’s outstanding bravery, commitment to public service and speed and flexibility in which police officers and staff had

responded to the unprecedented challenges brought about by the COVID-19 pandemic. They also recognised the significant progress in delivering the first year of the Police Uplift Programme with 5,824 additional officers already recruited by the end of September with an expectation for continued momentum.

- 6.10 The 2021/22 settlement provides a total of up to £15.8 billion for policing, with funding to Police and Crime Commissioners increasing by up to an additional £703m, including the assumption regarding local flexibility to increase council tax precept.
- 6.11 The 2021/22 grant settlement for Dyfed-Powys is £59.529m being £2.921m, 5.2% higher than 2020/21. This settlement includes the continuation of the specific grant of £1.302m which was introduced in 2019/20 to partly mitigate pressures arising from changes to the employer's contribution rate for Police Officer pensions. The 2021/22 settlement includes within its baseline, the additional funding to support the first tranche of the Uplift Programme, along with a further specific ring-fenced grant of £700k to support the recruitment of additional officers as part of the second tranche which will be paid subject to recruitment performance. For Dyfed-Powys this equates to a further 42 officers, with 2 being ring-fenced to support the priorities and work of the Regional Organised Crime Unit (ROCU). The settlement also reflects that the previous reduction to Capital grant is being maintained at £85k (was £325k in 2019/20).
- 6.12 The police grant settlement also announced precept flexibility for Police and Crime Commissioners in England of £15 per band D property, and the headline figures published in the Governments press release have assumed that all Commissioners in England and Wales will take full advantage of this flexibility.
- 6.13 In outlining their expectations for outcomes and efficiency, the Government has reflected £120m of savings to be delivered through a combination of improved procurement practices, including the delivery of £20m through BlueLight Commercial as well as savings in areas such as estates, agile working and shared/enabling services. The establishment of a new Efficiency in Policing Board is expected to improve the efficiencies evidence base and identify further future opportunities for gains.
- 6.14 Following a rigorous process of scrutiny and deliberations over the financial assumptions, risks that continue to threaten the communities and investment priorities, the Commissioner submitted their precept proposal for 2021/22 and Medium-Term Financial Plan 2025/26 to the Dyfed-Powys Police and Crime Panel on 5 February 2021. This process included several seminars and presentations to the Commissioner, staff, Joint Audit Committee, Police and Crime Panel Members and staff from Audit Wales.
- 6.15 The Commissioners proposal was supported by the Police and Crime Panel, which raised the average band D property precept by £15 to £275.56, a 5.76% increase raising a total precept of £62.307m. This will provide a total of central and local funding of £119.834m representing a 6.13% increase on funding levels in 2020/21.
- 6.16 This, once again, sees Dyfed-Powys with the lowest council tax precept in Wales of £275.56 compared with £287.71 in South Wales, £287.96 in Gwent and £303.91 in North Wales. It is also worth highlighting that Dyfed-Powys has had the fifth lowest council tax precept increases across England and Wales since 2012/13.
- 6.17 The MTFP includes assumptions of 5% year on year increases in precept and incorporates an assumption of 2% growth in pay and inflationary pressures from

2022/23 onwards modelling known growth and cost increase pressures and potential loss of specific grants and includes incremental increases in contribution to capital financing and borrowing costs to support the forward Capital Programme. Further additional spending on several national, regional and local priorities along with the additional costs arising from changes to police pensions being included.

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

Medium Term Financial Plan - Revenue	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Central and Local Funding					
Predicted Central Funding	(57,527)	(57,527)	(57,527)	(58,390)	(59,266)
Local Precept	(62,307)	(66,142)	(69,935)	(73,946)	(78,186)
<b>Total Funding</b>	<b>(119,834)</b>	<b>(123,669)</b>	<b>(127,462)</b>	<b>(132,336)</b>	<b>(137,452)</b>
Revenue Spending	121,428	124,844	129,021	133,221	138,147
<b>Revenue Spending</b>	<b>121,428</b>	<b>124,844</b>	<b>129,021</b>	<b>133,221</b>	<b>138,147</b>
Future Cost Reduction Plan					
End to End Project	0	(100)	(125)	(50)	0
FCC - Change Programmes	(110)	(155)	(105)	0	0
Business Change Dept. - Cashable Efficiency Target	(70)	(70)	(70)	(70)	(70)
Emerging and Transformational Project	(50)	(50)	(50)	(50)	(50)
ICT Programme	(60)	(50)	(400)	100	0
Sustainability Target	(220)	(175)	(144)	(60)	(60)
Income Generation	(50)	(100)	(25)	(25)	(25)
Shared Service / Back Office Challenge	(547)	(275)	(250)	(250)	(250)
Agile / Talla Recovery	(237)	0	0	0	0
Workforce Savings	(250)	(200)	(390)	(480)	(240)
<b>Annual Planned Reductions</b>	<b>(1,594)</b>	<b>(1,175)</b>	<b>(1,559)</b>	<b>(885)</b>	<b>(695)</b>
<b>Net Revenue Budget</b>	<b>119,834</b>	<b>123,669</b>	<b>127,462</b>	<b>132,336</b>	<b>137,452</b>
<b>Future deficits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 6.19 The Commissioner set a capital programme for 2021/22 to 2025/26 of £86.803m which includes investment in Estates, Fleet and ICT infrastructure for both local, regional and national projects. This investment has been prioritised towards strategic priorities, unavoidable spending, areas that reduce future revenue expenditure and recognises the need to be adequately equipped to face the changing demands of 21<sup>st</sup> century policing.

- 6.20 As outlined above, there has been a significant reduction in core capital funding allocated by the Home office over recent years to only £85k. The capital programme sees the depletion of capital reserves and includes borrowing requirements of £64.879m. Most of this borrowing will fund the building of a new custody facility for Carmarthenshire, provide a solution for the ageing police facility in Brecon and fund

the new training facility for the Joint Firearms Unit. In order to meet future capital investment requirements and mitigate the reductions in capital grant funding, the MTFP and capital programme includes increasing revenue contributions to capital.

- 6.21 The Commissioner considers the Capital Strategy annually and assesses the borrowing requirements annually to ensure they are prudent, sustainable and affordable. These documents are available on the website of the Police and Crime Commissioner.
- <http://www.dyfedpowys-pcc.org.uk/media/10754/capital-strategy-2122.pdf>
- 6.22 The Capital Programme will be revised to reflect the final outturn position for 2020/21 and will be kept under review as part of the iterative work to reassess the Medium-Term Financial Plan.
- 6.23 The Commissioner considers and publishes an annual reserves strategy which underpins the MTFP and its assessment of risk exposure and mitigation measures. The Reserves strategy considers the adequacy of general reserves and takes account of the strategic, operational and financial risks facing Dyfed-Powys. These considerations also take cognisance of Home Office guidance on Police Reserves. The final outturn position for 2020/21 reflects several transfers to reserves which undoubtedly strengthens Dyfed-Powys' financial resilience.
- <https://www.dyfedpowys-pcc.org.uk/media/10623/reserves-strategy-english.pdf>
- 6.24 As outlined in Section 3, the Force submitted its third Force Management Statement to HMICFRS comprehensively setting out the main operational and business support challenges that the Force is facing. This considers the capability and capacity of the Force in the context of dealing with current and future demand. In summary the document points to challenges which largely mirror those areas already identified in the Risk Register but also highlights challenges in relation to vulnerability, domestic abuse and violent / sexual offending in terms of anticipated future demands.
- 6.25 Considerable efforts were made to strengthen the focus and linkage with between the FMS and MTFP. Corporate Finance worked with service leads to cost risks identified within the FMS, with Chief Officers holding a Prioritisation Day in November 2020 to comprehensively further review and challenge the risk assessed priorities. The next Force Management Statement is currently planned for submission in autumn 2021 with further strengthening planned.
- 6.26 The Commissioner and Force face several unknown potential future financial commitments which are referred to further in the contingent liabilities and pensions notes including:
- Police Pension Legal Challenge - Career Average Revalued Earnings
  - Undercover Policing Inquiry
  - Dedicated Source Handling Unit On-Call Allowance Claims
  - A claim relating to Police Staff Allowances relating to concurrency
- 6.27 The pension liability shown in the Balance Sheet and the cost movement for the year included in this Comprehensive Income and Expenditure Statement take account of the potential implications of the McCloud and Sargeant judgement by the Court of Appeal ruling that the Government's 2015 Public Sector Pension Reforms unlawfully treated people differently based upon age at 1<sup>st</sup> April 2012. This impact both the

Police Officer and Police Staff (Local Government) pension schemes. The final remedy was announced in February 2021, and considerable work is now underway to work through the implications. An actuarial estimation of the financial impact has been included as a past service cost. In respect of the Local Government Pension Scheme, the Employer's Contribution rate was increased by 1.2% from April 2020 to take account of the anticipated additional costs as part of the 2019 pension valuation. In relation to Police Officers, changes to the Police officer pension employer's rate will not be implemented until 2023/24 or indeed 2024/25.

- 6.28 Uncertainty remains in relation to future Spending Reviews. The financial implications of the COVID-19 pandemic and its impact on the wider economy are extensive and the Chancellor has already indicated that tough choices lay ahead. The APCC and NPCC networks continue to work closely with the Home Office and wider policing partners to develop coordinated law enforcement submissions aimed at facilitating spending considerations.
- 6.29 The position on the Formula Funding Review is also uncertain however it is understood that the Home Office may re-in vigour this review, especially in the event of a multi-year settlement. The impact of the last unimplemented review would have resulted in £8m less for Dyfed-Powys.
- 6.30 As outlined previously, there has been much independent commentary over recent years in relation to Police sustainability, funding, resilience and increased burdens which continue to highlight the extent of future challenges.
- 6.31 CIPFA published its Financial Management (FM) Code during 2020 which is designed to support good practice in financial management and to assist in demonstrating financial resilience and sustainability. The FM Code is based upon seven financial management standards covering leadership, accountability, transparency, standards, assurance and sustainability each with several underpinning facets. In order to demonstrate that the requirements of the code are being satisfied, the first self-assessment was carried out during 2020/21. This demonstrated a high level of compliance but did highlight a few areas for improvement specifically around financial resilience indicators and sensitivity analysis in relation to service demand changes. These areas of improvement are detailed within the action plan contained within the AGS.

## 7. COVID-19 Pandemic Response and Implications

- 7.1 As already outlined, early 2020 saw the developing national emergency arising from the COVID-19 pandemic. The response to this was unprecedented amongst the public sector as a whole and specifically to policing as it adapted quickly to enforcing the changing UK and Welsh legislation whilst maintaining service delivery and protecting its workforce.
- 7.2 Dyfed-Powys took a range of early steps to ensure that it was well prepared to respond at a local, regional and national level. The governance arrangements established were significant and wide ranging to ensure that all aspects of operational and organisational performance and that service delivery was optimal and dynamic to respond appropriately to the evolving position, with the health and wellbeing of the workforce being paramount. The Gold, Silver and Bronze command structures work in tandem with a Strategic Command Group, Tactical Command Group and the Local Resilience Forum the governance arrangements are further outlined within the AGS. Appropriate governance groups included OPCC representations to continue to facilitate oversight and scrutiny.
- 7.3 The safety and well-being of the workforce have been paramount in the policing response, with various phases of workforce deployment being utilised as the emergency evolved. A considerable number of key initial steps were taken to ensure business continuity, resilience and critical service delivery implementing new and innovative ways of working in many areas along with agile working for nearly all non-operational staff.
- 7.4 Overcoming the challenges that all sectors across the UK face with the supply of Public Protective Equipment (PPE) required the Force to adopt emergency procurement procedures to source such equipment in a timely manner. The Force was able to maintain appropriate levels to ensure the safety and protection of the workforce. Procurement professionals continued to work with service leads to assess and monitor the necessary supply chains and supplier base to ensure all aspects of service delivery. After much national representation and detailed monthly reporting of costs, the Policing Minister announced that the Home Office would provide grant funding for all medical grade PPE, with future supplies being sourced via central procurement arrangements at no cost to the Force
- 7.5 In terms of demand, and in line with all other forces, Dyfed-Powys experienced a statistically significant decrease in reported crimes. However, reported incidents of Anti-Social Behaviour increased exponentially, primarily resulting from reports of breaches of lock down rules. The Force was proactive in dealing with the non-essential travel issues of people wishing to enjoy the Force area and those wishing to visit second homes within the area. Specific operations were also run to proactively warn against mass gatherings during the period of national and local lockdowns.
- 7.6 An action was included within the 2020/21 AGS to establish and monitor a recovery plan to identify new and improved organisational and operational service delivery arrangements to understand lessons learnt from our response to the COVID-19 pandemic. The Operation Talla Recovery is being reintegrated into the Force governance structure with several specific work streams being taken forward by the newly reshaped Recovery, Change and Transformation Group, chaired by the Deputy Chief Constable. The recovery plan will be intrinsically linked to the Force's new



Force change management programme and will benefit from the significant work undertaken by both the Organisational Learning and Benefits Realisation teams and the Governance & Change department respectively.

- 7.7 Benefits of changes to working practices, rollout of IT and equipment to facilitate remote working and ongoing effective management of workforce wellbeing are key to understanding how the organisation will deliver services sustainably to the public, in the future.
- 7.8 The implications of the COVID-19 pandemic impacted across a considerable number of budgets both as a result of the changes to working arrangements, operational demand and service delivery requirements with resultant savings in some areas but cost pressures and losses of income streams in others. The financial impacts were monitored through frequent reporting to Policing Board and Policing Accountability Board throughout the year. Furthermore, there was also monthly reporting of costs and income losses to the Home Office.
- 7.9 The APCC and NPCC networks worked closely with the Home Office in relation to the financial implications of the COVID-19 pandemic with detailed reporting being made on a monthly basis. Consequently, the Policing Minister and Home Office confirmed additional grants during the year:
- The Department of Health and Social Care meeting all costs of medical grade PPE, for Dyfed-Powys Police equating to £347k with future supplies of PPE are being sourced via central procurement arrangements at no cost to the Force.
  - Two tranches of Enforcement/Surge funding for increased COVID enforcement / costs with an expectation of immediate increased visible, and nationwide enhancement of police enforcement of COVID restrictions. Dyfed-Powys' allocation were £212k and £410k.
  - An Income loss recovery scheme for Commissioners for 2020/21 which recognised the lost income on expected sales, fees and charges because of the COVID-19 pandemic. This scheme enabled forces to recover 75p in every £1 of eligible lost income once a 5% deductible has been absorbed by PCCs. Dyfed-Powys lost £488k of income covering the period December 2020 to March 2021 and was eligible to claim £319k grant.
- 7.10 The Valuation of the Pension Schemes for Officers and Staff have been conducted by Mercer and this provides an independent expert assessment of the present value of future pension liabilities and assets as at the 31 of March 2021. Changes in the valuations over the course of the year are reflected in the cost of service reported in the Comprehensive Income and Expenditure Statement under proper accounting practice.
- 7.11 In a newsletter dated 31 of March 2020, Mercer confirmed that actuarial assumptions were set shortly after the year end – which meant that the impact of the market turmoil that accompanied the COVID-19 pandemic has been incorporated. In March 2020 there had been substantial falls in equity markets that had affected the value of Assets held under the funded Local Government Pension Scheme. As an unfunded scheme, this did not affect the Police Pension Scheme.

- 7.12 Carmarthenshire County Council (our pension administrators) had previously reported that the impact of the COVID-19 pandemic on asset values for its schemes had fallen by around 14% between December 2019 and March 2020. However, by the end of March 2021 an increase in stock markets has seen a gradual and sustained recovery over the preceding six to nine months with most asset classes performing well apart from property which had performed poorly over the twelve months with a reduction of -1.8%
- 7.13 In the equivalent newsletter dated March 2021 the actuaries again referred to ongoing turmoil however it is notable that asset values for the Dyfed-Powys Police Local Government Pension Scheme have increased from £131.6m in March 2020 to £170.5m in March 2021.
- 7.14 The newsletter also refers to fundamental changes Retail Price Inflation (RPI) calculations, due in part to the UK Statistics Authority and HM Treasury confirming a change to the RPI formula which has necessitated a change in assumptions. The net result is that future pay award, pension increases, and inflation assumptions have been increased by 0.6% across the Police Officer and Police Staff Schemes. This along with a small change in the discount rate used as part of the calculation has contributed to an increase of £271.6m in the estimated pension obligation across the two schemes at year end.
- 7.15 For the Police Staff Pension Scheme, this is largely offset by asset valuation appreciation however, for the Police Pension Scheme which has no assets as an unfunded pay-as-you-go scheme, this is an increase that falls fully on the balance sheet and is recorded in the Comprehensive Income and Expenditure Statement below the net cost of service.
- 7.16 These assumptions are referred to in more detail in the detailed pension note.
- 7.17 Both the Chief Constable and Commissioner continued to proactively engage with both UK and Welsh Government. Furthermore, close contact has been maintained throughout with local Members of the Senedd and Members of Parliament, with briefing sessions and meetings hosted by the Chief Constable and Commissioner for elected representatives, where discussions included the issue of community tensions surrounding second homes, and what constitutes essential travel. This gave the Chief Constable and Commissioner an opportunity to provide clear guidance on how officers were enforcing the legislation.
- 7.18 The Medium-Term Financial Plan for 2021/22 and its associated plans and strategies, which were approved in February 2021 reflect a number of assumptions. Work will continue to assess the financial implications for both 2021/22 and beyond, but these may take time to crystallise both in terms of the local issues and impact but also within the wider economic landscape. The scale of Governments economic interventions has been vast, and this will undoubtedly have significant implications for public services and future funding. Considerable uncertainties remain in relation to the direct and indirect impact of the COVID-19 pandemic on future government funding levels, specific grants, comprehensive spending review, funding formula review, impacts for council tax base, market conditions for the supply of goods and services, ability to meet planned efficiencies and impact on local and national projects
- 7.19 The Commissioner established a new COVID reserve at the end of 2019/20 to assist in mitigating financial pressures and albeit that part of this was recategorized during

the year, £411k will be held to meet associated future costs and assist in mitigating legacy issues as a consequence of the COVID-19 pandemic, including delays in vital training delivery.

HMICFRS published Policing in the COVID-19 pandemic which presented a snapshot of policing between March and November 2020, albeit that Dyfed-Powys was not directly involved in the inspection a response was submitted.

[Policing in the COVID-19 pandemic: The police response to the coronavirus pandemic during 2020 \(justiceinspectorates.gov.uk\)](https://www.justiceinspectorates.gov.uk/crime-reduction-and-prevention/policing-in-the-covid-19-pandemic-the-police-response-to-the-coronavirus-pandemic-during-2020/)

- 7.20 The comprehensive report highlights the dedication and commitment of Officers and staff in all aspects of Policing. This included Officers being exposed to even greater risk than usual and being flexible in adapting to significant changes in their ways of working and adopting new roles and responsibilities. Most forces improved their use of technology some of which offer long term benefits to effectiveness and efficiency. Overall, the findings were positive and that police reacted well to the difficult circumstances presented by the COVID-19 pandemic, but the report also makes several recommendations which will be considered and actioned as appropriate.

### 8 Basis of Preparation and Presentation

- 8.1 These are the ninth statutory accounts prepared under the new governance arrangements. Both the Commissioner and Chief Constable as separate legal entities must produce their own Statement of Accounts, with the Commissioner being responsible for production of the Group Accounts, within which the Commissioner's accounts are contained.
- 8.2 The Accounts and Audit (Wales) Regulations 2015 require local government bodies to prepare a Statement of Accounts in accordance with proper practices. The Chartered Institute of Public Finance & Accountancy's Code of Practice is identified as representing proper practices.
- 8.3 The following is an explanation of the statements that follow, their purpose and the relationship between them:
- **Independent Auditor's Report** - this sets out the opinion of the external auditor, the Auditor General for Wales, on whether the accounts presented give a 'true and fair view' of the financial position and operations of the Chief Constable for 2020/21;
  - **Statement of Responsibilities for the Statement of Accounts** - this statement sets out the responsibilities of the Chief Constable and Chief Finance Officer;
  - **Comprehensive Income and Expenditure Statement** - this core statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day to day expenses and related income on an accrual's 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 Chief Constable. The

Commissioner owns the land, buildings and other assets used by the Force. The net assets (assets less liabilities) are matched by the usable and unusable reserves;

- **Notes to the financial statements** - these provide additional information that further explains items included within the main statements with an aim of improving the readers understanding of the main financial statements and sets out the Accounting Policies used as the basis of preparing the financial statements as required by the Code of Practice;
- **Police Pension Fund Account** - is a statement that shows expenditure, income, assets and liabilities pertaining to Police Pensions in the year. The account shows the top up grant due from the Group to the Pension Fund Account. Subsequently the Home Office reimburses the Group for money paid over to the account and effectively underwrites the deficit. This practice would work in reverse if the Pensions Fund Account were to show a surplus at the year-end;
- **A Joint Annual Governance Statement (AGS)** is included within this Statement of Accounts that sets out details of how the Commissioner and Chief Constable exercise governance over their affairs. The Statement is a statutory document for each corporation sole, albeit a combined statement has been produced for 2020/21 which aims to aid transparency and understanding to the reader, clearly demonstrating where arrangements are consistent and where they differ between the Commissioner and the Chief Constable. The statement includes an annual review of the adequacy of the governance arrangements and 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 their financial affairs and to secure that one of their officers has the responsibility for the administration of those affairs, that officer is the Chief Financial Officer;
- manage their 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 2020/21.



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**Chief Constable of Dyfed-Powys**

**Date: 28 July 2021**

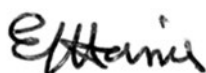
### The Chief Financial Officer's responsibilities

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 2021.



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**Chief Financial Officer to the Chief Constable**

**Date: 28 July 2021**

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

### Opinion on the financial statements

I have audited the financial statements of:

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

for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

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

Dyfed Powys Police Pension Fund's financial statements comprise the Fund Account and the Net Assets Statement and related notes. The 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 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Dyfed Powys Police and the Dyfed Powys Police Pension Fund as at 31 March 2021 and of its 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 2020-21.

### 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. I am independent of the Chief Constable 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 for Dyfed Powys Police's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

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

### Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### *Report on other requirements*

#### Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21; and
- the information given in the joint Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements, and the joint 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 Police 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 joint Annual Governance Statement.

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

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

### *Responsibilities*

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

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 37 the responsible financial officer is responsible for the preparation of the statement of accounts, including the Dyfed Powys Police Pension Fund's financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Chief Constable of Dyfed Powys Police 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 deemed inappropriate.

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

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

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 and those charged with governance, including obtaining and reviewing supporting documentation relating to the Chief Constable of Dyfed Powys Police 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 following areas: revenue recognition, posting of unusual journals and bias when calculating accounting estimates.
- obtaining an understanding of the Chief Constable of Dyfed Powys Police's framework of authority as well as other legal and regulatory frameworks that the Chief Constable of Dyfed Powys Police operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Chief Constable of Dyfed Powys Police

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 and the Joint Audit Committee 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 the audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Chief Constable of Dyfed Powys Police 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.

#### Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Chief Constable of Dyfed Powys Police 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  
30 July 2021

24 Cathedral Road  
Cardiff  
CF11 9LJ

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. The statement has been restated for 2019/20 to reflect presentational changes in respect of the charge from the Commissioner for the use of non-current assets. Previously, these charges have been shown against the heading 'Capital Financing Costs' but they are now being shown against the Premises, Transport and Supplies and Services headings depending on what class of asset they relate to.

2019/20 (Restated)			Comprehensive Income and Expenditure Statement	Note	2020/21		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
64,472	0	64,472	Police Officer Pay		68,426	0	68,426
2,272	0	2,272	Police Officer Overtime		2,774	0	2,774
16,362	0	16,362	Police Officer Pensions		16,370	0	16,370
29,398	0	29,398	Police Staff Pay		32,360	0	32,360
106	0	106	Police Staff Overtime		168	0	168
4,548	0	4,548	Police Staff Pensions		3,971	0	3,971
1,214	0	1,214	Other Employee Related Costs		935	0	935
1,632	0	1,632	Premises Costs		1,413	0	1,413
2,969	0	2,969	Transport Costs		2,819	0	2,819
11,706	0	11,706	Supplies & Services		11,953	0	11,953
3,424	0	3,424	Agency & Contracted Services		2,916	0	2,916
0	0	0	Capital Financing Costs		0	0	0
<b>138,103</b>	<b>0</b>	<b>138,103</b>	<b>Cost of Services (before McCloud)</b>		<b>144,105</b>	<b>0</b>	<b>144,105</b>
			Potential Impact of Legal Challenge (McCloud)				
5,145	0	5,145	Police Officer Pensions	17	0	0	0
537	0	537	Police Staff Pensions	17	0	0	0
<b>143,785</b>	<b>0</b>	<b>143,785</b>	<b>Total Cost of Services</b>		<b>144,105</b>	<b>0</b>	<b>144,105</b>
33,816	0	33,816	Financing & Investment Income & Expenditure	7	32,725	0	32,725
0	(177,601)	(177,601)	Commissioning Costs (Intra-group transfer)		0	(176,830)	(176,830)
<b>177,601</b>	<b>(177,601)</b>	<b>0</b>	<b>Surplus/Deficit on Provision of Services</b>		<b>176,830</b>	<b>(176,830)</b>	<b>0</b>
		28,013	Actuarial (gains)/losses on pension asset/liabilities				196,680
		<b>(28,013)</b>	<b>Commissioning Costs (Intra-group transfer)</b>				<b>(196,680)</b>
		<b>0</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>0</b>

## Balance Sheet

31 March 2020 £'000		Note	31 March 2021 £'000
0	Property, plant & equipment		0
0	Investment property		0
0	Intangible assets		0
0	Assets held for sale		0
1,442,219	Long term debtors	17	1,676,003
<b>1,442,219</b>	<b>Long term assets</b>		<b>1,676,003</b>
0	Short term investments		0
461	Inventories		574
783	Short term debtors	9	1,117
0	Cash and cash equivalents		0
(1,244)	Intra-group transfer		(1,691)
<b>0</b>	<b>Current assets</b>		<b>0</b>
0	Bank Overdraft		0
0	Short term borrowing		0
(8,562)	Short term creditors	10	(12,407)
0	Short term provisions		0
8,562	Intra-group transfer		12,407
<b>0</b>	<b>Current liabilities</b>		<b>0</b>
0	Long term creditors		0
0	Long term borrowing		0
(1,442,219)	Other long-term liabilities	17	(1,676,003)
0	Long term provisions		0
0	Grant receipts in advance		0
<b>(1,442,219)</b>	<b>Long term liabilities</b>		<b>(1,676,003)</b>
<b>0</b>	<b>Net assets</b>		<b>0</b>
0	Usable reserves		0
0	Unusable reserves		0
<b>0</b>	<b>Total reserves</b>		<b>0</b>

## Police Pension Fund

Chief Constable 2019/20		Fund Account	Chief Constable 2020/21	
£'000	£'000		£'000	£'000
		Contributions receivable		
(13,337)		Employer contributions	(13,919)	
(250)		Other Income	(570)	
(5,792)		Officers' contributions	(6,006)	
	<b>(19,379)</b>	<b>Contributions receivable</b>		<b>(20,495)</b>
	<b>(656)</b>	<b>Transfers in from other pension funds</b>		<b>(661)</b>
		Benefits payable		
28,050		Pensions	29,182	
7,313		Commutations and lump sum retirement benefits	7,277	
	<b>35,363</b>	<b>Benefits Payable</b>		<b>36,459</b>
		Payments to and on account of leavers		
329		Transfers out to other pension funds	0	
25		Refunds of contributions	7	
535		Scheme Pays tax payments	491	
	<b>889</b>	<b>Payments to and on account of leavers</b>		<b>498</b>
	<b>16,217</b>	<b>Net amount payable for the year</b>		<b>15,801</b>
	(16,217)	Additional contribution from the Police Fund (re Home Office grant)		(15,801)
	<b>0</b>	<b>Total</b>		<b>0</b>

Chief Constable 2019/20		Net Assets Statement	Chief Constable 2020/21	
£'000	£'000		£'000	£'000
		Current Assets		
	0	Debtor – net balances owed from the Police fund		0
	<b>0</b>	<b>Current Assets</b>		<b>0</b>
		Current Liabilities		
	0	Creditors – benefits payable to retiring officers end of March paid April		0
	<b>0</b>	<b>Current Liabilities</b>		<b>0</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); and
- The Pension Fund's financial statements do not take account of future pension obligations after the 31st March 2021. 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 2020/21 financial year and the position at the year-end of 31 March 2021. 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 practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and the Service Reporting Code of Practice 2020/21, supported by International Financial Reporting Standards (IFRS).

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

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

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

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

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

### Accruals of Income and Expenditure

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

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

### Overheads and Support Services

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

### Exceptional Items

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

### Events after the Balance Sheet date

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

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

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

### Financial Instruments

#### Financial Liabilities

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

#### Financial Assets

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

### Foreign currency translation

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

### **Inventories**

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

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

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

Further details can be found under the Collaborative Arrangements note.

### **Employee benefits**

#### Benefits Payable During Employment

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

#### Termination Benefits

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

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

### Post-Employment Benefits

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

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

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

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

### Discretionary Benefits

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

### **Leases**

#### **The Chief Constable as Lessee (Operating Leases)**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the use of leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. where there is a rent-free period at the commencement 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 Majesty’s Revenue and Customs by the Group. VAT receivable is excluded from income.

## **2. Previous Period Adjustments**

The Comprehensive Income and Expenditure Statement has been restated for 2019/20 to reflect presentational changes in respect of the charge from the Commissioner for the use of non-current assets. Previously, these charges have been shown against the heading ‘Capital Financing Costs’ but they are now being shown against the Premises, Transport and Supplies and Services headings depending on what class of asset they relate to. The charges are as follows:



Cost of Service heading	19/20 £M	20/21 £M
Premises Costs	1.2	1.0
Transport Costs	1.0	1.1
Supplies & Services	1.5	1.9
<b>TOTAL</b>	<b>3.7</b>	<b>4.0</b>

### 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 following changes will be required from 1 April 2021

- Definition of a Business: Amendments to *IFRS 3 Business Combinations*
- Interest Rate Benchmark Reform: Amendments to *IFRS 9, IAS 39 and IFRS 7*
- Interest Rate Benchmark Reform – Phase 2: Amendments to *IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*.

The impact of the above changes on the Financial Statements is not, at this point, anticipated to be material. However, whilst compiling the Financial Statements for 2021/22, the effect of the changes will be assessed and if necessary, the comparative figures restated.

### 4. Critical judgements in applying accounting policies

There continues to be a high degree of uncertainty about future funding levels for Dyfed-Powys Police and the scale of the Governments recent economic interventions to deal with the COVID-19 pandemic will undoubtedly have significant implications for public services and their funding. Work will continue to assess the financial implications for both 2020/21 and beyond, but this will take some time to crystalize both in terms of the local issues but also within the wider economic landscape.

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

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

The items in the Chief Constable's Balance Sheet at 31 March 2021 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 0.1% in pay award for the police officer pension scheme would result in an increase to the pension liability to £1,596m.

## 6. Events after the Reporting Period

The Draft Statement of Accounts was authorised for issue by the Chief Financial Officer on 28 July 2021. There are no events after the balance sheet date that would affect the Chief Constable's financial position for 2020/21.

## 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.

2019/20 £'000		2020/21 £'000
33,816	Pensions interest cost and expected return on pensions assets	32,725
<b>33,816</b>	<b>Total</b>	<b>32,725</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 or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Chief Constable.

The Chief Constable's non-derivative financial liabilities comprise of creditors and are measured at amortised cost.

### Financial Assets

A Financial Asset is a right to future economic benefits controlled by the Chief Constable that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Chief Constable during the year are held under the following classification:

Loans and receivables (financial assets that have fixed or determinable payments and not quoted in an active market) comprising:

## Debtors

### Financial Instruments – Balances

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

	Long Term		Current	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£'000	£'000	£'000	£'000
Creditors	0	0	(8,562)	(12,407)
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>(8,562)</b>	<b>(12,407)</b>
Debtors	0	0	783	1,117
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>783</b>	<b>1,117</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 Financial Reporting Standard 26 (FRS 26) as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price.

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

Carrying amount	Fair value		Carrying amount	Fair value
31 March 2020	31 March 2020		31 March 2021	31 March 2021
£'000	£'000		£'000	£'000
		Financial Liabilities		
(8,562)	(8,562)	Creditors	(12,407)	(12,407)
<b>(8,562)</b>	<b>(8,562)</b>	<b>Total Financial Liabilities</b>	<b>(12,407)</b>	<b>(12,407)</b>
		Financial Assets		
783	783	Debtors	1,117	1,117
<b>783</b>	<b>783</b>	<b>Total Financial Assets</b>	<b>1,117</b>	<b>1,117</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 2020 £'000		31 March 2021 £'000
674	Prepayments	1,007
109	Trade receivables	0
0	Other receivables	110
<b>783</b>	<b>Total</b>	<b>1,117</b>

## 10. Short-term Creditors

31 March 2020 £'000		31 March 2021 £'000
2,335	Trade payables	1,233
6,227	Other payables	11,174
<b>8,562</b>	<b>Total</b>	<b>12,407</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, and certain specific government grants. The pooled budgets are effectively hosted by the Police and Crime Commissioner and Chief Constable for South Wales Police on behalf of the four police forces in Wales.

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

Included in accounting policies under Collaborative arrangements is an explanation of the accounting requirements for joint operations. IFRS11, Accounting for Joint Arrangements,

## Chief Constable of Dyfed-Powys Police - Statement of Accounts 2020/21

requires income and expenditure to be subject to a different accounting treatment than actually incurred. Accordingly, expenditure in the Chief Constable's Comprehensive Income and Expenditure Statement has been increased by £796k and income/grants in the Commissioner/Group Statement have been increased by £906k; a net decrease in expenditure of £110k for the Group. This net decrease has been reversed in the Group Movement in Reserves Statement with no impact on the Police Fund balance.

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

Expenditure and Income Statements for 2020/21 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
	National Policing	National Policing	National Policing	Intelligence/ Investigation	Intelligence	Specialist Operations	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pay Expenditure	5,814	527	4,111	6,292	1,627	12,375	<b>30,746</b>
Non-Pay Expenditure	870	12	263	1,407	350	1,801	<b>4,703</b>
<b>Gross Expenditure</b>	<b>6,684</b>	<b>539</b>	<b>4,374</b>	<b>7,699</b>	<b>1,977</b>	<b>14,176</b>	<b>35,449</b>
Specific Grant Income	(6,674)	(539)	(4,371)	(4,532)	0	(1,235)	<b>(17,351)</b>
Income	(10)	0	(3)	(125)	(12)	(76)	<b>(226)</b>
<b>Total Income &amp; Grants</b>	<b>(6,684)</b>	<b>(539)</b>	<b>(4,374)</b>	<b>(4,657)</b>	<b>(12)</b>	<b>(1,311)</b>	<b>(17,577)</b>
<b>(Surplus) or Deficit to be funded from Force Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,042</b>	<b>1,965</b>	<b>12,865</b>	<b>17,872</b>
Force Contributions (Net)							
Dyfed-Powys	0	0	0	(619)	(400)	(3,860)	<b>(4,879)</b>
Gwent	0	0	0	(790)	(510)	(2,573)	<b>(3,873)</b>
North Wales	0	0	0	0	0	0	<b>0</b>
South Wales	0	0	0	(1,633)	(1,055)	(6,433)	<b>(9,121)</b>
<b>Total Force Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,042)</b>	<b>(1,965)</b>	<b>(12,865)</b>	<b>(17,872)</b>

## Chief Constable of Dyfed-Powys Police - Statement of Accounts 2020/21

Each force's contribution towards Expenditure and Income for 2020/21 is as follows:

Service Classification and agreed basis of apportionment	Counter Terrorism Intelligence Unit  National Policing (Population – national benefit basis) £'000	Counter Terrorism Specialist Advisors  National Policing (Population – national benefit basis) £'000	Counter Terrorism Port/Dedicated Security  National Policing (Population – national benefit basis) £'000	Regional Organised Crime Unit  Intelligence/ Investigation (Population – national benefit basis) £'000	Regional Task Force  Intelligence (Agreed Financial Contribution – local delivery) £'000	Joint Firearms Unit  Specialist Operations (Agreed Financial Contribution – local delivery) £'000	Total £'000
Dyfed-Powys	1,102	89	413	1,630	402	4,253	<b>7,889</b>
Gwent	1,260	102	472	1,865	514	2,835	<b>7,048</b>
North Wales*	1,483	120	2,424	0	0	0	<b>4,027</b>
South Wales	2,839	229	1,065	4,204	1,061	7,088	<b>16,486</b>
<b>Gross Expenditure</b>	<b>6,684</b>	<b>540</b>	<b>4,374</b>	<b>7,699</b>	<b>1,977</b>	<b>14,176</b>	<b>35,450</b>
Dyfed-Powys	(1,102)	(89)	(413)	(986)	(2)	(393)	<b>(2,985)</b>
Gwent	(1,260)	(102)	(472)	(1,128)	(3)	(262)	<b>(3,227)</b>
North Wales*	(1,483)	(120)	(2,424)	0	0	0	<b>(4,027)</b>
South Wales	(2,839)	(229)	(1,065)	(2,543)	(7)	(656)	<b>(7,339)</b>
<b>Total Income &amp; Grants</b>	<b>(6,684)</b>	<b>(540)</b>	<b>(4,374)</b>	<b>(4,657)</b>	<b>(12)</b>	<b>(1,311)</b>	<b>(17,578)</b>

For 2020/21 the Counter Terrorism Intelligence Unit excludes the National Data Management Centre (NDMC) grant which has been reassigned as a National arrangement and grant rather than Regional collaborative arrangement. Total spending in 2020/1 on NDMC amounted to £5.308m in Wales. This would bring spending on Counter Terrorism up to £11.992m on a like for like basis for comparison purposes with 2019/20.

## Chief Constable of Dyfed-Powys Police - Statement of Accounts 2020/21

Expenditure and Income Statements for 2019/20 for the main collaborative arrangements were as follows:

Service Classification	Counter Terrorism Intelligence Unit  National Policing  £'000	Counter Terrorism Specialist Advisors  National Policing  £'000	Counter Terrorism Port/Dedicated Security  National Policing  £'000	Regional Organised Crime Unit  Intelligence/ Investigation  £'000	Regional Task Force  Intelligence  £'000	Joint Firearms Unit  Specialist Operations  £'000	Total  £'000
Pay Expenditure	10,366	509	4,029	6,308	1,666	11,765	<b>34,643</b>
Non-Pay Expenditure	1,500	50	224	1,278	504	1,856	<b>5,412</b>
<b>Gross Expenditure</b>	<b>11,866</b>	<b>559</b>	<b>4,253</b>	<b>7,586</b>	<b>2,170</b>	<b>13,621</b>	<b>40,055</b>
Specific Grant Income	(11,831)	(559)	(4,253)	(3,764)	0	(1,271)	<b>(21,678)</b>
Income	(35)	0	0	(792)	(22)	(97)	<b>(946)</b>
<b>Total Income &amp; Grants</b>	<b>(11,866)</b>	<b>(559)</b>	<b>(4,253)</b>	<b>(4,556)</b>	<b>(22)</b>	<b>(1,368)</b>	<b>(22,624)</b>
<b>(Surplus) or Deficit to be funded from Force Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,030</b>	<b>2,148</b>	<b>12,253</b>	<b>17,431</b>
Force Contributions (Net)							
Dyfed-Powys	0	0	0	(616)	(437)	(3,438)	<b>(4,491)</b>
Gwent	0	0	0	(787)	(558)	(3,038)	<b>(4,383)</b>
North Wales	0	0	0	0	0	0	<b>0</b>
South Wales	0	0	0	(1,627)	(1,153)	(5,777)	<b>(8,557)</b>
<b>Total Force Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,030)</b>	<b>(2,148)</b>	<b>(12,253)</b>	<b>(17,431)</b>

## Chief Constable of Dyfed-Powys Police - Statement of Accounts 2020/21

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

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

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



## Chief Constable of Dyfed-Powys Police - Statement of Accounts 2020/21

### 12. Officers' remuneration

Senior employees - The remuneration paid to the Chief Constable's senior employees in 2020/21 was as follows:

	Year	From	To	Full-time equivalent salary as at 31.03.21 or end date £	Actual salary, including allowances £	Benefits in kind - lease cars (Note 1) £	Benefits in kind - relocation expenses £	Pay in Lieu of Notice / Exit Payment £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration including pension contributions £
Chief Constable	2020/21	01/04/2020	24/03/2021	146,469	145,534	0	0	0	145,534	44,089	189,623
T/Chief Constable	2020/21	27/02/2021	31/03/2021	131,823	12,188	0	0	0	12,188	3,649	15,837
Deputy Chief Constable	2020/21	01/04/2020	26/02/2021	122,628	112,522	0	0	0	112,522	34,234	146,756
T/Deputy Chief Constable (A)	2020/21	28/02/2021	31/03/2021	122,628	10,826	0	0	0	10,826	3,281	14,107
T/Assistant Chief Constable (A)	2020/21	01/04/2020	03/05/2020	109,662	12,476	0	0	0	12,476	4,354	16,830
T/Assistant Chief Constable (B)	2020/21	01/04/2020	20/06/2020	103,023	23,574	1,136	0	0	24,710	7,097	31,807
Assistant Chief Constable	2020/21	04/05/2020	27/02/2021	119,220	102,143	0	0	0	102,143	29,510	131,653
T/Assistant Chief Constable (C)	2020/21	28/02/2021	31/03/2021	105,600	8,800	0	0	0	8,800	2,323	11,123
Assistant Chief Constable - All Wales Collaboration*	2020/21	03/01/2021	31/03/2021	105,600	26,433	3,862	0	0	30,295	8,008	38,303
Director of Finance/ Chief Financial Officer to the Chief Constable	2020/21	01/04/2020	31/03/2021	94,482	93,522	0	0	0	93,522	16,647	110,169
<b>Total 2020/21</b>					<b>548,018</b>	<b>4,998</b>	<b>0</b>	<b>0</b>	<b>553,016</b>	<b>153,192</b>	<b>706,208</b>

\*Includes the Assistant Chief Constable for the All Wales Collaboration project

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

## Chief Constable of Dyfed-Powys Police - Statement of Accounts 2020/21

Senior employees - The remuneration paid to the Chief Constable's senior employees in 2019/20 was as follows:

	Year	From	To	Full-time equivalent salary as at 31.03.20 or end date £	Actual salary, including allowances £	Benefits in kind - lease cars (Note 1) £	Benefits in kind - relocation expenses £	Pay in Lieu of Notice / Exit Payment £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration including pension contributions £
Chief Constable	2019/20	01/04/2019	31/03/2020	<b>142,896</b>	144,817	0	0	0	<b>144,817</b>	43,848	<b>188,665</b>
T/Deputy Chief Constable (A)	2019/20	01/04/2019	27/04/2019	<b>116,718</b>	8,754	0	0	0	<b>8,754</b>	2,714	<b>11,468</b>
T/Deputy Chief Constable (B)	2019/20	03/04/2019	31/08/2019	<b>116,718</b>	49,029	0	0	0	<b>49,029</b>	14,875	<b>63,904</b>
Deputy Chief Constable	2019/20	01/09/2019	31/03/2020	<b>119,637</b>	71,251	0	0	0	<b>71,251</b>	21,634	<b>92,885</b>
T/Assistant Chief Constable (A)	2019/20	01/04/2019	31/03/2020	<b>103,023</b>	101,976	2,638	0	0	<b>104,614</b>	31,612	<b>136,226</b>
T/Assistant Chief Constable (B)	2019/20	08/12/2019	31/03/2020	<b>103,023</b>	33,123	5,644	0	0	<b>38,767</b>	10,045	<b>48,812</b>
Director of Finance/ Chief Financial Officer to the Chief Constable	2019/20	01/04/2019	31/03/2020	<b>90,201</b>	89,285	0	0	0	<b>89,285</b>	12,053	<b>101,338</b>
<b>Total 2019/20</b>					<b>498,235</b>	<b>8,282</b>	<b>0</b>	<b>0</b>	<b>506,517</b>	<b>136,781</b>	<b>643,298</b>

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

Other employees (excludes senior officers – itemised above)

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

2019/20 Number of employees		2020/21 Number of employees
12	£60,000 - £64,999	25
4	£65,000 - £69,999	6
3	£70,000 - £74,999	6
4	£75,000 - £79,999	2
7	£80,000 - £84,999	2
0	£85,000 - £89,999	5
1	£90,000 - £94,999	1
0	£95,000 - £99,999	0

Ratio of Chief Constable Remuneration

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

- a) the remuneration of the body’s Chief Constable during the year to which the accounts relate
- b) the median full-time equivalent remuneration of all the body’s employees in post at 31 March 2021; and
- c) 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 Chief Constable retired before the year end. As the highest paid person in the year 2020/21 their annualised remuneration was £149,842 (2019/20: £144,817). The Chief Constable received no benefits in kind in 2020/21 (2019/20: none)

The median full-time equivalent remuneration of all the Chief Constable’s employees as at 31 March 2021 was £35,019 (2019/20: £35,980)

The ratio of the Chief Constable’s remuneration to the median Chief Constable employee’s remuneration was 4.28:1 (2019/20: 4.02:1)

The Temporary Chief Constable was the highest paid person in post at 31 March 2021. Their equivalent annual remuneration was £134,330 (2019/20: £144,817)

The median full-time equivalent remuneration of all the Chief Constable’s employees as at 31 March 2021 was £35,019 (2019/20: £35,980)

The ratio of the Temporary Chief Constable’s annual equivalent remuneration to the median Chief Constable employee’s remuneration was 3.84:1 (2019/20: 4.02:1)

## Members

The Scheme of Governance states that Members' expenses should be split equally between the Commissioner and Chief Constable. In 2020/21, allowances and expenses paid amounted to £2k in total (£5k in 2019/20). 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**

In 2020/21 the Commissioner and Chief Constable jointly incurred costs of £79k in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Force's external auditors (2019/20: £79k).

### **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/ the Commissioner; as it is responsible for providing the statutory framework within which Dyfed-Powys Police/ the Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that Dyfed-Powys Police/ the Commissioner has 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 30 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 2019/20 and 2020/21 is provided below:

2019/20 £'000		2020/21 £'000
(18,006)	Carmarthenshire County Council	(19,283)
(13,933)	Pembrokeshire County Council	(14,931)
(15,441)	Powys County Council	(16,258)
(7,867)	Ceredigion County Council	(8,321)
<b>(55,247)</b>	<b>Total</b>	<b>(58,793)</b>

Entities Controlled or Significantly Influenced by the Chief Constable

The Chief Constable and Chief Financial Officer to the Chief Constable are trustees of the “Safer Dyfed-Powys Diogel” trust. In 2020/21 The Chief Constable did not undertake any financial transactions with “Safer Dyfed-Powys Diogel” (2019/20: nil). Further information about the Trust is included in note 38 of the Group Statement of Accounts.

Members

The total of Members’ allowances paid in 2020/21 is shown in note 12.

None of the members, or parties related to them, have undertaken any material transactions with the Chief Constable in 2020/21 or in 2019/20. However, during 2020/21, one member of the Joint Audit Committee has been the Director of Finance and ICT for Barcud Housing Association. The association donated £1,500 to the Police and Crime Commissioner's Community Fund in 2020/21.

**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 2020 £'000		31 March 2021 £'000
155	Not later than one year	140
487	Later than one year and not later than five years	404
1,242	Later than five years	353
<b>1,884</b>	<b>Total</b>	<b>897</b>

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

2019/20 £'000		2020/21 £'000
215	Minimum lease payments	157
<b>215</b>	<b>Total</b>	<b>157</b>

## 16. Termination benefits

During 2020/21, there were no exit packages (2019/20: nil) or flexible retirements (2019/20: 1 retirement of £27k).

## 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 the top up grant from the Home Office via the Commissioner.

### **Actuary Valuation of Scheme Liabilities**

As a key part of the annual Statement of Accounts compilation exercise, actuaries are employed 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 3-year rolling programme for a comprehensive full valuation with a roll-forward approach being applied in the intervening years.

It has now been three years since a full valuation was last undertaken. A new valuation would therefore ordinarily be due this year. Given the uncertainties arising from the McCloud case affecting all reformed public pension schemes, our actuarial advisors recommended that the Force undertakes a roll-forward exercise for the 2020/21 accounts – with a full exercise being conducted next year. By that time, it is believed that many of the uncertainties associated with the McCloud case in terms of remedy will be clear and a better indication of scheme liabilities would be provided for the next cycle.

A four-year interval such as this is specifically permitted for Commissioners and Chief Constables under the CIPFA code. This is also consistent with the approach being adopted by others across the sector.

The intention is a departure from our current practice and policies regarding a three-year valuation cycle and this approach was agreed at the Joint Audit Committee meeting on the 25 March 2021.

### 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 on the next page as an intra-group transfer:

## Chief Constable of Dyfed-Powys Police - Statement of Accounts 2020/21

	Local Government Pension Scheme		Police Pension Scheme	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Comprehensive Income and Expenditure Statement				
Cost of services				
Current service cost	(7,925)	(8,698)	(27,900)	(29,224)
Past service cost (including McCloud)	(561)	0	(5,145)	0
Other	(96)	(104)	0	0
Financing and Investment Income and Expenditure				
Net interest cost	(1,159)	(1,722)	(32,657)	(31,003)
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>(9,741)</b>	<b>(10,524)</b>	<b>(65,702)</b>	<b>(60,227)</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)	(11,394)	32,527	0	0
Experience (gain)/loss	(13,214)	3,727	0	13,499
Re-measurement gains and losses arising on changes in demographic assumptions	5,538	0	21,207	0
Re-measurement gains and losses arising on changes in financial assumptions	(3,249)	(36,723)	(26,902)	(209,710)
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(32,060)</b>	<b>(10,993)</b>	<b>(71,397)</b>	<b>(256,438)</b>
<b>Commissioning Costs (intra-group transfer)</b>	<b>32,060</b>	<b>10,993</b>	<b>71,397</b>	<b>256,438</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 processed to the Chief Constable's accounts, as the Chief Constable is not responsible for managing reserves.



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:

2020/21	Local Government Pension Scheme £'000	Police Pension Scheme £'000	Total £'000
Present value of the defined benefit obligation	(257,304)	(1,589,193)	(1,846,497)
Fair value of plan assets	170,475	0	170,475
<b>Net liability arising from defined benefit obligation</b>	<b>(86,829)</b>	<b>(1,589,193)</b>	<b>(1,676,022)</b>

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

The total liability recorded on the balance sheet in these accounts is £1,676m (2019/20: £1,443m) Due to materiality the liability in the table above is not split between the Chief Constable and Commissioner. Therefore, the figures stated in the table above are for the Group.

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

	Local Government Pension Scheme		Police Pension Scheme	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
<b>Opening fair value of scheme assets</b>	<b>136,722</b>	<b>131,637</b>	<b>0</b>	<b>0</b>
Interest income	3,455	3,066	0	0
Re-measurement gain / (loss)				
The return on plan assets, excluding the amount included in the net interest expense	(11,394)	32,527	0	0
Contributions from employer	3,399	4,642	29,402	30,242
Contributions from employees into the scheme	1,552	1,697	5,792	6,005
Benefits paid	(2,001)	(2,990)	(35,194)	(36,247)
Other (if applicable)	(96)	(104)	0	0
<b>Closing fair value of scheme assets</b>	<b>131,637</b>	<b>170,475</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	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
<b>Opening Balance at 1 April</b>	<b>(186,877)</b>	<b>(211,858)</b>	<b>(1,321,002)</b>	<b>(1,362,997)</b>
Current service cost	(8,280)	(8,866)	(27,900)	(29,224)
Interest cost	(4,666)	(4,858)	(32,657)	(31,003)
Contributions from scheme participants	(1,552)	(1,697)	(5,792)	(6,005)
Remeasurement gains / (losses)				
Remeasurement gains / losses arising from changes in demographic assumptions	5,538	0	21,207	0
Remeasurement gains / losses arising from changes in financial assumptions	(4,247)	(36,742)	(26,902)	(209,710)
Other (if applicable)	(13,214)	3,727	0	13,499
Past service cost (including McCloud)	(561)	0	(5,145)	0
Losses / gains on curtailment (where relevant)	0	0	0	0
Benefits Paid	2,001	2,990	35,194	36,247
<b>Closing balance at 31 March</b>	<b>(211,858)</b>	<b>(257,304)</b>	<b>(1,362,997)</b>	<b>(1,589,193)</b>

Local Government Pension Scheme assets comprised:

	Fair value of Scheme assets	
	2019/20 £'000	2020/21 £'000
Cash and cash equivalents	658	1,995
Equity instruments	96,372	126,288
Bonds	18,468	19,775
Property	16,139	18,837
Alternatives	0	3,580
<b>Total Assets</b>	<b>131,637</b>	<b>170,475</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 about mortality rates, salary levels etc.

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

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Police Pension Scheme	
	2019/20	2020/21	2019/20	2020/21
Mortality assumptions				
Longevity at 65 (60 for police scheme) for current pensioners				
• Men	23.0	23.1	26.3	26.4
• Women	24.9	25.0	28.4	28.5
Longevity at 65 (60 for police scheme) for future pensioners				
• Men	24.5	24.7	28.5	28.6
• Women	27.1	27.2	30.6	30.7
Other assumptions				
Rate of inflation	2.1%	2.7%	2.1%	2.7%
Rate of increase in salaries	3.6%	4.2%	3.5%	4.1%
Rate of increase in pensions	2.2%	2.8%	2.2%	2.8%
Rate for discounting scheme liabilities	2.3%	2.2%	2.3%	2.2%

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

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

	Impact on the defined benefit obligation in the scheme	
	Increase in assumption £'000	Decrease in assumption £'000
<b>Local Government Police Scheme 2020/21</b>		
Longevity (increase or decrease by 1 year)	7,499	0
Rate of inflation (increase or decrease by 0.1%)	5,637	0
Rate of increase in salaries (increase or decrease by 0.1%)	1,078	0
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	0	5,517

	Impact on the defined benefit obligation in the scheme	
	Increase in assumption £'000	Decrease in assumption £'000
<b>Police Pension Scheme 2020/21</b>		
Longevity (increase or decrease by 1 year)	48,357	0
Rate of inflation (increase or decrease by 0.1%)	32,329	0
Rate of increase in salaries (increase or decrease by 0.1%)	6,897	0
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	0	31,838

### 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 3 years. The latest full valuation was completed on 31 March 2018 and details of the future employers' rates are shown below:

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

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

The Chief Constable, along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in Oct 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a

Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April to be eligible for remedy.

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

### 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 Commissioner of Dyfed-Powys, this affects the vast majority of pre 2012 joiners. Scheme actuaries originally estimated the increase in scheme liabilities for the Commissioner of Dyfed-Powys 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. In 2020/21, the estimated has remained unchanged at this stage reflecting an additional year's benefits from the remedy and a reduction resulting from the eligibility criteria for members set out in HM Treasury's consultation.

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

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

### Compensation Claims

Claimants have lodged claims for compensation in respect of this case. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. Claims for financial losses are currently stayed as consideration is given to the HM Treasury consultation response. As at 31 March 2021, a provision of £50,000 has been included in the Group Accounts based on the number of claimants (64) and an assumed average settlement rate of £750.

Transitional protection offered to those within 10 years of retirement in 2012 was also offered to Local Government Pension Scheme for Police Staff when the pension reforms were introduced in 2015. The Liability increase as a result of the McCloud Sargeant Case is £3.761m for Police Staff which is around 4.3% of total scheme liabilities of £86,829.

As part of the triennial valuation the employer's contribution rate was increased by 1.2% from April 2020 to take account of the anticipated additional costs.

#### Impact of COVID-19 pandemic on Police Staff Pensions

There has been substantial volatility in equity markets around the world over the past year, in relation to the COVID-19 pandemic. This has had consequences for asset values – however, 31 March 2020 was generally a low point for equity markets, and so any recovery over the year has been reflected in the accounting figures as at 31 March 2021.

Over the same period, the market volatility extended to corporate bonds, but ultimately the yields on AA-rated corporate bonds as at 31 March 2021 have settled at around 2.2% p.a, which is slightly lower than the start of the accounting year. As the discount rate for accounting purposes is based on corporate bond yields, this means this volatility will ultimately have an impact on accounting liabilities. Finally, market implied RPI has been variable at points during the year, although this may be more due to the consultation on RPI reform rather than any fundamental shift in expectations.

There have also been some fundamental changes in market-implied Retail Price Inflation (RPI), due at least in part to the UK Statistics Authority and HM Treasury confirming a change to the RPI formula. Our assumptions for Consumer Price Inflation (CPI) are significantly influenced by market implied RPI, and as a result, we are proposing some changes to the setting of the CPI assumption for accounting purposes.

## **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 11 other forces, external solicitors are engaged to represent serving officer(s). There is an agreement for Dyfed-Powys Police to meet a 5% share of generic preparation costs incurred by the legal firm and these have been reflected in the accounts. All other legal matters to date involving Dyfed-Powys Police have been dealt with in house.

At this stage, the inquiry is not far enough progressed to reliably estimate future costs and therefore no provision has been made in the 2020/21 Accounting Statements.

### Dedicated Source Handling Unit On-Call Allowance Claims

The Chief Constable of Dyfed-Powys along with other Chief Constables have had claims lodged against them in relation to "On Call Allowance" under Regulation 34 Annex U Police Regulations 2003. The claimants are serving, and/or retired police officers and are members of the "Dedicated Source Handling Unit (Covert Human Intelligence Sources)". They claim

that their roles require them to answer mobile telephones and deal with those who wished to provide covert intelligence to the police. They also claim to have supervised source handlers and these tasks required them to monitor their phones on a daily basis.

At this stage, liability has not been established and therefore it would not be appropriate to make a provision in the 2020/21 Accounting Statements. In addition, it is not possible to provide a reasonable estimate of liability at this stage.

#### Concurrent Allowances

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

Staff are being represented by UNISON in this matter and no formal agreement on the existence of such entitlement has been reached. No liability has been established and no provision has been made in the 2020/21 Accounting Statements.

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

#### Credit Risk

##### **Trade Receivables**

The following analysis summarises the Chief Constable's potential maximum exposure credit risk, based on the experience gathered over the last five financial years on the level of default on trade debtors, adjusted for current market conditions. As per the Code of Practice requirements, the disclosure below includes details only of debtors that have arisen as a result of trading activities. Balances and transactions arising from statutory functions (i.e. tax and NNDR payments) are excluded from this disclosure note, as they have not arisen from contractual trading activities.

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

	Group Gross Debtors £'000	Bad Debt Provision for the Group £'000	Bad Debt Provision as a percentage of Group Trade Debtors
<b>2020/21</b>	<b>1,950</b>	<b>267</b>	<b>14.0%</b>
2019/20	1,771	231	13.0%

## Joint Annual Governance Statement 2020/21

### Introduction and Scope of Responsibilities

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

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

This Statement explains how the Police and Crime Commissioner and Chief Constable have complied with the Code of Corporate Governance, which reflect the principles in the Chartered Institute of Public Finance and Accountancy's guidance (CIPFA) *Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales 2016 Edition*. It also meets the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended), in relation to the statement of internal control and the publication of the annual governance statement. The document sets out evaluation findings to governance arrangements and is supported by a matrix of evidence detailing how the Police and Crime Commissioner and Chief Constable demonstrate the principles and behaviours of good governance. Over the coming year, the matrix of evidence will be refined in the form of a Board Assurance Framework process, whereby our organisations will map against the three layers of defence, our most critical corporate governance risks and the mitigation in place or needed to manage these.

### Principles of Good Governance

A joint Corporate Governance Framework comprises the systems, processes, culture and values by which both the Office of Police and Crime Commissioner and Dyfed-Powys Police will govern their activities, both jointly and separately. The Framework enables the Police and Crime Commissioner and Chief Constable to monitor achievement against the Police and Crime Plan and to consider whether they have led to the delivery of appropriate, cost effective services, including achieving value for money.

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

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



## **Dyfed-Powys response to the COVID-19 pandemic**

In March 2020 the global pandemic of COVID-19 began to affect significantly, the UK resulting in the first of a series of national and local lockdowns. The closure of retail, leisure, tourism and hospitality industries, impacted considerably police led demand as well as force capacity and capability to deal with it. Scrupulous oversight of both has enabled demand to be managed safely whilst implementing new and innovative ways of working in some areas, including desktop investigations and agile working for nearly all non-operational staff. Costs incurred as a result of the COVID-19 pandemic continue to be managed effectively with frequent reporting to Force governance meetings; the Police and Crime Commissioner's Policing Board and Policing Accountability Board; and to the Police and Crime Panel. Furthermore, regular supply of financial information to the Home Office as well as checks and balances provided by Audit Wales has provided assurance as to our financial probity.

Whilst the challenges posed by the COVID-19 pandemic have presented some difficulties locally, a variety of benefits have also arisen as a consequence of the manner in which Dyfed-Powys police has had to adapt. These in turn are likely to inform future ways of working, sustainably. Ongoing consideration of estates, fleet, infrastructure and IT is required so that we may continue with a workforce and working practices that are flexible, adaptable and able to meet reasonable public expectation. All of the above, against the backdrop of infection rates, hospital admissions and the vaccination programme will require every industry including policing services to incorporate the COVID-19 pandemic response into business as usual.

## **Governance**

A Gold, Silver and Bronze governance structure was implemented that ensured dialogue with both the regional and national structures. This formed part of the national operational policing response to the COVID-19 pandemic known as "Op Talla". Whilst this structure remains in place, commonly it is Gold and Silver meetings that are held with key linkages made to the wider force business as usual governance structure.

The governance structures work in tandem with a Strategic Command Group, Tactical Command Group and the Local Resilience Forum. The structure created within Dyfed-Powys informs an All Wales structure supporting Welsh Government, UK Government, the Cabinet briefing room and other organisations such as the National Police Coordination Centre (NPoCC). The Welsh structure informs National Gold and Silver structures to which the Home Office are central.

Decisions and actions made within the local governance structures as outlined above, are recorded and saved to a dedicated Share-Point site. The Force finance department is represented on Gold and Silver operational groups so as to monitor budgets and facilitate appropriate reporting and escalation into Chief Officer Group and Policing Board. There is representation from the Office of Police and Crime Commissioner (OPCC) also at both Gold and Silver groups, thus ensuring the Police and Crime Commissioner is sighted in a timely manner on the Force's response and activity, which is then further scrutinised on a 3 weekly basis at the Police and Crime Commissioner's Policing Board.

Much work is underway to capture learning as a result of the COVID-19 pandemic. Benefits of changes to working practices, rollout of IT and equipment to facilitate remote working and ongoing effective management of workforce wellbeing are key to understanding how the organisation will deliver services sustainably to the public, in the future.

Despite temporary suspension of a number of meetings within the “Force Executive” governance structure whilst the need for Dyfed-Powys Police to respond to the COVID-19 pandemic took priority, by autumn of 2020, all meetings had resumed and indeed the governance of our response to the COVID-19 pandemic became an integral part of our arrangements. Reports of ongoing financial stewardship, change programmes relating to estates, fleet and IT are reported to the respective Groups and Boards within the “Force Executive” governance structure.

Throughout 2020/21, the Police and Crime Commissioner continued to hold virtual Policing Board and Policing Accountability Board meetings, as well all other scrutiny meetings such as Commissioning Board and the Local Criminal Justice Board. Engagement was maintained with fora such as the All Wales Criminal Justice Board and the PCC continued to influence discussions at All Wales and national (England and Wales) levels.

Compliance with the Corporate Governance Framework was maintained with minimal changes required. The only change of note was to aid the Force in overcoming the challenges that all sectors across the UK faced with the sourcing and supply of Public Protective Equipment (PPE). Approval was given for the Force to adopt an emergency ordering procedure in relation to PPE and apply the Procurement Policy Notice 02/20 (PPN) in relation to emergency provisions including direct award and retrospective procurement authorisation for a limited number of supplies. However, since that time supply and demand of PPE has settled and the mechanisms to ensure our workforce’s safety are equally settled.

### **Finance**

Monthly financial updates have been provided to the Policing Board and the other Financial Boards and Groups included in the Governance Structure. These have focussed on spending, grants and savings linked to the COVID-19 pandemic as well as the predicted overall year to date and outturn position. The Head of Finance sits on the Op Talla Silver Group and the Director of Finance reports into the Op Talla Gold Group, updating on spending and savings accordingly. The Force has received financial support to meet the costs of PPE; enforcement activity; and to support income losses. Reports of all additional costs are submitted to the Home Office on a monthly basis. Locally, a reserve was set aside to meet potential cash flow implications which has not been needed to date. As outlined in the Statement of Accounts narrative report, the Force and PCC’s Office will be evaluating the longer term impact of the outbreak on future settlements/budgets, ongoing PPE requirements and income over coming months the outputs and implications reported within the Medium Term Financial Plan and budget for 2021/22. This will include the retention of working practices adopted during the COVID-19 pandemic particularly linked to smarter working going forward. A balanced budget position has been achieved for 21/22 which reflects some additional pressures in relation to PPE, income losses and training backlogs.

### **Risk Management**

The risk appetite upon which Corporate risks are assessed is currently set at ‘Open’. The risk appetite is periodically reviewed but has not changed since the onset of the COVID-19 pandemic. Information risks on the Information Risk Register are assessed within a more ‘cautious’ risk appetite. Risks associated with the coronavirus pandemic were managed within a new separate ‘Op Talla’ risk register, developed to capture a small number of risks identified across the sub-groups reporting into the Dyfed-Powys Op Talla Silver Group. The register was managed by the Op Talla Team, in conjunction with the Force Risk and Business Continuity

Management Advisor, who could support escalation of areas of risk onto the Corporate Risk Register, if necessary. There were also risks contained within the Corporate Risk Register which were impacted upon by the COVID-19 pandemic, e.g. travel restrictions preventing activities to mitigate / resolve some areas of risk otherwise unconnected to the COVID-19 pandemic. As policing adapted to the changes in demand and risk, all areas of risk on the Op Talla risk register had been mitigated and the register moved into a dormant phase. Identified risks associated with the recovery phase are incorporated within the Force's Recovery Plan, and local ownership taken by respective business leads.

All risks are assessed using the Blue Red Amber Green (BRAG) assessment criteria.

There is one risk on the Corporate Risk Register specifically in relation to the coronavirus pandemic which *considers "the management of risks and uncertainties surrounding the coronavirus (COVID-19) and the consequential risk to the availability of policing resources required to deliver policing services in line with Police and Crime Plan priorities"*. The risk was mitigated by the establishment of the Coronavirus Gold Group and chaired by a Chief Officer. The risk register has been duly updated and continued progress and mitigation is reported to the Risk and Business Continuity Management Advisor.

The Force continues to work with Public Health and other agencies to collectively mitigate the impact of the coronavirus pandemic on our communities. The following strategic objectives guide our partnership response:

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

Governance is provided by the Force Finance and Strategy Board and Policing Board, with wider scrutiny from the Joint Audit Committee.

### **Assurance**

The temporary suspension of Internal Audit activity was brought to an end in June 2020, at which time engagement with internal auditors resumed. Audits have since been conducted remotely using screen sharing, telephone and skype calls and document exchange via email. The 19/20 programme was completed in early July 2020.

The 2021 programme is complete and the programme of Internal Audit activity for 21/22 has been determined. The joint Audit Governance Group plays a key role in determining the programme, focussing on organisational risks and areas identified within the Force Management Statement to determine a programme which will most benefit the organisations.

Engagement is sought from the Corporate Governance Group and Joint Audit Committee in finalising the programme.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Inspection activity, which had been temporarily suspended in early 2020, resumed in the Autumn. Since that time, Dyfed-Powys Police has been a pilot force to undergo inspection within the new Police Effectiveness, Efficiency and Legitimacy (PEEL) Framework and therefore was one of the first three Forces being inspected. The inspection commenced in mid-December 2020.

Furthermore, as part of all forces participation in the Victim Service Assessment (VSA) inspection, Dyfed Powys Police has also been subject to the new VSA process including a Crime Data Integrity (CDI) inspection. This began on 25<sup>th</sup> January 2021. Regrettably, Dyfed-Powys police were issued with an "Accelerated Cause for Concern" as regards to our Crime Data Integrity. This inspection report was published on 7<sup>th</sup> May 2021. Much work has been undertaken to address the concerns raised not only as a consequence of this most recent inspection, but also in response to the outputs to former CDI inspections. There are a number of measures in place to bring immediate improvement as well as a full and comprehensive strategy as to how we will improve holistically in terms of crime identification, recording, investigation and support to victims.

A number of thematic inspections have been conducted by HMICFRS which have resulted in additional recommendations for all Forces, however Dyfed-Powys Police has not been directly involved in these.

### **Business Continuity**

The safety and well-being of the workforce has been paramount in the policing response. The COVID-19 pandemic has required the workforce to respond in an agile, flexible and responsive way. Business continuity plans have been tested and some implemented to ensure continued delivery of policing services in Dyfed-Powys. Much of the workforce in back office functions continue to work from home with only a few working in offices that enable social distancing. Steps were taken to ensure business continuity, resilience and critical service delivery. As time has gone on, more continues to be done to ensure the workforce is equipped to deliver business processes and products effectively and sustainably from an adapted working environment.

### **Public Engagement**

At the heart of policing and criminal justice are the communities we serve, the victims we support and the offenders we bring to justice. The manner in which we engage with people however, has inevitably had to change to ensure adherence to social distancing whenever possible. The restrictions imposed on public movement, business and tourism brought a mix of fear and frustration to our communities, resulting in significantly increased volumes of reports of Anti-Social Behaviour, Public Order offences and concerns over hidden crime.

Policing response required an approach that in so far as possible, sought to persuade the public to observe social distancing and changes to legislation and guidance that mitigated rapid transmission of the virus. The approach of Dyfed-Powys Police can be summarised as:

- Engage with the public
- Explain why dispersal is vital to reduce the spread of the virus

- Encourage people to disperse and go home
- Enforce where necessary

Public support has been crucial to the success of measures imposed, therefore requiring that officers and staff be seen to also observe social distancing themselves or to wear appropriate equipment to mitigate the risk of transmission.

As the elected representative and bridge between the public and the police, it is important for the Police and Crime Commissioner to listen and understand the issues communities and individuals are facing in these unprecedented times. As such, the PCC has continued with a regular programme of Community Engagement Days, albeit virtually, across the counties of Dyfed-Powys to ensure residents have the opportunity to share their views directly with him. Furthermore, the OPCC's social media presence over the course of the year has increased significantly with most notably the introduction of the 'Commissioner in Conversation' sessions on Facebook which gave members of the public opportunities to ask questions of the Police and Crime Commissioner and his guest. This culminated in a virtual St David's Day conference on Victims in March 2021, which included guests such as the Head of Crime in HMCTS and the England and Wales Victims Commissioner.

Digital engagement with communities generally has increased significantly in the last year. The force's adoption of the Single Online Home (SOH) platform, a nationally hosted website which replaced our Internet site, provides the public with an ability to report online a variety of incidents or seek information on more general matters. It is expected that the growth of online reporting will increase our demand as many of those that have so far reported via SOH have advised that they would not have done so if a digital means were not available to them.

Furthermore, the establishment of a Digital Desk has enabled central management of all social media engagement resulting in quick response to any matters reported via Face Book, Twitter or Instagram. These measures ensure improved accessibility to those who wish to engage with the service online, and to also facilitate timely and consistent, corporate responses where appropriate.

Ongoing monitoring of both SOH and the Digital Desk will take place to scrutinise changes to demand and ensure adequate capacity to manage it.

The Force and OPCC has continued to respond to all correspondence and complaints received. Following the implementation of the Coronavirus Act 2020, Dyfed-Powys Police Professional Standards Department received a significant number of Coronavirus related complaints. However, this did not lead to an overall increase in complaints, as a reduction in non-coronavirus complaints offset the total number of complaints received. A considerable number of COVID-19 related correspondence was received by the OPCC, the content of which has been used to shape the PCC's communication with the public and partners, and is fed into the Chief Officer Team when appropriate to address any issues as they arise.

Changes to legislation effected in early February 2020 led to Police and Crime Commissioners acquiring statutory remit to carry out independent reviews of police complaints, where the Commissioner has been assessed as the relevant review body and the complainant formally requests a review in respect of the Force's handling of their complaint. This forms part of the Commissioners' priorities i.e. keeping our communities safe, safeguarding the vulnerable and connecting with communities.

## **Demand and Response**

In terms of demand, in line with all other forces, Dyfed-Powys police initially experienced a statistically significant decrease in reported crimes. However, reports incidents of Anti-Social Behaviour had increased exponentially, primarily resulting from reports of breaches of lock down rules. Over time and with the easing of restriction during latter months in summer, Violence Against the Person and Public Order offences increased to pre-pandemic reported levels. In August 2021 however, crime volume increased above usual ranges, consequent to the easing of social restrictions, leisure and hospitality industries re-opening and what appeared to be an increase in “staycations” resulting in our tourism industry thriving for a short period prior to the Autumn. Reintroduction of UK wide restrictions in late December once again resulted in changes to our demand. January and February 2021 demonstrated exceptionally quiet periods of police led demand albeit not to the same extent of the first lockdown in March 2020.

Our ability to respond to these reports has been good, particularly in view of the low levels of abstraction of our operational workforce. The most significant challenge faced in terms of meeting demand despite abstractions was in the Force Communication Centre, however dynamic ways of working ensured demand was met. Ongoing monitoring of demand and capacity is reported through a variety of governance meetings to ensure sustained resilience to deal with demand.

Strategies to manage increased demand over the coming months are in hand. Indeed, to support the national focus on Night Time Economy related police demand, local plans have been developed to enable a partnership approach to manage demand that is expected to surpass former levels, owing to limitations to overseas travel during 2021.

## **Strategic Planning**

Dyfed-Powys police was one of a small number of forces that submitted our Force Management Statement (FMS) to HMICFRS in 2020. Within that document, analysis of demand, horizon scanning and projection of potential future demand all enabled the Force to consider usual demand volumes against the significant changes that the COVID-19 pandemic brought together with the resilience and capacity needed to deal with it. FMS 3 considered in quite some detail, the impact of the COVID-19 pandemic in all areas of local policing as it was understood at that time. Feedback received from HMICFRS was hugely positive, particularly in view of our commitment to deliver FMS in incredibly challenging times and that we used it to inform financial and workforce planning ahead of the precept and budget settlements for 2021.

FMS 4 is well underway. The refinements suggested by HMICFRS will be captured. Culturally, the Force has moved from a position of viewing FMS as an HMICFRS requirement to realising the benefits in strategic planning and risk identification. Work is also underway to ensure synergy and alignment between FMS, the Medium-Term Financial Plan and budget, the work force plan and indeed departmental plans. Underpinning all this work will be the revised priorities within the Police and Crime Plan that is due for issue and publication in 2021.

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

Both Corporations Sole operate in an open and transparent way, with processes in place to support the core principle of ethics and integrity which are in accordance with the College of

Policing's Code of Ethics. The Police and Crime Commissioner and the Chief Constable have policies and procedures in place that comply with the law and conform to appropriate ethical standards and standards of professional behaviour. Declarations of interests and registers of gifts and hospitality for both the Police and Crime Commissioner and Chief Constable are published and procedures are in place to enable any conflicts of interest to be recorded if required.

The HMICFRS PEEL Inspection in 2018 assessed Dyfed-Powys Police's legitimacy as 'Requiring Improvement'. Areas for improvement (AFIs) outline the following:

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

Formerly, the recommendations were closely monitored through the HMICFRS Governance Board within the force's governance structure. However, to make more efficient the progress of inspection outcomes, individual business leads are assigned to each recommendation or AFI and are required to provide regular and direct progress reports to the force HMICFRS team, all of which is overseen by the Deputy Chief Constable.

Dyfed-Powys was identified as a pilot force for the first tranche of PEEL inspections in 2020/2021, delayed slightly from the original dates of 2020 as a result of the coronavirus pandemic. The inspection commenced in December 2020 and included an assessment of the Force's approach in terms of encouraging ethical decision-making. At the time of writing, the assessment from HMICFRS is awaited with publication due in August 2021.

Much work has been done to continue to promote an ethical culture and provide a forum that considers ethical dilemmas. Following observation from HMICFRS of the Dyfed-Powys Ethics Committee (which meets quarterly and includes representatives from both the Office of the Police and Crime Commissioner and the force and benefits from having an independent chair from academia) a new triaging facility has been put in place to allow for effective consideration of ethical dilemmas only by the Committee. If a matter does not constitute an ethical dilemma, the triage function will signpost to the relevant department for consideration and response.

The Police and Crime Commissioner and the Chief Constable have a whistleblowing policy in place however it requires review. A recently implemented and widely accessible Fairness at Work policy and process promotes a culture of openness and transparency to address underlying internally held concerns over equity of process in recruitment, particularly in relation to Officer promotion Board. The force also carries out a programme of random drug-testing against substance misuse.

### **B. Ensuring openness and comprehensive stakeholder engagement**

Effective public engagement is a statutory responsibility of Police and Crime Commissioners, who must seek the views of the community in order to act as the bridging link between policing and the public. This engagement informs local policing priorities set by the Police and Crime

Commissioner as detailed within the Dyfed-Powys Police and Crime Plan to which the Chief Constable is held to account.

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

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

'Connecting with Communities' is a priority within the current Police and Crime Plan and whilst there is evidence of good practice, there has historically been a lack of co-ordination between Force and Office of the Police and Crime Commissioner activity. Good progress has been made with both the Police and Crime Commissioner's Youth Engagement Forum and the Victims Engagement Forum, both of which have been involved during the course of the year, in providing views and advice to the Force and the OPCC on a range of matters. For example, the Victims Engagement Forum has been involved in the Force's End to End project which aims to improve crime data integrity and overall crime management, and the Youth Engagement Forum has provided support in developing a training resource for the force to utilise when training police officers and police community support officers.

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

The current Police and Crime Plan was extended for a 12 month period with the approval of the Police and Crime Panel when the Police and Crime Commissioner elections were postponed for a year, to May 2021. A new Plan with priorities for the Force is being developed following the recent Police and Crime Commissioner elections in May 2021.

Improving the way it plans for the future is however an area for improvement for the force according to the HMICFRS PEEL 2018 inspection. There is a need for the force to have a better understanding of demand and what affects it, so that it can use its resources efficiently and plan for the future effectively. To that end, the force revised its approach to producing the Force Management Statement (FMS) in 2020 to address some of the recommendations previously made by HMICFRS. FMS 2020 was delivered through a centralised approach to the coordination of the document, drawing on expertise from various business area leads. The evidence to inform the content was taken from current and projected demand, workforce and financial data enabling the force to plan strategically for short to medium term.

In 2018, HM Government published two strategies, the first of which sought to tackle serious violence and subsequently a further strategy to tackle serious and organised crime. The Serious and Organised Crime strategy replaced the 2013 strategy which had introduced the Prevent, Protect, Pursue, Prepare (4xP) delivery framework. To meet with the requirements of the strategies, Dyfed-Powys Police launched its Serious Violence and Organised Crime



Strategy 2019-21, named “Project Diogel”. (This has now been superseded by the ‘INTACT’ SVOC Strategy. This is the new brand for SVOC which includes the 4xPs work undertaken by Dyfed-Powys Police and partner agencies. INTACT was introduced in December 2020).

The multi-agency strategy sets out alignment of efforts to tackle serious violence and organised crime as one, cohesive system. The aim of the strategy is to tackle and reduce the level of Serious Violence and Organised Crime affecting the communities of Dyfed and Powys by working in collaboration to deliver better outcomes for our citizens. A key element of this strategy is to ensure a framework for connectivity between local delivery, intervention and strategic leadership. The Serious and Organised Crime Strategy requires Police and Crime Commissioners to develop Serious and Organised Crime Partnership Boards in their area to lead multi-agency work to disrupt and minimise harm from organised criminal groups. In Dyfed-Powys, Serious Violence and Organised Crime (SVOC) Boards have been established at both force and local levels.

**C. Determining the interventions necessary to optimise the achievement of the intended outcomes.**

CIPFA published its Financial Management (FM) Code during 2020 which is designed to support good practice in financial management and to assist in demonstrating financial resilience and sustainability. The FM Code is based upon seven financial management standards covering leadership, accountability, transparency, standards, assurance and sustainability each with a number of underpinning facets. In order to demonstrate that the requirements of the Code are being satisfied, the first self-assessment was carried out in early 2021. This demonstrated a high level of compliance but did highlight a few areas of improvement specifically around financial resilience indicators and sensitivity analysis in relation to service demand changes. These areas of improvement are detailed within the action plan for 2021/22.

The response to the requirement for Financial Management is stratified into 3 levels; strategic, budgetary and operational. Strategic direction is defined by attainment of the Medium Term Financial Plan (MTFP) which looks ahead 10 years. This assesses resource requirements based on appropriate assumptions to enable the Police and Crime Commissioner and Chief Constable to prioritise competing demands for services. This includes a 10-year Capital Programme that incorporates strategic investments in estates, fleet and IT. In addition, the annual budget is set in a process which is shaped by a top-down aspect from the MTFP strategy and bottom-up aspect from operational leads. During 2020/21, through focused engagement, the force successfully used the FMS as its primary source of risks to be addressed by growth for 2021/22 budget. Day to day operational management is delivered using a Finance Business Partnering (FBP) model where finance staff act as single points of contact with designated portfolios of responsibility. Budget monitoring is conducted quarterly, monthly and on-demand as appropriate with FBPs reporting actual and forecast performance as well as acting as advisor to channel decision making through recognised channels of governance.

Governance arrangements support robust decision making in order to achieve the required outcomes. The structure brings together a number of disparate meetings and provide a clear reporting line for decisions and actions to be taken. Governance arrangements had been predominantly led by Chief Officers however, in distilling down the number of meetings, chairmanship and decision-making has been devolved in many meetings to enable flexible

and responsive action and better outcomes. Accountability is supported by the governance structure and processes in place. Mechanisms for performance monitoring remain under review to support evidenced based decision-making.

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

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

There is a formal business case process whereby projects are considered and project boards are in place which monitor the implementation and achievement of agreed initiatives and plans. Benefits are captured and reported upon to inform of efficiency gains or financial savings.

Demonstrable progress has been made to explore opportunities to work in collaboration with others to increase efficiency and provide better, more resilient services. Following an Audit Wales Review on governance of some regional police based collaborative activity an action plan was produced to address a number of recommendations for improvement. The work on this action plan is largely completed and a report was submitted to the Joint Audit Committee meeting. Furthermore, to maintain appropriate focus on establishing good governance and financial management of all collaborative arrangements, the Corporate Risk Register was endorsed accordingly and this item remains on the risk register at this stage pending further discussions and an assessment of actions taken.

The PCC's Commissioning Advisory Board, which includes a member of the Police and Crime Panel; a member of the Joint Audit Committee; and representatives from the Commissioner's volunteering schemes, has embedded during the course of the year and plays an important role in scrutinising services and holding service providers to account. This has included a review of service provision during lockdown and the challenges experienced. The Board also receive information in relation to the awarding of grant funding or the tendering for services. There has been more activity to evaluate commissioned services during 2020/21, but this has been impacted by COVID-19 restrictions and is yet to be a fully embedded process that ensures there is a clear understanding of the impact and return on investment of such services. The Board received a presentation in February 2021 providing details of the statutory requirements for PCCs with regard to commissioning, the strategy, framework and audit and governance plans for Term 3.

The force awarded the contract for a new Records Management System (RMS) to Niche Technology Inc in early 2020. The introduction of Niche RMS is to address data quality issues with existing standalone systems by ensuring all force information is maintained in one system and linked. Collaboration opportunities have been identified with the decision being made for Dyfed Powys Police onboarding with the already established UK North West Collaboration which includes Merseyside, North Wales and Cheshire Police forming the West Coast Collaboration. It is anticipated that the move to replace the existing systems with a new RMS

will require 18 months to deploy with the force working towards a planned 'go live' date of September 2022. Progress is reported within the force governance structure.

In order to improve the force response to reports of Domestic Abuse (DA), an area identified by HMICFRS as needing improvement, a Vulnerability Desk was established and embedded within the Force Communications Centre. As a result of the work of the team, a considerable increase in the identification of DA Incidents was experienced together with improved accurate recording of crimes thereby improving crime data integrity. This approach has ensured that victims are appropriately identified, safeguarded and signposted to receive the necessary support. Furthermore, it ensured that the organisation had a better understanding of demand within Domestic Abuse and this inform our response.

Resulting from the above increase in crime identified, was the number of referrals to the Multi Agency Risk Assessment Conference (MARAC) (+150%) which impacted the timeliness of service provided to victims. To address this, a Secondary Risk Assessment Unit' (SRAU) was established to undertake a secondary, multi-agency risk assessment on all Domestic Abuse cases within a 24 – 48 hour period and ensure that referrals to MARAC are appropriate and process Claire's Law applications in timely fashion. This has provided a significant increase in the timeliness of cases being considered and enhanced the support received by victims beyond the initial police response.

The introduction of divisional DA champions to support response and neighbourhood policing officers in the investigation of DA incidents has provided an extra layer of support. In February 2021 a training video to support officers in understanding the importance of seeking evidence led prosecutions was circulated and will be re-enforced during spring training. Furthermore, the introduction of Inspector reviews for all cases that were closed under "Outcome 16" ensures that in every case, the possibility of evidence led prosecution is given the fullest consideration.

Crime Data Integrity is a key area of concern for Dyfed-Powys Police. It has been issued as an "Accelerated Cause for Concern" by HMICFRS in May 2021. Formerly, the PEEL inspection(s) of 2016 and 2018 also identified Crime Data Integrity as an area that is a Cause for Concern/Requires Improvement. Increased audit has identified that our key areas of concern are crime identification in reports of incidents such as Anti-Social Behaviour; N100 Reported allegations of rape, crimes hidden within crimes such as behavioural crimes not being recorded when reported as part of a Domestic Abuse report; and correct classification of crime finalisation. Furthermore, ongoing internal review of compliance with the victim's code of practice and standards of investigations and supervision has also highlighted some areas of concern. Consequently, the need for holistic intervention to address all areas has been recognised and work is underway to address the majority of inadequacies. The End to End project will change considerably the process by which crimes are recorded, investigated and finalised, introducing added layers of audit and quality assurance. In the short term whilst the detail of End to End is determined, increased auditing will take place within the Crime Audit Team to ensure crimes within incidents are identified and recorded. End to End project is timetabled to deliver an improved way of working through increased centralisation of functions from November 2021.

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

Wellbeing of our workforce has been of paramount importance and a key priority, particularly in light of the adaptations and limitations brought by the COVID-19 pandemic. Officers and staff have continued to deliver high standards of service to our communities in a period of global uncertainty. Many have done so whilst managing their own concerns and fears, caring for family and loved ones, and balancing competing demands professionally and personally. Mental wellbeing is at the core of Chief Officers' and the Commissioner's focus as is ensuring support to our workforce.

In April 2020, the Force proudly received the Investors in People Gold Award, something that less than 7% of organisations that apply, are awarded. This was a significant achievement for the organisation having not reached the scoring criteria some three years prior. But Chief Officers credited the award to the huge efforts made by the workforce in taking the organisation forward as well as the work undertaken strategically to bring the force to a position of trust and confidence.

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

The Development Assessment Profile (DAP) replaced a previous performance system which was no longer meeting organisational needs. It was formally launched in April 2019 and is fully embedded throughout the organisation with regular reporting of key milestones such as interim reviews and final completion to the People Board. The DAP has been used in promotion boards and there are aspirations to use the DAP more widely going forward e.g. for recruitment and development opportunities. Embedding an efficient and effective process for individuals to record their evidence of work and for the force to be able to utilise this is an organisational benefit and can only increase over time with additional functionality and value.

The Transformational Leadership Programme continues to support a culture of continuous improvement and coaching style of leadership, encouraging supervisor staff and officers to feel motivated, engaged, and empowered to make a difference. There were 15 courses planned for delivery for 2020, however the impact of the COVID-19 pandemic resulted in only 5 being delivered. All non-essential courses were postponed from March 2020 until October 2020. From then on all classrooms had to be adapted to ensure safety of all delegates. More recently, the course has been delivered virtually and has been reduced to 3 days from 5 days. It has been adapted slightly to include self-care and well-being in response to the effect on our workforce caused by the COVID-19 pandemic. There are 15 courses planned for 2021. The Transformational Leadership Programme has been delivered within the force since September 2017. To date 238 Police staff and Officers have been trained.

Improved demand analysis, strategic workforce planning and future forecasting will enable recruitment and training to be undertaken so that the force's capacity remains appropriate and sustainable to meet future demand. To actively monitor workforce succession, skills and capabilities, a Force Resources Board has been established. The ACC Chaired Governance Board is focussed on ensuring the force has the capacity and capability to meet current and future demand. The Board meeting is informed by the workforce plan and reciprocally, informs the workforce plan. The approach to FMS further supports this and brings together the

assessment of demand, workforce planning, budget setting and estates strategy to ensure robust strategic planning.

It is worth noting that on 1<sup>st</sup> February 2020 the Phase 3 Reforms to the police complaints and misconduct regime under the Policing and Crime Act 2017 came into effect. As well as simplifying the complaints system, the changes mean that Police and Crime Commissioners will have a greater role to increase independence and improve complaints handling. From 1<sup>st</sup> February 2020, if a complaint has been recorded under Schedule 3 of the Police Reform Act 2002 and an individual is unhappy with the outcome or handling of their complaint, they can submit an application for a review to the Police and Crime Commissioner for Dyfed-Powys. The review will consider whether the outcome of the handling of their complaint is reasonable and proportionate. In order to assist with undertaking such reviews, on a collaborative basis with North Wales and Gwent OPCCs, the PCC has engaged an external company to consider any reviews in the first instance who will then make recommendations for his consideration. 57 valid reviews were received from 1<sup>st</sup> February 2020 to 30<sup>th</sup> April 2021, of which 7 were upheld and 5 were partially upheld. 17 reviews, where upheld or not, identified organisational learning.

Since the introduction of Phase 3 Reforms and the associated changes in complaint handling the Independent Office of Police Conduct (IOPC) have been developing a new performance framework. This work is still ongoing and the IOPC are yet to produce any national figures in respect of the performance of police forces in England and Wales. The IOPC have reported difficulties in extracting the relevant data from the PSD system Centurion. As a result, there is still a little uncertainty of what the new framework has resulted in nationally.

Monthly meetings are held between the Professional Standards Department and the OPCC, which provides opportunity to discuss specific complaint related matters and offers an opportunity to scrutinise Force activity on behalf of the Police and Crime Commissioner.

## **E. Managing Risks and Performance through Robust Internal Control and Strong Public Financial Management**

There is an embedded risk management culture across both organisations and at all levels, with officers and staff managing risk effectively as part of their day-to-day business. There is a two-tiered approach to managing risk in the Force and the OPCC. Firstly, the departmental / local level where risks relate to the day-to-day operational activities specific to that area and are managed in a business as usual way. Where necessary, local area risks should be escalated to strategic risk level and entered onto the Force and the OPCC Corporate Risk Registers. Risk identification may arise from operational policing, the OPCC, the Force Corporate Governance framework, internal and external audit and inspection activity, partnership and collaborative projects and service delivery. All police officers and staff members within the Organisations have the responsibility to identify and raise risks with robust processes in place to ensure that risks are identified and monitored via the corporate risk register.

Reciprocal arrangements are in place between the Force and OPCC to discuss collectively any risks identified that may have relevance to the other Corporation Sole. If a request to enter a risk on both corporate registers is declined by either organisation, the area of risk may be raised for discussion at Policing Board. The only distinction in the manner in which risks

are handled in each Corporation Sole is as regards to the risk scores, which will be determined independently within the context of the Force and OPCC registers.

The consideration of risk is a standing agenda item on all boards across the force, and they are regularly reviewed both at Finance and Strategy Board and Policing Board. The Joint Audit Committee oversees risk management arrangements and provides advice and guidance on a regular basis.

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

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

Financial management leadership training has been provided to all non-finance managers to enhance arrangements to robust budget management, ensuring cost effective decision making at the most local level. The action was part of a package of measures to improve financial management practices across the force. This approach, in combination with new style monthly budget reports, has arguably allowed for greater control of costs and more effective budget management.

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

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

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

During 2020, the Force faced a backlog of Data Protection work. This was of concern as some of the requests for information received by the Disclosure Unit, which deals with such work, are subject to legislative timeframes. They include Subject Access requests, safeguarding matters, CAF/CASS and Court Orders (which are subject to the direction of the Courts) etc. The backlog arose as a consequence of a number of factors. In order to alleviate the situation an action plan was set in place. The action plan included reviewing processes, establishing whether it would be more appropriate for some requests to be dealt with elsewhere etc. Regular updates in respect of this Plan have been made to the Policing Board

and the Information Manager/Data Protection Officer has reported fortnightly to the DCC/Senior Information Risk Owner (SIRO).

At the January 2021 Policing Board, the Information Manager/Data Protection Officer was able to report an improved picture with the backlog of work having decreased significantly. There continues to be a high degree of Management focus around demand and allocating cases based upon threat, risk and harm within the Disclosure Unit. Reporting to the Policing Board and the DCC/SIRO continues.

Work is ongoing to review all Force policies to ensure that they are up to date, accessible and within written in a consistent manner. Work is also ongoing to bring the Force Publication Scheme up to date. Part of this work will involve reviewing subject areas of interest to the public with a view to proactively publishing more Force information. This will assist in ensuring an ethos of openness and transparency.

Work continues by Records Management staff in the preparation of Force records for transfer into Niche. This work not only assists operational officers but will also go towards ensuring compliance with UK data protection legislation.

Furthermore, as part of the programme of Internal Audit, five reports were received in the period that received Limited assurance. These related to Fixed Assets (specifically verification, tracking and location of fixed assets), Estates Management (mainly with regard to the governance arrangements), Contract Management (specifically delays to the establishment of a site at Pembrey for the Dog Section and related governance), Neighbourhoods (relating to the management of property, exhibits and security of these), and Health and Safety (mainly as regards to policy, procedures and risks assessments requiring review and improvement). The majority of recommendations have been accepted and already implemented or work is underway to improve practices. Ongoing monitoring and scrutiny of progress is carried out by the Audit Governance Group with representation from both the force, OPCC and independent members.

A former area of concern as identified within previous iterations of the joint Annual Governance Statement and in HMICFRS inspection activity was that there was scope to improve our understanding of business benefits. It was considered that this would bring together the examples of good practice within business realisation plans and to embed these throughout the organisation, thus ensuring that decisions are made based on accurate and robust information. To that end, the HMICFRS AFI in relation to Benefits analysis of various programmes of work and their impact was recently signed off following the appointment of a Business Benefits Officer and the adoption of a coordinated approach to benefits realisation force wide.

#### **F. Implementing good practices in transparency reporting and audit to deliver effective accountability**

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

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

The Joint Audit Committee advises on the annual programme of internal audit and produces an annual report summarising key findings of all audit activity and outcomes. Recommendations for service improvements are acted upon and reported to the Committee. Previous concerns in relation to the timeliness of progressing Internal Audit recommendations have been addressed by the establishment of the joint Audit Governance Group. Established in 2020, the Group ensures Internal Audit activity is overseen and that progress against recommendations is reported upon. Quarterly meetings of the Audit Governance Group bring accountability for business leads responsible for progressing actions, thus ensuring improvement is made as a consequence of internal audit and areas of risk are identified, managed and considered in terms of further internal audit programmes.

Inspection and audit activity from external scrutiny bodies including the Audit Wales and HMICFRS continue to drive business improvement. Recommendations are duly considered and implemented where appropriate. HMICFRS outputs are monitored through meetings with business leads. In the last year this has resulted in a significant number of AFIs and Recommendations being discharged by HMICFRS. Between 1<sup>st</sup> April 2019 and 30<sup>th</sup> April 2021, 14 AFIs and 29 Recommendations have been signed off by HMICFRS and significant progress has also been made in respect to a number of others. Finally, the Joint Audit Committee have brought added value in discharging their responsibility of independent scrutiny and opinion on reports received from Audit Wales, HMICFRS Recommendations and Risk Identification and Management.

### **Review of Effectiveness**

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

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

In the most recent meeting in May 2021, the Corporate Governance Group met to review governance arrangements and during this meeting recognition was given to the considerable progress the force has made against the AFIs and Recommendations borne out of HMICFRS Inspection activity as well as the continued delivery of high standards of policing during a global pandemic. The Group identified a number of areas of concern that are reflected in the matrix of evidence as well as this Annual Governance Statement and are detailed as actions for 2021/22.



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

The primary role of Internal Audit is to give an assurance to the Commissioner and Chief Constable on the effectiveness of the controls in place to manage risks. To this end the internal auditor delivers an annual opinion of the effectiveness of the controls reviewed by the internal audit team during the year. This annual opinion, set out in the annual report of the Internal Auditor, is one of the key sources of evidence in support of the Annual Governance Statement. The Head of Internal Audit's Annual Opinion for 2020/21 is as follows:

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

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

Audit Wales issued unqualified audit opinions in respect of the 2019/20 accounts to both the Commissioner and Chief Constable and were satisfied that the Commissioner and Chief Constable had appropriate arrangements in place in the year to secure economy, efficiency and effectiveness in their use of resources. Audit Wales have undertaken an interim audit and will be conducting the audit of the Statements in June 2021. The overall opinion will be provided once complete.

Both the Police and Crime Commissioner and Chief Constable complied with the statutory requirement for closure of accounts to be finalised by the end of July despite the impact of the COVID-19 pandemic on public services. The Accounts and Audit (amendment) Regulations 2021 come in to force on 31 March 2021 and extend the statutory reporting deadline to 30 September for the next two years. The Commissioner and Chief Constable have previously adequately prepared for and delivered against a 31 July deadline and in order to balance closure of accounts workload with other demands adherence to the July reporting timeline is to be maintained. Reporting at 30 September remains a contingency option to address any significant matter arising.

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

	<b>Actions 17/18</b>	<b>Progress</b>
1.1	Consider sustainable development principles for all key developments as part of a new front door process for ideas,	Complete: This recognised the Recommendation made by HMICFRS. Demonstrable progress in establishing appropriate governance mechanisms and processes has resulted in HMIC signing off AFI10096 - The force should

	business cases and future planning	review its investments, such as those into its buildings and infrastructure, to assess their impact. (signed off Aug 2020)
<b>Actions 19/20</b>		
3.1	Capability and capacity to counter corruption effectively and fully monitor systems to proactively identify breaches and misuse	Complete: HMICFRS have recently completed a comprehensive inspection of the Anti-Corruption Unit. It was concluded that the unit is fully and proactively monitoring the systems to identify any breaches and misuse. HMICFRS were also satisfied that there is currently sufficient capability and capacity in the unit.
3.4	Improved understanding of current and future demand to support future planning and inform organisational strategy	Complete: The most recent submission of the Force Management Statement demonstrated a far improved understanding of demand to our organisation, both current and predicted. The data led evidence base was combined with professional judgement to inform a robust strategic planning tool, which in turn informed financial and workforce planning, a matter against which HMICFRS commended the Force.
3.8	Improved understanding of business benefits	Complete: A Business Benefits Officer has brought about the central coordination, identification and recording of business benefits particularly aligned to FMS and strategic planning. The HMICFRS AFI in relation to this was signed off in December 2020.
<b>Actions 20/21</b>		
4.1	Monitor operational response to the coronavirus pandemic locally with specific focus on impact to delivery of services and costs associated.	Complete: The Op Talla Gold Group regularly reports to Chief Officers ensuring matters of concern are raised and good practice highlighted. Financial security as regards to the force's response to the COVID-19 pandemic is closely scrutinised at a variety of meetings and assurance is provided. Decisions taken as regards to response are data led owing to the development of dashboards that present real time information on demand and resources.
4.3	Monitor strategy and approach taken to reintroduce and implement ongoing and new strategic projects as determined on the Capital Plan	Complete: The Change and Transformation Board is Chaired by the DCC and considers strategic projects that are submitted through the 5 case model process using a project proposal form. Furthermore, the recent review of governance arrangements for Estates has ensured appropriate mechanisms for proposals ensuring they are scored and tested before making it onto the Capital Plan. There are additional Groups that also inform the Capital Plan such as the Capital Build Group and the Strategy

		Fleet User Group all of which report robustly to the Executive Board meetings.
4.5	Undertake a review of governance arrangements, ensuring synergy between the “business as usual” governance structure and the Op Talla governance structure as well maximising opportunity to bring greater efficiency, flow of communication and authorisation in line with the Corporate Governance Framework.	Complete: a holistic review of the governance structure and arrangements was undertaken to bring efficiency and effectiveness to our governance arrangements, ensuring transparency and autonomy for decisions at the right level and in accordance with the Corporate Governance Framework. The refinements made to governance arrangements took learning and best practice from the Op Talla Governance response. The final structure was agreed at Force Executive Board on 5 <sup>th</sup> March and was supported by a development session for all Chairs and core attendees to set out responsibilities and expectation of members of governance meetings.
4.6	Purdah for 2021 elections of Police and Crime Commissioner – relationship management and ensuring fairness and equity.	Complete: The process has been fully established and OPCC Statutory Officers were invited by the PARO to provide briefings for candidates in February 2021. Operation Auckland to oversee the running of the public elections is being managed by T/ACC Cockwell.

A summary of the actions that remain in progress within the Annual Governance Statements for 2019/20 and 2020/21 is provided below:

	<b>Actions 19/20</b>	
3.2	Accessibility and transparency of a number of HR processes	<p>In progress: A new force policy template will align policy content to organisational objectives, which will in turn lead to a consistent approach to decision making. Work is underway to update all existing policies and to create new guidance documents to accompany the policies. Deployment of People Services’ staff to deal with the COVID-19 pandemic has delayed re-writing of existing key policies and processes in the new format. However, work is now underway to update the Fairness at Work and Attendance Management policies by Autumn 2021. The Smarter Working Policy is ready for launch post pandemic and has been drafted using the new template as will any new policies introduced going forward.</p> <p>It is envisaged that due to People Services’ resource deployment to support key strategic force projects during 2021 activity to update all HR policies will be completed by Spring 2022.</p>

		To ensure existing policies reflect current employment legislation, joint agreements and where applicable are in line with contemporary ACAS guidelines updates will be made in the current format and uploaded to the force intranet.
3.3	Co-ordination of engagement activity between the Office of the Police and Crime Commissioner and force	In progress: The Connecting with Communities Group continues to meet to ensure coordination of community engagement between the force and OPCC takes place. To further improve the work of this group, clear reporting of information, concerns and good practice should take place within the joint governance structure.
3.5	A more structured and consistent approach to learning from problem solving, mistakes and lessons learned.	<p>In progress: Problem solving activity is, predominantly, captured in MAVIS and POPs (in-house systems managing ASB and more complex problems, respectively). Both systems are underpinned by the OSARA Model (force adopted method).</p> <p>Regular review of all records and plans ensures that the model is being utilised and that all opportunities for intervention are considered and noted. Finalisation of a plan requires NPT Sergeants to give rationale and declaration that certain criteria has been met, identifying opportunities for learning and best practice to be captured.</p> <p>A Problem Solving Co-ordinator reviews all plans created. Best practice is shared widely via various channels.</p> <p>A programme of training to refresh NPT skills and to develop the approaches taken in Response policing is underway. Training will also be offered to partners during Summer 2021.</p>
3.6	Governance and financial management of collaboration arrangements.	In progress: Considerable progress has been made with a detailed action plan having been developed and reported to JAC. The implementation of actions will be overseen through the All Wales Collaboration Management Board and Welsh Police Finance and Resources Group.
3.10	Evaluation of commissioned services	In progress: Further evaluation activity has been undertaken during 2020/21, but has been impacted by COVID restrictions. Work is ongoing to ensure a fully embedded process is in place that ensures there is a clear understanding of the impact and return on investment of such services. This further supports the work undertaken through the OPCC Commissioning

		Board which provides a greater level of scrutiny of commissioned services.
	<b>Actions 20/21</b>	
4.2	Establish and monitor a recovery plan in order to identify new and improved organisational and operational delivery of services and to understand lessons learnt from our response to the coronavirus pandemic.	<p>In Progress: A unique opportunity has been taken to reshape the way in which the Force manages and delivers change. Consideration has also been given to the organisational recovery element of COVID-19 although cognisance is given to the fact that recovery will take time.</p> <p>The current ambition of the Force is to utilise the learning from the changes enforced upon the organisation during the COVID-19 pandemic and to improve the quality of service experienced by victims and our communities, whilst having an equal focus on the experience and wellbeing of the workforce.</p> <p>Key to success will be an organisational structure that will consistently support and deliver Recovery, Change and Transformation to an outstanding standard in the medium and long term. This will require a dedicated change management structure that incorporates the full breadth of professional responsibilities and departments within the Force. It is planned that this will be delivered by utilising the new 'Recovery, Change and Transformation model'. A supporting Strategy has been developed and is available upon request.</p> <p>A clear delivery plan has been developed and the recovery phase of Op Talla will dovetail with this work over the next 6-12 months. Business development plans will align to overarching priority and objectives, ensuring responsibility is maintained at all levels of the organisation.</p>
4.4	Set out the process by which the Business Improvement and Information Management Department carries out its audit functions which aim to drive improvement to data integrity. Ensure that where gaps are identified through HMIC inspections, Force deep-dive activity and the FMS, these are monitored and addressed through the appropriate mechanisms.	<p>In progress: work has been undertaken to map the various audits undertaken that inform our understanding of data integrity. The next steps will be to consider whether these functions continue to be undertaken as they are, or whether there is centralised coordination or indeed centralised auditing.</p>

Next steps

	<b>Actions 21/22</b>	<b>Owner</b>
5.1	A process must be determined by which force policies are reviewed, refined, approved and discharged. It must document clearly the responsibilities for ownership, authorisation and consultation.	DCC
5.2	A holistic review of all force policies must be undertaken to determine those that require review as well as enabling the identification of gaps in policy areas. This includes but is not limited to:  Whistleblowing policy Procurement policy Counter fraud policy Charging for special police services	DCC
5.3	To develop an Information Sharing Protocol between the Force and OPCC that underpins the principles set out in the Policing Protocol Order	DCC/COS
5.4	To develop the principles of a Board Assurance Framework that supports in the identification of corporate governance risks, thus informing the AGS, FMS and any other related documentation.	Ch Supt Governance and Change
5.5	To ensure the processes designed to address the reported causes for concern as regards to Crime Data Integrity mitigate the risks identified and improve data integrity significantly.	ACC
5.6	To establish and embed a robust approach to Change and Programme Management in Force ensuring appropriate governance is in place.	Ch Supt Governance and Change

**Opinion**

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

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

**Conclusion**

The review of governance arrangements for the Police and Crime Commissioner and Chief Constable over the last year has identified a number of areas of Policing Services that, if achieved, would demonstrate enhanced accountability, transparency and effective working arrangements as well as strengthening further the governance arrangements in place.

The Commissioner and Chief Constable are committed to a process of continual improvement of governance and will take steps to address the areas for improvement identified. These are identified within the actions listed above and will continue to be monitored throughout 2021/22 as they remain valid and of concern. The monitoring of their implementation and operation will form part of the next annual review.

<b>Signed</b> 	<b>Signed</b> 
<b>Dafydd Llywelyn</b> Police and Crime Commissioner	<b>Claire Parmenter</b> T/Chief Constable
<b>Date</b> 28 July 2021	<b>Date</b> 28 July 2021

<b>Signed</b> 	<b>Signed</b> 	<b>Signed</b> 
<b>Edwin Harries</b> Director of Finance	<b>Kate Jackson</b> Deputy Chief Financial Officer	<b>Carys Morgans</b> Chief of Staff and Monitoring Officer
<b>Date</b> 28 July 2021	<b>Date</b> 28 July 2021	<b>Date</b> 28 July 2021