

**THE POLICE AND CRIME COMMISSIONER
FOR SOUTH WALES**

STATEMENT OF ACCOUNTS 2022-23

(GROUP ACCOUNTS)

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**CHIEF FINANCE OFFICER to the
POLICE AND CRIME COMMISSIONER**



Achieving more together
towards a safer South Wales

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NARRATIVE REPORT

Introduction

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

The accountability for public resources is documented in the Annual Governance Statement (AGS) which details the responsibilities of both the Commissioner and the Chief Constable as Corporations Sole. It also reviews the effectiveness of the governance arrangements and is reviewed and updated annually. The AGS accompanies the Statement of Accounts.

Statutory Framework for the Statement of Accounts

The establishment of the two Corporations Sole requires each body to produce their own Statement of Accounts with the Commissioner producing a Statement of Accounts for the Group and Police Pension Fund. Notwithstanding their formal 'Corporations Sole' status, the relationship between the Commissioner and the Chief Constable is based on working together for the benefit of the people of South Wales under the joint banner of 'South Wales Police'.

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

The Code applies to Local Government Bodies set out in the Public Audit (Wales) Act 2014 who are required to prepare accounts for audit by Auditor General for Wales. Section 12 of this Act was amended by the Police Reform Social Responsibility Act 2011 to replace reference to Police Authorities with Commissioners and Chief Constables.

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

Format of the Statement of Accounts

The Statement of Accounts comprises the following:

- Statement of Responsibilities for the Statement of Accounts
Sets out the responsibilities of the Commissioner, Chief Constable and Chief Finance Officers during the production and approval of the Statement of Accounts.

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- Expenditure and Funding Analysis
Shows how annual expenditure is used and funded from resources (Government grants, council tax and business rates) in comparison with those resources consumed or earned. It also shows how this expenditure is allocated for decision making purposes between the various services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

No separate Expenditure and Funding Analysis (EFA) is presented for the Commissioner as it would provide an incomplete picture of the required disclosures. The Group EFA is presented within the Financial Statements section below and shows the complete analysis as required.

- Comprehensive Income and Expenditure Statement
This sets out the cost in the year of providing policing services in accordance with International Accounting Standards (IAS) rather than the amount funded from Government Grants and Council Tax Precept.
- Movement in Reserves Statement
Analyses movements in reserves (and together with note 16 Adjustments between Accounting Basis and Funding Basis under Regulations) provides a reconciliation between funding and the cost of policing services shown in the Comprehensive Income and Expenditure Statement (CIES).
- Balance Sheet
The balance sheet sets out the assets, liabilities and reserves held as at 31 March 2023.
- Cash Flow Statement
This sets out the changes in cash and cash equivalents during the financial year.
- Police Pension Fund Account
This sets out the income and expenditure associated with Police Officer Pensions, such as monthly pension payments and retirement lump sums.
- Notes to the Financial Statements
These provide more detailed information on items of income, expenditure, assets, liabilities and reserves that is not practical to show in the main accounting statements detailed above.

Summary Financial Position

The following summary provides an overview of the financial position and performance of South Wales Police for the year ending 31 March 2023.

Revenue Expenditure and Funding

The below table details the sources of revenue funding for 2022-23 compared to the previous financial year:-

	2022-23 %	2022-23 £M	2021-22 %	2021-22 £M
Budget Requirement				
Council Tax Income	44%	(152.1)	44%	(144.3)
Non-Domestic Rate Income (Welsh Government)	0%	(0.5)	7%	(23.3)
Revenue Support Grant (Welsh Government)	18%	(61.9)	16%	(52.7)
Police Grant (Home Office)	38%	(131.9)	33%	(107.6)
Total Funding	100%	(346.4)	100%	(327.9)

The final outturn position for the year, after allowing for planned transfers from/to Earmarked Reserves, was a small underspend of £0.3m which was transferred to the Police Fund. This outturn position is consistent with the objective of the Medium Term Financial Strategy (MTFS) of achieving greater than 99.5% accuracy on budget to actual spend :-

Budget Area	Annual Budget £M	Full Year Spend £M	Carry Forward/ Transfer to Reserves & Provisions £M	Under/ (Over) Spend £M
Police Officer Pay & Pensions	175.4	172.5	0.0	3.0
Police Staff Pay	71.8	70.6	0.0	1.2
Devolved Budgets	9.9	11.3	0.1	(1.5)
Force/ Contingency Budgets	24.1	26.5	0.0	(2.4)
Centralised Budgets	15.9	16.4	0.0	(0.5)
Externally Funded Budgets	20.8	17.1	0.9	2.8
Collaborative Budgets	23.6	21.6	1.0	0.9
Central Budgets	(1.9)	(5.8)	7.1	(3.2)
Office of the Police & Crime Commissioner	6.8	6.4	0.4	0.0
TOTAL	346.4	336.5	9.6	0.3

The Police Fund

The balance on the Police Fund is below the target level of 3% of Gross Revenue Expenditure and is currently £10.6m against a target of £12.3m. Funding of £45.2m is retained in reserves for specific revenue and capital purposes. Note 7 Transfers to/from Earmarked Reserves in the Statement of Accounts provides more information on this.

Capital Finance & Borrowing

Capital expenditure for the period was £20.9m. This was financed by reserves, specific grants, capital receipts and revenue contributions. There was capital expenditure of £1.4m that was financed through borrowing in 2022-23. The table below summarises where the capital spend took place.

	2022-23 %	2022-23 £M	2021-22 %	2021-22 £M
Property	30.1%	6.3	64.7%	19.5
Vehicles	16.3%	3.4	7.9%	2.4
Computer, Communications and Equipment	53.6%	11.2	27.4%	8.3
Total	100.0%	20.9	100.0%	30.2

This represents money spent by South Wales Police for the purpose of purchasing, upgrading and improving assets such as property, vehicles and ICT. The distinction from revenue expenditure is that South Wales Police receives the benefit from capital expenditure on assets over a longer period of time, which is accounted for as depreciation.

There are ongoing capital works which will be concluded in the forthcoming financial year and the funding for these is held in Capital Reserves.

Balance Sheet

The table below is a summary of the Police and Crime Commissioner Group's Balance Sheet as at 31 March 2023. It summarises the Group's assets, liabilities and reserves.

	2022-23 £M	2021-22 £M
Tangible Assets (Property, Vehicles, Computer Systems and Equipment)	192.8	193.8
Intangible Assets (Computer Software)	1.9	2.1
Long Term Debtors - LGPS Pension Asset	6.6	0.0
Stocks	2.3	1.9
Debtors (Money Owed to SWP)	51.5	43.0
Creditors (Money Owed by SWP)	(46.6)	(42.7)
Investments, Cash and Cash Equivalent	35.8	35.5
Provisions	(4.7)	(3.6)
Long Term Borrowing	(31.6)	(32.6)
Other Long term Liabilities	(2,730.5)	(3,961.4)
Less Unusable Reserves	2,578.5	3,812.0
Total Assets less Liabilities	55.9	48.0
Financed by:		
Usable Reserves	(55.9)	(48.0)
	(55.9)	(48.0)

Pensions Liability

Actuarial Valuations

The Government Actuary's Department calculate the potential liability of the Police schemes based on Actuarial review, using Pension and Payroll data. This estimated liability decreased over the year from £3.795bn to £2.731bn as at 31 March 2023, a decrease of 28%, this was mainly attributed to changes in actuarial assumptions. The Pension Scheme for Police Officers is an unfunded government backed scheme.

In the case of Police Staff, South Wales Police is an admitted body to the Rhondda Cynon Tâf County Borough Council Local Government Pension Scheme. The Actuary's assessment of South Wales Police's share of the estimated deficit in this scheme decreased over the year from £166.47m to a surplus of £6.39m at 31 March 2023, this was mainly due to changes in the actuarial assumptions. Pension funds should be regarded and maintained in balance over the longer term and the Employer contributions are assessed on a tri-annual basis.

Importantly, these unrealised net losses or gains for the year on both schemes have no direct impact on the cost of services in the comprehensive income and expenditure statement and the notional liability is recognised in the balance sheet only.

Efficiency, Effectiveness & Budget Cuts

As a consequence of central grant funding from the Home Office not keeping pace with rising costs and changing demands, rigorous financial measures had to be implemented to deal with the budget shortfalls and a comprehensive Value for Money Plan was developed which has delivered £62.9m of cash releasing savings to date. Some of the initiatives delivered are as follows:-

- Reduction from seven contact and controls rooms to one.
- Rationalisation of 16 custody facilities to 4.
- Rationalisation of 8 Basic Command Units to three.
- Lean review and re-engineering of all back office functions and frontline support functions.
- Rationalised police estate by 33% and implemented Fixed -Flexible-Field working.
- Reduced Fleet size by 20%.
- Reduced police staff numbers by 31% 575 posts.
- Reduced police officer posts by 14% 479 positions.
- Reduced expenditure on Goods and Services by more than 20% £15m.
- Extended collaborative work (£40m) with police forces, local authorities, other emergency services, probation service and Welsh Government as well as collaborative procurement with other public sector bodies.

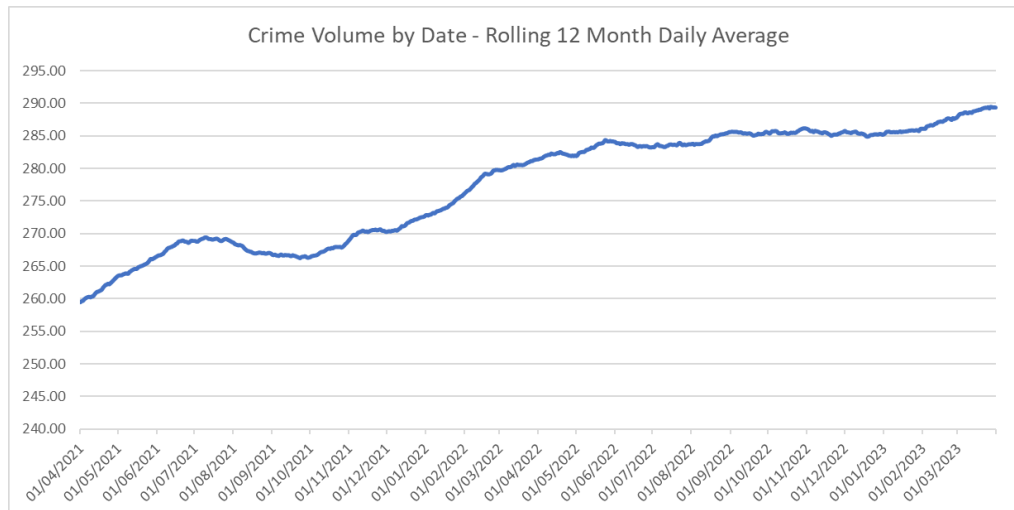
These initiatives resulted in significant reductions in budgeted expenditure. The reductions in police staff posts contributed 33% (£19m), reductions in police officer posts contributed 31% (£18m), reductions in PCSO's contributed 7% (£4m) and in goods and services 26% (£15m). In addition to the above a further generic £3m vacancy factor was built into the 2022/23 budget as well as savings through collaboration activity.

It is important to note that the cuts to officers' numbers and staff were not sustainable and as a result the funding by government has now increased to allow us to reverse the reduction in officers' numbers and some of the reductions in Police staff.

Crime Performance Measures

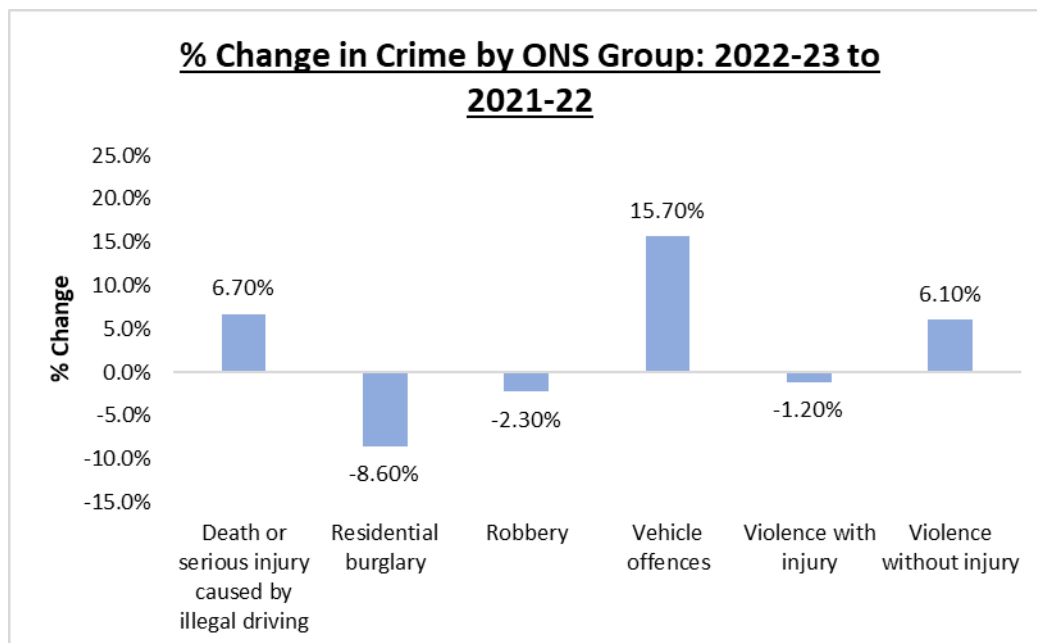
Recorded Crime

The graph below shows that following the end of the Covid pandemic the month on month crime levels have started to increase, but still are below the levels experienced pre-Covid19.



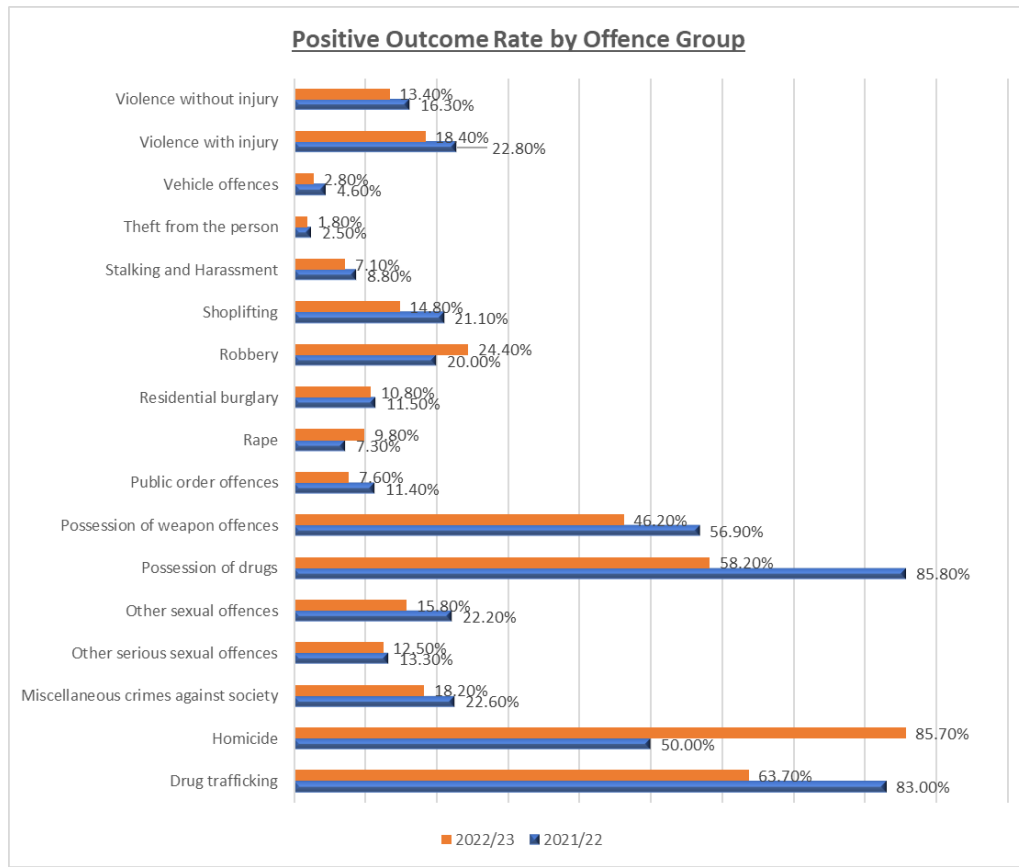
Recorded Crime – Year On Year % Change

The change in crime levels is further analysed below to show changes in crime levels in key crime categories, whereby vehicle crime has experienced the highest increase and Residential Burglary seen the highest decrease.



Positive Outcome Rate by Offence Group & ONS Group

The chart belows shows comparative performance on positive outcome rates between 2021-22 and 2022-23 using the Office of National Statistics groupings on crime and it is pleasing to note the significant improvement on tackling possession and trafficking of drugs activity across the force area. In respect of outcomes on Homicides, these tend to be complicated investigations and prosecutions and often span financial years.



Making Every Contact Count

78.3% of 999 calls were answered within 10 seconds which is below the national target. Overall 99.3% of 999 calls were answered and 69.9% of non-emergency calls were answered.

Equality, Diversity and Human Rights

South Wales Police has been working to improve the confidence of victims of hate crime to report incidences and recorded a 13.8% decrease in hate crimes in 2022-23 with 2,545 hate crimes, compared to 2,951 in 2021-22.

Quality of Service

During 2022-23, 91.8% of crimes reported to South Wales Police were recorded within 24 hours. South Wales Police recorded a positive outcome rate of 11.6% for overall crime in 2022-23, compared to 15.9% in 2021-22. South Wales Police recorded a 6% decrease in burglaries in 2022-23 with 4,012 crimes, compared to 4,250 in 2021-22.

Police Effectiveness Efficiency & Legitimacy Programme (Peel)

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services' (HMICFRS) have carried out their PEEL (police effectiveness, efficiency and legitimacy) Assessment in 2021-22. The HM Inspector commented that the performance of South Wales Police in keeping people safe and reducing crime was pleasing. The findings that were considered the most important from the assessments were :-

The force needs to improve how it records its stop and searches and its external scrutiny arrangements

The Force's performance in recording reasonable grounds for its searches of members of the public has fallen. This needs to improve to show the public that its use of police powers is fair and effective. South Wales Police has recently formed external scrutiny panels and I look forward to seeing its progress in the coming months.

South Wales Police needs to improve its approach to protecting children from the risk of harm and exploitation

The Force does not yet have appropriately skilled staff dedicated to safeguarding children. The way the force assesses and manages the risk of harm to children who are reported missing also needs to be more effective.

The force prioritises the prevention of crime and anti-social behaviour and works with partners to solve problems

The force is investing in a new neighbourhood policing structure that prioritises and responds to what matters to local people. Neighbourhood policing teams work well with partners to solve problems and improve the quality of life for communities.

The force conducts most investigations on behalf of victims well, providing the appropriate level of advice and support, but the response to initial calls from the public needs to improve

Investigations are effective and well supervised, and South Wales Police succeeds in charging or issuing summons to relatively high numbers of suspected offenders on behalf of victims. Most victims are kept updated throughout investigations. However, the force needs to improve its response to initial contact from the public. It also needs to continue to improve the time it takes to answer emergency and non-emergency calls to make sure the public receive a prompt answer to their calls for service.

The force works with partners to divert people away from reoffending and takes effective action against people who pose a risk to children

Offender managers co-ordinate their work with partners to encourage people away from further or more serious offending. Dedicated staff work with domestic abuse perpetrators. The force is

innovative in how it acts to protect children from people suspected of committing crimes involving indecent images.

The force provides the public with value for money, manages demand well and has achievable plans for the future

The force systematically plans to manage threats and risks to its communities, and how it aims to meet the public's expectations. Sophisticated budgeting is informed by operational objectives. South Wales Police is committed to improving its services by working effectively with other forces.

Future Developments

Funding Settlement 2023-24 and Beyond

The Government published its three-year Comprehensive Spending Review in October 2021, covering the period 2022-2023 to 2024-2025. Since the Review was published, three key issues impacted adversely on finances namely: -

- The cost-of-living crisis - Energy and materials costs showing large increases nationally.
- Police pay awards from September 2022, were centrally approved as 5% for Officers and 6% for Police staff. The budgeted sum anticipated a 3.5% increase, based on information available at the time of compiling the 2022/2023 budget; and
- The global impacts on the supply chain resulting from the war in Ukraine.

In contrast the increase in Police Grant was only sufficient to cover half the additional costs of the 2022-23 pay awards, which added significant pressure on the remaining budgets to attempt to address the funding shortfall.

The pay awards for 2023-24 have been agreed at 7% for both Officers and Staff and this exceeds the budgetary provision and will require additional grant support.

The Police Funding Formula has remained frozen since 2010 and a revised formula is long overdue. The current formula was deemed both opaque and out-of-date and recognised as such by successive Governments with review of the formula being commissioned in 1998 and the process remains ongoing. South Wales Police has lost around £117 million since 2010-11 due to the funding inequalities that the formula produces. However, there is still no certainty on when and how a replacement formula will be introduced or if it will be beneficial to South Wales Police.

Previous Comprehensive Spending Reviews have required the delivery of significant financial "efficiencies" and budget reductions. Since austerity started in 2010-11, South Wales Police has delivered over £62 million of annual savings to achieve year on year balanced budgets. Cuts of this level cannot be implemented without some negative consequences and the reduction in officer and staff numbers with resulting loss of experience has had a negative impact on the organisation. However, whilst South Wales Police faced a similar financial challenge as other forces, we ensured the impact on the frontline was minimised and invested in technology to improve productivity.

The 2023-24 Police Grant Settlement, excluding the ringfenced uplift programme, was effectively a flat cash settlement. Given the standstill inflation pressures, this resulted in a funding gap of £20.8 million. To comply with the statutory duty of delivering a balanced budget for the year, this gap had to be fully addressed and this was achieved by a combination of further budget cuts of £9.6M and additional income from precept of £11.9M being an increase in Band D Precept of 7.4% (£1.88 per month). This was approved by the Police & Crime Panel in February 2023.

Financial Issues Beyond 2025

There are emerging expenditure issues that will require to be addressed and will need to be factored into financial planning arrangements. These include, but are not limited to:

- Extended inflation and the national cost of living crisis and ongoing cost of energy challenge.
- Potential changes in the Police Funding Formula.
- The accreditation of forensic services throughout the evidential chain.
- Delivering the 10 year Sustainability and Decarbonisation Strategy to achieve Net Carbon Zero targets.
- Maintaining an affordable and effective technology, transport, training and estate infrastructure.

Police and Crime Commissioner's Police & Crime Plan and Chief Constable's Delivery Plan

The Commissioner and the Chief Constable have agreed the Mission (Keeping South Wales Safe) and the Vision (being the best at understanding and responding to the needs of our communities). The Commissioner has established an effective governance process to secure continuous improvements in service delivery and sound financial management. The Commissioner and the Chief Constable are independently assessed on the delivery of value for money by both HMICFRS and the Audit Wales. Both bodies have provided positive assurances on financial management and value for money including the improvements in operational delivery.

The Commissioner was re-elected for a third term in May 2021, for a three-year term and produced an updated Police and Crime Plan 2022-26 shortly thereafter which was approved by the Police and Crime Panel. The Chief Constable's Delivery Plan sets out how South Wales Police will deliver the key objectives contained in the Commissioner's Police & Crime Plan.

The Medium Term Financial Strategy (MTFS) is consistent with the Mission and Vision, supporting following key priorities in the Commissioner's Police and Crime Reduction Plan and the Chief Constable's Operational Delivery Plan. In particular the MTFS seeks to:

- Maintain collaborative momentum to secure further savings for South Wales Police and its partners;
- Secure a sustainable infrastructure particularly estates, transport and a technology platform to secure long term productivity gains. Detailed strategies including Asset Management Plans will ensure effective provision, use and deployment of resources;
- Ensure (as a minimum) that there is sufficient investment funding to provide a safe secure property base which is compliant with Health & Safety and other legislative requirements to maintain operational effectiveness;

- Maintain the purchasing power of base budgets particularly on fixed or unavoidable costs (e.g. overtime, allowances, utilities, licences, contracts) in order to ensure that financial plans are realistic and deliverable;
- Aim for the budget to actual outturn accuracy to be more than 99.5%; and
- Ensure that borrowing levels remain affordable and sustainable over the term of the Medium Term Financial Strategy.

The Annual Budget provides the resources needed in the 2022-23 financial year to meet the priorities set out in the Police and Crime Reduction Plan, including:

- Working with partners to reduce crime, disorder and antisocial behaviour while coping with a wide variety of demands that go beyond what is normally thought of as “policing”;
- Putting into practice the principle set down by Sir Robert Peel that “the first responsibility of the police is to prevent crime” and we do this through practical joint action to prevent the greatest harms;
- Maintaining the current level of neighbourhood policing and engagement with the communities of South Wales;
- Protecting vulnerable people and reducing the likelihood of repeat offending in respect of such offences as hate crime, violence against women and girls, child sexual exploitation, domestic abuse and online crime;
- Working with partners to improve the local Criminal Justice System, particularly in respect of managing offenders and reducing reoffending by young people (under the age of 18) and those in the 18 to 25 age group;
- Making a contribution to the Strategic Policing Requirement and protecting the public in South Wales, responding realistically to the identified threats from organised crime and terrorism and policing an ever-increasing number of events;
- Meeting the challenge of changing standards for the training of police officers, proposed by the College of Policing while also seeking to develop our staff at every level to meet the challenges they face and recruiting people so that the workforce as a whole reflects the communities that we police; and
- Policing the Capital City of Wales.

The provisional settlements for 2024-25 and 2025-26 indicate further flat cash grant settlements which will likely result in further budget cuts to balance the budget. It is clear therefore that, to remain within the imposed funding constraints, South Wales Police will have to plan for the impact of continued real terms reductions in Government Grants throughout the medium-term planning horizon. This means ensuring we deliver the continuous improvement programme and the Productivity Strategy of: Right People, Right Skills, Right Tools, at the Right Place and Time.

South Wales Police has also established a Productivity, Efficiency, Innovation Board to oversee the delivery of these Medium-Term Financial Objectives.

**THE INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO
POLICE AND CRIME COMMISSIONER FOR SOUTH WALES**

The report of the Auditor General for Wales to the Police and Crime Commissioner for South Wales

Opinion on financial statements

I have audited the financial statements of:

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

for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

The Police and Crime Commissioner for South Wales financial statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including the significant accounting policies.

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

The South Wales Police Pension Fund comprise the Fund Account and Net Assets Statement and related notes including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

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

- give a true and fair view of the financial position of the Police and Crime Commissioner for South Wales, the Police and Crime Commissioner for South Wales Group, and the South Wales Police Pension Fund as at 31 March 2023 and of their income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis for opinion

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

My staff and I are independent of the Police and Crime Commissioner for South Wales and the Police and Crime Commissioner for South Wales Group and the South Wales Police Pension Fund in accordance with the ethical requirements that are relevant to my audit of the financial

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

Conclusions relating to going concern

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

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

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23; and
- The information given in the joint Annual Governance Statement of the Police and Crime Commissioner for South Wales and the Chief Constable for South Wales for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of Police and Crime Commissioner for South Wales, the Police and Crime Commissioner for South Wales Group and the South Wales Police Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the joint Annual Governance Statement.

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 16, the responsible financial officer is responsible for:

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included the following:

- Enquiring of management, the Police and Crime Commissioner for South Wales and group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to name of Police and Crime

- Commissioner for South Wales, the Police and Crime Commissioner for South Wales Group and South Wales 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, expenditure recognition, posting of unusual journals and bias when calculating accounting estimates;
 - Obtaining an understanding of Police and Crime Commissioner for South Wales, Police and Crime Commissioner for South Wales Group and South Wales Police Pension Fund's framework of authority as well as other legal and regulatory frameworks that the Police and Crime Commissioner for South Wales, Police and Crime Commissioner for South Wales Group 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 Police and Crime Commissioner for South Wales, the Police and Crime Commissioner for South Wales Group and South Wales Police Pension Fund.
 - Obtaining an understanding of related party relationships.

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

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

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Police and Crime Commissioner for South Wales, the Police and Crime Commissioner for South Wales Group and South Wales Police Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

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

Other auditor's responsibilities

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

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Police and Crime Commissioner for South Wales, the Police and Crime Commissioner for South Wales Group and the South Wales 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
17th November 2023

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS 2022-23

Responsibilities of the Police and Crime Commissioner

The Police and Crime Commissioner is required to:

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

I certify the approval of this Statement of Accounts.

Signed:

Dated: 15th November 2023

Rt Hon ALUN MICHAEL JP FRSA
The Police and Crime Commissioner for South Wales

Responsibilities of the Chief Finance Officer

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

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

The Chief Finance 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 Police and Crime Commissioner for South Wales at the accounting date and his income and expenditure for the year ended 31 March 2023.

Signed:

Dated: 15th November 2023

DAVID HOLLOWAY-YOUNG, CPFA
Chief Finance Officer

FINANCIAL STATEMENTS 2022-23



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FINANCIAL STATEMENTS

Expenditure and Funding Analysis (Group)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government grants, precept and business rates) by the Commissioner in comparison with those resources consumed or earned by the Commissioner in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the expenditure types. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2022-23				2021-22		
Net Expenditure Chargeable to the Police Fund £000	Adjustments between Funding Basis and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the Police Fund £000	Adjustments between Funding Basis and Accounting Basis £000	Net Expenditure in the CIES £000
172,460	28,777	201,237	Police Officer Pay & Pensions	160,439	48,386	208,825
70,561	15,936	86,497	Police Staff Pay	64,008	16,594	80,602
11,596	449	12,045	Devolved Budgets	11,412	225	11,637
32,201	4,139	36,340	Force/Contingency Budgets	30,273	3,157	33,430
16,348	(5,182)	11,166	Centralised Budgets	14,070	(4,059)	10,011
17,356	(18,150)	(794)	Externally Funded Budgets	11,890	(7,900)	3,990
22,036	3,403	25,439	Collaborative Budgets	20,733	6,680	27,413
(11,256)	30,768	19,512	Central Budgets	(3,602)	12,785	9,183
7,151	(7,151)	0	Office of the Police and Crime Commissioner	6,888	(6,888)	0
338,453	52,989	391,442	Net Cost of services	316,111	68,980	385,091
(346,368)	63,875	(282,493)	Other Income and Expenditure	(328,147)	39,910	(288,237)
(7,915)	116,864	108,949	Net (Increase)/Decrease in Reserves before reserve transfers	(12,036)	108,890	96,854
7,598			Transfers to/(from) Earmarked Reserves	11,788		
(317)			(Surplus)/Deficit for the year	(248)		
(10,331)			Police Fund Balance at 1 April	(10,083)		
(317)			(Surplus)/Deficit for the year	(248)		
(10,648)			Police Fund Balance at 31 March	(10,331)		

Comprehensive Income and Expenditure Statement (CIES) - Group

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local Government Bodies raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement (MIRS).

	Note	Group 2022-23			Group 2021-22		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
Police Officer Pay & Pensions		201,237	0	201,237	208,825	0	208,825
Police Staff Pay & Pensions		86,497	0	86,497	80,602	0	80,602
Devolved Budgets		13,863	(1,818)	12,045	13,000	(1,363)	11,637
Force/Contingency Budgets		41,846	(5,506)	36,340	38,100	(4,670)	33,430
Centralised Budgets		11,365	(199)	11,166	10,011	0	10,011
Externally Funded Budgets		29,990	(30,784)	(794)	28,048	(24,058)	3,990
Collaborative Budgets		40,651	(15,212)	25,439	40,987	(13,574)	27,413
Central Budgets		24,409	(4,897)	19,512	12,982	(3,799)	9,183
Police Services		449,858	(58,416)	391,442	432,555	(47,464)	385,091
Corporate and Democratic Core		3,208	(41)	3,167	2,867	(76)	2,791
Commissioned Services (including Community Safety Fund Expenditure)		13,616	(9,290)	4,326	11,820	(7,317)	4,503
Non Distributed Costs:							
- Retirement Benefits Past Service Cost		0	0	0	80	0	80
- Other Non Distributed Costs including Termination Benefits - voluntary retirement		0	0	0	41	0	41
Cost of Services	10	466,682	(67,747)	398,935	447,363	(54,857)	392,506
Other operating Expenditure							
- (Gain)/losses on disposal of non current assets		152	0	152	340	0	340
Financing and investment income and expenditure	8	105,461	(48,300)	57,161	80,240	(47,930)	32,310
Taxation and non-specific grant income	9	0	(347,299)	(347,299)	0	(328,302)	(328,302)
(Surplus)/deficit on Provision of Services		572,295	(463,346)	108,949	527,943	(431,089)	96,854
(Surplus) or deficit on revaluation of non current assets				(2,334)			(3,552)
Actuarial (gains)/losses on pension assets/liabilities				(1,348,010)			(116,600)
Other Comprehensive (Income) and Expenditure				(1,350,344)			(120,152)
Total Comprehensive (Income) and Expenditure				(1,241,395)			(23,298)

The above table shows the Group position with the statements for both the Police and Crime Commissioner and the Chief Constable separately identified in the following tables.

Comprehensive Income and Expenditure Statement (CIES) – Police and Crime Commissioner

	Note	Police and Crime Commissioner 2022-23			Police and Crime Commissioner 2021- 22		
		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Police Officer Pay & Pensions		0	0	0	0	0	0
Police Staff Pay & Pensions		0	0	0	0	0	0
Devolved Budgets		0	(1,818)	(1,818)	0	(1,363)	(1,363)
Force/Contingency Budgets		0	(5,506)	(5,506)	0	(4,670)	(4,670)
Centralised Budgets		0	(199)	(199)	0	0	0
Externally Funded Budgets		0	(30,784)	(30,784)	0	(24,058)	(24,058)
Collaborative Budgets		0	(15,212)	(15,212)	0	(13,574)	(13,574)
Central Budgets		0	(4,897)	(4,897)	0	(3,799)	(3,799)
Police Services		0	(58,416)	(58,416)	0	(47,464)	(47,464)
Corporate and Democratic Core		3,208	(41)	3,167	2,867	(76)	2,791
Commissioned Services (including Community Safety Fund Expenditure)		13,616	(9,290)	4,326	11,820	(7,317)	4,503
Non Distributed Costs:							
- Retirement Benefits Past Service Cost		0	0	0	0	0	0
- Other Non Distributed Costs including Termination Benefits - voluntary retirement		0	0	0	41	0	41
Cost of Services		16,824	(67,747)	(50,923)	14,728	(54,857)	(40,129)
Other operating Expenditure							
- (Gain)/losses on disposal of non current assets		152	0	152	340	0	340
Financing and investment income and expenditure	8	877	(48,300)	(47,423)	823	(47,930)	(47,107)
Taxation and non-specific grant income	9	0	(347,299)	(347,299)	0	(328,302)	(328,302)
Commissioning Costs (intra-group transfer)		554,442	0	554,442	512,052	0	512,052
(Surplus)/deficit on Provision of Services		572,295	(463,346)	108,949	527,943	(431,089)	96,854
(Surplus) or deficit on revaluation of non current assets				(2,334)			(3,552)
Actuarial (gains)/losses on pension assets/liabilities				(3,548)			(1,556)
Other Accounting Adjustments due to restatements				0			0
Commissioning Costs (intra-group transfer)				(1,344,462)			(115,044)
Other Comprehensive (Income) and Expenditure				(1,350,344)			(120,152)
Total Comprehensive (Income) and Expenditure				(1,241,395)			(23,298)

Comprehensive Income and Expenditure Statement (CIES) – Chief Constable

	Chief Constable 2022-23			Chief Constable 2021-22		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Police Officer Pay & Pensions	201,237	0	201,237	208,825	0	208,825
Police Staff Pay & Pensions	86,497	0	86,497	80,602	0	80,602
Devolved Budgets	13,863	0	13,863	13,000	0	13,000
Force/Contingency Budgets	41,846	0	41,846	38,100	0	38,100
Centralised Budgets	11,365	0	11,365	10,011	0	10,011
Externally Funded Budgets	29,990	0	29,990	28,048	0	28,048
Collaborative Budgets	40,651	0	40,651	40,987	0	40,987
Central Budgets	24,409	0	24,409	12,982	0	12,982
Police Services	449,858	0	449,858	432,555	0	432,555
Non Distributed Costs:						
- Retirement Benefits Past Service Cost	0	0	0	80	0	80
Cost of Services	449,858	0	449,858	432,635	0	432,635
Other operating Expenditure						
Financing and investment income and expenditure	104,584	0	104,584	79,417	0	79,417
Taxation and non-specific grant income	0	0	0	0	0	0
Commissioning Costs (intra-group transfer)	(554,442)	0	(554,442)	(512,052)	0	(512,052)
(Surplus)/deficit on Provision of Services	0	0	0	0	0	0
Actuarial (gains)/losses on pension assets/liabilities			(1,344,462)			(115,044)
Commissioning Costs (intra-group transfer)			1,344,462			115,044
Other Comprehensive (Income) and Expenditure			0			0
Total Comprehensive (Income) and Expenditure			0			0

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves, which cannot. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing services, more details of which are shown in the CIES. The Net (Increase) /Decrease before Transfers to Earmarked Reserves line shows the statutory Police Fund Balance before any discretionary transfers to or from earmarked reserves.

	Note	Police Fund Balance £000	Earmarked Police Fund Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2022 brought forward		(10,331)	(37,618)	0	(47,949)	3,812,017	3,764,068
Movement in reserves during 2022-23							
(Surplus)/deficit on provision of services		108,949	0	0	108,949	0	108,949
Other comprehensive income and expenditure		0	0	0	0	(1,350,344)	(1,350,344)
Total comprehensive income and expenditure		108,949	0	0	108,949	(1,350,344)	(1,241,395)
Adjustments between accounting basis & funding basis under regulations	16	(116,864)	0	0	(116,864)	116,864	0
Net (increase)/decrease before transfers to earmarked reserves		(7,915)	0	0	(7,915)	(1,233,480)	(1,241,395)
Transfers (to)/from Earmarked Reserves	7	7,598	(7,598)	0	0	0	0
(Increase)/decrease movement in year		(317)	(7,598)	0	(7,915)	(1,233,480)	(1,241,395)
Balance at 31 March 2023 carried forward		(10,648)	(45,216)	0	(55,864)	2,578,537	2,522,673

	Note	Police Fund Balance £000	Earmarked Police Fund Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2021 brought forward		(10,083)	(25,830)	0	(35,913)	3,823,279	3,787,366
Movement in reserves during 2021-22							
(Surplus)/deficit on provision of services		96,854	0	0	96,854	0	96,854
Other comprehensive income and expenditure		0	0	0	0	(120,152)	(120,152)
Total comprehensive income and expenditure		96,854	0	0	96,854	(120,152)	(23,298)
Adjustments between accounting basis & funding basis under regulations	16	(108,890)	0	648	(108,242)	108,242	0
Net (increase)/decrease before transfers to earmarked reserves		(12,036)	0	648	(11,388)	(11,910)	(23,298)
Transfers (to)/from Earmarked Reserves	7	11,788	(11,788)	(648)	(648)	648	0
(Increase)/decrease movement in year		(248)	(11,788)	0	(12,036)	(11,262)	(23,298)
Balance at 31 March 2022 carried forward		(10,331)	(37,618)	0	(47,949)	3,812,017	3,764,068

Balance Sheet

The Balance Sheet shows the value of the recognised assets and liabilities. The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories.

The first are usable reserves, (i.e. those reserves that it may use to provide services), subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves are unusable, i.e. they cannot be used to provide services. This category includes reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations' (e.g. Pension deficits).

	Note	31 March 2023			31 March 2022		
		Police and Crime Commissioner		Chief Constable	Police and Crime Commissioner		Chief Constable
		Group £000	£000	£000	Group £000	£000	£000
Property, Plant & Equipment	17	192,786	192,786	0	193,814	193,814	0
Intangible Assets	17	1,863	1,863	0	2,114	2,114	0
Local Government Pension Scheme	26	6,390	113	6,277	0	0	0
Other Long Term Debtors	21	246	0	246	0	0	0
		excluded on consolidation for group			excluded on consolidation for group		
Long Term Debtors - intra-group transfer			0	2,723,987		0	3,958,395
Long term Assets		201,285	194,762	2,730,510	195,928	195,928	3,958,395
Short Term Investments	22	14,034	14,034	0	16,008	16,008	0
Assets held for sale (<1yr)	20	745	745	0	185	185	0
Inventories		2,313	0	2,313	1,894	0	1,894
Short Term Debtors	21	50,710	50,710	0	42,755	42,755	0
Debtors - intra-group working capital		0	(39,068)	39,068	0	(34,492)	34,492
Cash and Cash Equivalents	22	21,751	21,751	0	19,532	19,532	0
Current Assets		89,553	48,172	41,381	80,374	43,988	36,386
Short Term Borrowing		(1,192)	(1,192)	0	(1,349)	(1,349)	0
Short Term Creditors	23	(45,439)	(4,058)	(41,381)	(41,330)	(4,944)	(36,386)
Current Liabilities		(46,631)	(5,250)	(41,381)	(42,679)	(6,293)	(36,386)
		excluded on consolidation for group			excluded on consolidation for group		
Long Term Creditors - intra-group transfer			(2,723,987)	0		(3,958,395)	0
Provisions	24	(4,738)	(4,738)	0	(3,625)	(3,625)	0
Long Term Borrowing		(31,632)	(31,632)	0	(32,626)	(32,626)	0
Other Long Term Liabilities:							
' - Local Government Pension Schemes	26	0	0	0	(166,470)	(3,045)	(163,425)
- Police Pension Schemes		(2,730,510)	0	(2,730,510)	(3,794,970)	0	(3,794,970)
Long Term Liabilities		(2,766,880)	(2,760,357)	(2,730,510)	(3,997,691)	(3,997,691)	(3,958,395)
Net Assets		(2,522,673)	(2,522,673)	0	(3,764,068)	(3,764,068)	0
Usable Reserves	7	(55,864)	(55,864)	0	(47,949)	(47,949)	0
Unusable reserves	25	2,578,537	2,578,537	0	3,812,017	3,812,017	0
Total Reserves		2,522,673	2,522,673	0	3,764,068	3,764,068	0

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of South Wales Police/ the Commissioner during the reporting period. The statement shows how it generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations are funded by way of taxation and grant income or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

	Note	2022-23 £000	2021-22 £000
Net (surplus)/deficit on the provision of services		108,949	96,854
Adjustments to net (surplus)/deficit on the provisions of services for non-cash movements		(129,449)	(119,994)
Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	30	2,028	351
Net cash flows from Operating Activities		(18,472)	(22,789)
Returns on Investments and Servicing of Finance		(351)	713
Investing Activities	31	15,453	43,263
Financing Activities	32	1,151	(8,746)
Net (increase)/decrease in cash and cash equivalents		(2,219)	12,441
Cash and cash equivalents at the beginning of the reporting period		19,532	31,973
Cash and cash equivalents at the end of the reporting period	22	21,751	19,532

Police Pension Fund Account

Police Scheme	2022-23	2021-22
	£000	£000
Contributions receivable		
From employer:		
- Normal	(39,313)	(36,920)
- Early retirements (incl. capital equivalent charge for ill health retirements)	(333)	(586)
From members	(16,892)	(15,943)
	(56,538)	(53,449)
Transfers in		
Individual transfers in from other schemes	(263)	(378)
Benefits payable		
Pensions	87,187	82,763
Commutations and lump sum retirement benefits	16,516	18,552
Lump sum death benefits	123	203
	103,826	101,518
Payments to and on account of leavers		
Transfers to other schemes	12	124
Refunds of contributions	111	88
	123	212
Sub-total before transfer from the Police Fund	47,148	47,903
Additional funding payable by Police Fund (by way of top up grant)	(47,148)	(47,903)
Funding Shortfall to be met by Police Fund	0	0
Net Asset Statement		
Net current assets and liabilities		
Current assets		
Debtor - net balances owed from the Police Fund	16,777	16,870
Bank balance	0	0
Current liabilities		
Creditor - benefits payable to retiring officers end of March paid April	(1,360)	(2,961)
Creditor - net balances owed to Police Fund	(15,417)	(13,909)

Notes to the Police Pension Fund Accounts

The requirement to establish a separate Police Pension Fund Account was established by the Police Pension Fund Regulations 2007 (SI 2007/1932). Employees' and Employers' contributions to this fund are set by central Government.

Since 2019-20, the Home Office has provided a grant to assist with the increased rate of employer's contributions to the police pension scheme. In 2022-23 the Commissioner received £3.1m (£3.1m in 2021-22) in recognition of this increase which was a result of changes in actuarial assumptions.

The police pension fund is administered and managed by a third party XPS Administration for the financial year.

The Police pension is an unfunded scheme and as such, the fund has no investment assets. The payments in and out of the Pension Fund are balanced to nil each year by receipt of additional contribution from the Police Fund, which is in turn reimbursed by the Home Office.

The fund's financial statements do not take account of future liabilities to pay pensions and other benefits after the year end. These are accounted for in the Group balance sheet as future retirement benefits.

Other than the notes above, the Police Pension Fund has followed the accounting policies as set out in note 1 below and Note 26 below.

NOTES TO THE FINANCIAL STATEMENTS



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Note 1 Accounting Policies

General Principles

The Statement of Accounts summarises transactions for the financial year 2022-23 and the outturn at the year-end of 31 March 2023 and comparative positions in respect of 2021-22. The Commissioner is required to produce an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 which requires them to be prepared in accordance with proper accounting practices under Section 21 of the Local Government Act 2003. The general principles and practices adopted in compiling these accounts are those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA). Reference is made to the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 (the Code) based on International Financial Reporting Standards (IFRS).

Local Government Bodies have some discretion in determining what policies need to be provided and the level of detail disclosed, but it should be noted that the Code states that users of financial statements are assumed to have a reasonable knowledge of accounting, which would limit the detail required in the summary of significant accounting policies.

Accruals of income and expenditure

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

- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be reliably measured and it is probable that economic benefits or service potential associated with the transaction will be received;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected; and
- Where actual amounts were not available, it may have been necessary to use appropriate estimated values.

The Police & Crime Commissioner's Team

Transactions of the Police and Crime Commissioner include operating costs of his Team and certain other corporate costs, which are accounted for as Corporate and Democratic Core expenditure under the Code together with a new classification for the commissioning of services. Gross expenditure includes asset charges (depreciation and revaluation decreases) with all

income being included so as to transfer funding to meet the Chief Constable's Expenditure Account. The Group's income and expenditure includes all income and expenditure relating to the Police and Crime Commissioner and Chief Constable.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. This includes instant and callable account bank deposits as well as instant access Money Market Funds. The Code does not include strict criteria for the composition of cash equivalents and the Commissioner has some discretion in this policy. Further advice suggests that fixed term deposits are not highly liquid and not readily convertible to cash and, in certain market conditions, there could be a risk of change in value. On this basis all fixed term deposit investments are accounted for as investments.

Contingent liabilities

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

Contingent assets

A contingent asset arises where an event has taken place that gives rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Commissioner or Chief Constable. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

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 benefits such as 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 employees render service. An accrual is made for the cost of holiday entitlements or any form of leave, (e.g. annual leave and flexi-leave) as earned by employees but not taken before the year-end which employees can carry forward into the next financial year. 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 to terminate an employee's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the

Comprehensive Income and Expenditure Statement when there is a demonstrable commitment to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Police Fund balance to be charged with the amount payable 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' pensions are unfunded by statute. However, the funding arrangements changed on 1st April 2006 from 'Pay As You Go' (i.e. based on payments to current pensioners), a direct charge to the Revenue Account, to an annual employers' pension contribution based on percentage of salary, with the balance payable to pensioners met from a grant provided by the Home Office. All other employees are eligible to join the Local Government Pension Scheme.

The Commissioner and Chief Constable are participating members of the Rhondda Cynon Tâf County Borough Council Pension Fund making appropriate employer contributions into that Pension Fund.

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

Events after the reporting period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Events taking place after this latter date are not reflected in the financial statements or notes.

Where events taking place before this date (adjusting events) provide information about conditions existing at the balance sheet date, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information. Where events taking place before this date (non-adjusting events) are indicative of conditions arising after the balance sheet date, the financial statements are not adjusted, but if material, disclosure will be made in a note.

Exceptional items and prior period adjustments

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 or in the notes to the accounts, depending on how significant the items are to an understanding of financial performance.

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 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.

Financial instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Commissioner or Chief Constable becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets – Deposits, Loans and Receivables

Deposits, loans and receivables are recognised on the Balance Sheet when the Commissioner or Chief Constable becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most of the deposits, loans and receivables the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Foreign currency translation

Where the Commissioner or 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.

Government grants and other contributions

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to South Wales Police/ the Commissioner when there is reasonable assurance that:

- the Commissioner or Chief Constable will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Certain low value grants below *de minimis* are recognised in the year of receipt. Balances are assessed at each year-end and for certain low value *de minimis* amounts these may be recognised. Should future adjustments be necessary, these will be accounted for in a future period.

Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets can be determined by reference to an active market. In practice, no intangible asset meets this criterion, and they are therefore carried at amortised cost.

Inventories and long-term contracts

Inventories (stocks) are valued at the lower of cost or net realisable value. Long term contracts are accounted for on the basis of charging the (Surplus) or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Joint arrangements - Accounting for the consolidation of joint arrangements

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

Leases

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

Non-current assets held for sale

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

less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the (Surplus) or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

Capital receipts in excess of £10,000, after initial recognition in the Comprehensive Income and Expenditure Statement, are taken to the Capital Receipts Reserve and can only be used for capital investments or debt redemption with receipts less than £10,000 being kept in the Comprehensive Income and Expenditure Statement.

Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The full value of capital expenditure is included in the additions line but the carrying value going forward reflects the value of the asset. Assets individually (or collectively valued over £5,000) are capitalised, where their estimated life is of material benefit beyond one year.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price; and
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Code in summary prescribes the following bases for measuring classes of property, plant and equipment:

Separate valuations for land and buildings and any components.

Inclusion of an estimate of the remaining useful life of the building and any components.

The value methodology is determined by the classification of the asset:

- Assets Under Construction – Historic Cost;
- Other land and buildings - Current value based on 'Market Value' (MV), existing use (EUV) or Depreciated Replacement Cost (DRC);
- Where there is no market based evidence of current value, because of the specialist nature of the asset and the asset is rarely sold, this is estimated using a depreciated replacement cost approach;

- Vehicles, plant, furniture and equipment - DRC if EUV cannot be determined;
- Surplus Assets - Fair Value based on existing use (EUV);
- Assets held for sale - measured at the lower of carrying amount and fair value less costs to sell, and depreciation on those assets should cease; and
- Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. External valuations are contracted out to Avison Young (UK) Ltd. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.
- Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

When decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The effective date of valuations for the following asset categories are as follows:

- Land and buildings: Valuations for the Police Headquarters Bridgend and Waterton were undertaken in 2022-23;
- Vehicles, plant and equipment: annual reviews, resulting from respective asset management functions facilitated by internal departments including Fleet Management and Information Systems for computer and other technology systems.

Impairment

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

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation applies to all property, plant and equipment, whether held at historical cost or re-valued amount, with certain exceptions:

- Land where it can be demonstrated that the asset has an unlimited useful life;
- Investment properties;
- Assets under construction until available for use;
- Assets classified as held for sale (i.e. surplus or derecognised); and
- Assets are held at their estimated residual value.

The depreciation charge shall be based on the depreciable amount allocated over the useful life of the asset, using a depreciation method that reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed. Revisions to the above shall be considered annually, including depreciation methods, estimated useful lives, residual values and should expectations significantly differ, the revision is a change in accounting estimate and not a change in accounting policy.

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Where there is more than one significant part of the same asset, which have the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge.

The following bases are used:

Land and buildings

Land values are not depreciated, buildings with asset values exceeding a threshold of £2.5m are considered for separation into their component parts. This threshold captures most of the main higher valued operational properties, effectively covering about 80% in terms of total building asset values.

Potential components shall have regard to estimated remaining asset lives and in principal be limited to the host structure, roof, services (mechanical and electrical). This is considered appropriate in meeting the requirements. A de-minimis threshold of 20% of the building value is applied. In future years where part of an asset is replaced, the replaced part will need to be derecognised.

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

Vehicles

On a straight line basis over the period estimated to benefit from their use – between 2 and 10 years.

Computer Hardware

On a straight line basis over the period estimated to benefit from their use – between 3 and 7 years.

Intangible – Computer Software Licences

Amortised on a straight line basis over the estimated life, between 3 and 7 years. The useful economic lives detailed are a guideline and are subject to the individual asset in question.

Provisions

Provisions set aside amounts to provide for liabilities, which are likely to be incurred but there is uncertainty as to the amounts or the dates on which they will arise. Provisions are charged direct to the Comprehensive Income and Expenditure Statement whilst the expenditure, when incurred, is charged against the provision.

Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for South Wales Police/ the Commissioner – these reserves are explained in the relevant policies.

Amounts have been set aside to meet specific expenditure in future years, as earmarked capital and revenue reserves. Additionally, a general reserve (Police Fund), funded from accumulated surpluses of income over expenditure, is maintained to meet exceptional and unforeseen expenditure. South Wales Police/ the Commissioner has a risk based approach to the retention of reserves with the aim of having a Police Fund balance of 3% of Gross Revenue Expenditure.

Value added tax

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

Note 2 Accounting Standards Issued, Not Adopted

Under the Code the Group is required to report information setting out the impact of an accounting change required by a new accounting standard which has been issued but not yet adopted by the code.

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021;

-
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021; and
 - Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

It is anticipated that the above will not have a significant impact on the amounts anticipated to be reported in the financial statements.

IFRS 16 (Leases) has been issued but implementation delayed until 2024-25 but this is excluded from being included in this reporting requirement.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, South Wales Police/ the Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts include:

- That there is a high degree of uncertainty about future levels of funding. The Commissioner has determined that this uncertainty is not yet sufficient to provide an indication that the assets might be further impaired as a result of a need to close facilities and reduce levels of service provision;
- Depreciation of property, plant and equipment is calculated on the basis of the assets' useful economic lives which are estimations. The useful economic lives of buildings are reviewed upon valuation;
- Numerous provisions are recorded in the Group balance sheet and annual changes in the level of provisions are charged to the Group Comprehensive Income and Expenditure Statement. Judgement takes place in determining the level of provision using factors such as the progress of legal claims against the Force and any supporting data that would allow a reasonable estimate to be calculated. The availability of further supporting information such as Ombudsman decisions is also considered;
- Contingent Liabilities may need to be included in the notes to the accounts where the above data/information in relation to provisions is either not available or not deemed as sufficiently reliable for a reasonable provision to be calculated. Judgement is therefore needed in determining whether a contingent liability should be declared or a provision made.
- Accruals for accumulated absences are based on information from the force rostering system for both on officers and rostered operational staff and other police staff, however the accrual is based on a salary that does not reflect future pay awards or increments when the absence may finally be taken.

Note 4 Assumptions Made about the Future and Other Major Sources of Estimation

The Statement of Accounts contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant facts. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred. During the current economic climate, any reduction in spending of this nature may bring doubt into the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets will fall.
- Pensions – information is received from the Actuary for both the Police and Local Government Pension Scheme Liabilities. The below table shows the sensitivity analysis on the assumptions used

Item	Uncertainties	Effect if Actual Results Differ from Assumptions	
<u>Pensions Liability - Police (Information from Actuary)</u>			
Sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions:			
		<u>Impact on Defined Benefit Obligation (DBO)</u>	
		%	£ million
	<u>Change in assumption*</u>		
	Rate of discounting scheme liabilities	+0.5% a year	-7.5%
	Rate of increase in salaries	+0.5% a year	1.0%
	Rate of increase in pensions / deferred revaluation	+0.5% a year	7.5%
	Life expectancy: all members and adult dependants assumed to be one year younger	2.5%	70
	* Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in the assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the actual impact may be different from simply combining the changes above.		
	The weighted average duration of the defined benefit obligation is around 17 years for all schemes combined.		
<u>Pensions Liability - LGPS (Information from Actuary)</u>			
The results shown in the report are sensitive to the assumptions used. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2023 is set out below.			
In each case, only the assumption mentioned is altered; all other assumptions remain the same. For inflation, for example, we have assumed this will not change the salary inflation figure and will affect pension increases only. We have not included sensitivity of unfunded benefits on materiality grounds.			
		<u>Impact on Defined Benefit Obligation</u>	
		%	£ million
	<u>Change in assumption*</u>		
	Adjustment to discount rate	+0.1% p.a	-2.0%
	Adjustment to salary increase rate	+0.1% p.a	0.30%
	Adjustment to pension increase rate	+0.1% p.a	1.70%
	Adjustment to mortality age rating assumption **	+1 year	-2.60%
	**A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.		

Note 5 Events after the Reporting Period

There is one non-adjusting post balance sheet event. South Wales police alongside many forces in England and Wales have received a claim from police officers who whilst off-duty had to take calls from informants and determine appropriate action. These claims have been through a number of court cases to test the voracity of the claim and determine the quantum in question. The latest appeal court judgement has found in favour of officers and South Wales Police are currently reviewing each claim and any evidence to support the value of claim. It is as yet not possible to determine with accuracy the final settlement value

NOTES TO THE EXPENDITURE & FUNDING ANALYSIS STATEMENT



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Note 6 Note to the Expenditure and Funding Analysis

2022-23				Adjustments to Police Fund to arrive at Comprehensive Income and Expenditure Statement amounts	2021-22			
Adjustments for Capital Purposes £000	Pension Adjustments £000	Other Differences £000	Total £000		Adjustments for Capital Purposes £000	Pension Adjustments £000	Other Differences £000	Total £000
0	26,296	2,481	28,777	Police Officer Pay & Pensions	0	46,106	2,280	48,386
0	15,177	759	15,936	Police Staff Pay	0	16,800	(206)	16,594
(4)	0	453	449	Devolved Budgets	(17)	0	242	225
(6,116)	413	9,842	4,139	Force/Contingency Budgets	(4,986)	601	7,542	3,157
0	0	(5,182)	(5,182)	Centralised Budgets	0	0	(4,059)	(4,059)
(260)	3,708	(21,598)	(18,150)	Externally Funded Budgets	(352)	4,585	(12,133)	(7,900)
(1,158)	6,699	(2,138)	3,403	Collaborative Budgets	(915)	9,163	(1,568)	6,680
10,436	354	19,978	30,768	Central Budgets	2,575	0	10,210	12,785
0	531	(7,682)	(7,151)	Office of the Police and Crime Commissioner	0	498	(7,386)	(6,888)
2,898	53,178	(3,087)	52,989	Net Cost of services	(3,695)	77,753	(5,078)	68,980
152	57,512	6,211	63,875	Other Income and Expenditure	340	31,677	7,893	39,910
3,050	110,690	3,124	116,864	Difference between Police Fund (Surplus)/deficit and Comprehensive Income and Expenditure Statements (Surplus)/Deficit on Provision of Services	(3,355)	109,430	2,815	108,890

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. The statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Adjustments for Pensions

The net changes for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income.

Adjustments for Other Differences

These include adjustments through the accumulated absence reserve.

NOTES TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT



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Note 7 Transfers to/ from Earmarked Reserves

This note sets out the amounts set aside from the Police Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Police Fund expenditure in 2022-23.

	Balance at 31 March 2021 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2022 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2023 £000
Earmarked Revenue Reserves							
Health and Wellbeing Reserve	(1,206)	260	0	(946)	202	0	(744)
PCC's Partnership Fund	(1,542)	821	(167)	(888)	681	(821)	(1,028)
PCC's General / Specific Reserve	(68)	68	(762)	(762)	44	(282)	(1,000)
Violence Prevention Unit	0	0	(105)	(105)	0	(141)	(246)
SWP ROCU/RTF reserve	(195)		(359)	(554)	119	0	(435)
Other Specific Reserves under £150,000	(646)	278	(1,100)	(1,468)	1,070	(440)	(838)
SWP JSIU reserve	(110)	110	0	0	0	0	0
Regional Incentivisation/ROCU 3 Force Reserve	(636)	30	(296)	(902)	0	(591)	(1,493)
Information Systems - Various	(497)	347	(30)	(180)	130	(126)	(176)
Officer Safety Equipment	(500)	741	(600)	(359)	177	(349)	(531)
Civil Contingencies Coordinator	(108)	108	0	0	0	0	0
PCCSO Uniform, Equipment & Technology	(534)	534	0	0	0	0	0
Operational Policing	(250)	93	(108)	(265)	15	0	(250)
PSC Overtime	(250)		0	(250)	0	0	(250)
Covid-19 Recovery / Operational Requirements	(1,311)	181	0	(1,130)	1,130	0	0
Training- Health & Safety & Leadership	(188)	188	0	0	0	0	0
Major Crime Fund	(210)		(40)	(250)	0	0	(250)
Bank Holiday Reserve	(602)	602	(644)	(644)	644	(780)	(780)
Digital Evidence Transfer	(500)	500	0	0	0	0	0
Force Tasking	(225)	307	(82)	0	0	0	0
Forensics Contract price increases	(31)	31	(386)	(386)	4	0	(382)
PEQF	(600)	400	0	(200)	0	0	(200)
Insurance Premiums	(700)	700	0	0	0	0	0
Go Safe Partnership	0	0	(1,234)	(1,234)	0	(251)	(1,485)
JSIU Forensic Collision Investigation	0	0	(230)	(230)	0	0	(230)
Fuel & Unbudgeted Inflation Reserve	0	0	(481)	(481)	0	(3,519)	(4,000)
Police Uplift Programme	0	0	0	0	0	(920)	(920)
Specialist Operations Equipment	0	0	0	0	650	(695)	(45)
Digital Forensics Accreditation & Infrastructure	0	0	0	0	0	(250)	(250)
Forcewide CCTV Replacement	0	0	0	0	300	(300)	0
Other Capital Requirements	0	0	0	0	200	(200)	0
Capital Financing - Tri-Force Firearms Range	0	0	0	0	520	(520)	0
JFU Tasers	0	0	0	0	335	(335)	0
Total Earmarked Revenue Reserves	(10,909)	6,299	(6,624)	(11,234)	6,221	(10,520)	(15,533)
Total Earmarked Capital Reserves	(14,921)	5,138	(16,601)	(26,384)	5,301	(8,600)	(29,683)
Total Earmarked Reserves	(25,830)	11,437	(23,225)	(37,618)	11,522	(19,120)	(45,216)
Police Fund	(10,083)	0	(248)	(10,331)	0	(317)	(10,648)
Total Reserves	(35,913)	11,437	(23,473)	(47,949)	11,522	(19,437)	(55,864)

Additional information and planned future spend profile for earmarked revenue reserves

	Balance at 31 March 2023 £000	Comments	Spend Profile	
			2023-24 £000	2024-25 £000
Police Fund:				
<u>Earmarked Revenue Reserves:</u>				
Health and Wellbeing Reserve	(744)	Health and Wellbeing Strategy to transform organisational capability and address VFM gap	372	372
		To fund specific projects and programmes approved in 23/24 MTFS		
PCC's Partnership Fund	(1,028)		1,028	
PCC's General / Specific Reserve	(1,000)	To fund commitments for Dyfodol and other initiatives	1,000	
Violence Prevention Unit	(246)	To fund commitments for VPU initiatives and pressures	246	
SWP ROCU/RTF reserve	(435)	Regional collaborative functions known funding gap	435	
Other Specific Reserves under £150,000	(838)	Consolidation of individual reserves	838	
Regional Incentivisation/ROCU 3 Force Reserve	(1,493)	3 Force Reserve ARIS receipts plus 3 Force underspend	747	746
Information Systems - Various	(176)	Microsoft Licenses plus photocopier access card readers	176	
		Operational requirement to improve officer safety, Body Armour,		
Officer Safety Equipment	(531)	Uniform and Equipment	531	
Operational Policing	(250)	Counter Terrorism Contingency	250	
		To fund pressures caused by increase in demand whilst review		
PSC Overtime	(250)	ongoing	250	
Major Crime Fund	(250)	Contingency for Major Crime Incidents e.g. Cat A Murders	250	
		To fund the additional cost of substitute days where Bank Holiday		
Bank Holiday Reserve	(780)	falls on a weekend in 2023/24	780	
Forensics Contract price increases	(382)	National contract negotiations	382	
PEQF	(200)	Tender process for external training provision ongoing	200	
Go Safe Partnership	(1,485)	To fund the review and outcome	1,485	
		To support the achievement of mandatory accreditation requirements		
JSIU Forensic Collision Investigation	(230)		230	
		To fund the short term budget shortfall in energy costs whilst market		
Fuel & Unbudgeted Inflation Reserve	(4,000)	stabilises	4,000	
Police Uplift Programme	(920)	Additional Uplift grant 22/23 to be utilised to fund posts in 23/24	920	
		Operational requirements for Taser and Shield replacement plus gym		
Specialist Operations Equipment	(45)	matting for operational training	45	
		To support the achievement of mandatory accreditation requirements		
Digital Forensics Accreditation & Infrastructure	(250)		250	
Total Earmarked Revenue Reserves	(15,533)	Total Spend Profile	14,415	1,118

Further details of the types of capital reserves and use of can be found with the Medium Term Financial Strategy for the financial year.

Note 8 Financing and investment income and expenditure

Group

	2022-23 £000	2021-22 £000
Interest payable on debt	801	740
Pension interest costs	104,660	79,500
Pensions top up grant receivable (Home office)	(47,148)	(47,903)
Investment interest income	(1,152)	(27)
Total	57,161	32,310

The Police and Crime Commissioner

	2022-23 £000	2021-22 £000
Interest payable on debt	801	740
Pension interest costs	76	83
Pensions top up grant receivable (Home office)	(47,148)	(47,903)
Investment interest income	(1,152)	(27)
Total	(47,423)	(47,107)

Note 9 Taxation and non-specific grant income

	2022-23 £000	2021-22 £000
Capital government grants and contributions	(931)	(416)
Council tax income	(152,099)	(144,257)
Non domestic rates (Welsh Government)	(480)	(23,337)
Revenue Support Grant (Welsh Government)	(61,871)	(52,653)
Non ring fenced government grants (Home Office)	(131,918)	(107,639)
Total	(347,299)	(328,302)

Note 10 Subjective Analysis – Income and Expenditure

	2022-23 £000	2021-22 Restated £000
Fees, charges & other service income	(19,788)	(15,838)
Government grants	(47,959)	(39,019)
Total income	(67,747)	(54,857)
Employee expenses	371,630	371,120
Other operating expenses	95,052	76,243
Total cost of services	466,682	447,363
Net Cost of Services	398,935	392,506

Further details of fees, charges and other service income, as well as Government grants are detailed in the below note.

Note 11 Grant and Other Income

South Wales Police/ the Commissioner credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2022-23:-

		2022-23	2021-22
		£000	£000
Credited to Services	Funding body		
Police Apprenticeships	Welsh Govt	(2,400)	(1,000)
Community Support officers	Welsh Govt	(9,268)	(8,021)
Counter Terrorism Intelligence Unit	Home Office	(7,527)	(7,368)
Counter Terrorism - Special Branch	Home Office	(1,301)	0
Counter Terrorism - Firearms	Home Office	(1,493)	(1,344)
National Data Management Centre	Home Office	(5,177)	(5,237)
Regional Organised Crime Unit/Regional Intelligence Unit	Home Office	(2,032)	(1,726)
Regional Organised Crime Unit - Disruption	Home Office	0	(256)
Regional Organised Crime Unit - Specialist Tactics Unit	Home Office	0	(70)
Speed Reduction Camera Partnership Casualty Reduction	Home Office/Welsh Govt	(2,498)	(2,465)
Victim Support	Home Office	(2,806)	(2,490)
Digital Services	Home Office	(341)	0
Adverse Childhood Experiences	Home Office	(200)	(350)
Dedicated Security Posts	Home Office	(830)	(746)
County Lines	Home Office	(292)	0
Safer Streets	Home Office	(979)	(1,041)
All Wales Schools Programme	Welsh Govt/Other Local Govt bodies	(1,986)	(1,980)
Criminal Records Bureau	Home Office	(703)	(646)
Counter Terrorism Security Advisors	Home Office	(594)	(568)
Police Incentivisation Fund	Home Office	(517)	(557)
Cyber Crime	Home Office	(1,119)	(845)
Asset Confiscation Enforcement Team	Home Office	(238)	(230)
Online Sexual Abuse	Home Office	(16)	0
Violence Against Women & Girls	Home Office	(73)	(18)
Drive	Home Office	(200)	(200)
Additional Officer Uplift	Home Office	(3,972)	(2,445)
Female Offending Blueprint	Welsh Government	(316)	(250)
Drug Death Reductions	Home Office	(1,350)	(653)
Operational Support COVID 19	Home Office	(1,583)	0
Specialist Knife Crime	Home Office	(480)	(466)
Violence Prevention	Home Office	(1,453)	(1,339)
Pension Contributions Assistance Grant	Home Office	(3,106)	(3,106)
Other miscellaneous grants (less than £150,000 individually)	Various	(785)	(802)
Less grants shared with other collaborative partners		7,676	7,200
Total Credited to Services		(47,959)	(39,019)
Corporate Grants			
Pension top up grant	Home Office	(47,148)	(47,903)
		(47,148)	(47,903)
Total		(95,107)	(86,922)

	2022-23	2021-22
	£000	£000
Other Income		
Recovery of costs from other public bodies	(1,714)	(1,337)
Income from Secondments	(1,346)	(808)
Special Duty Charges	(603)	(146)
Policing the Senedd	(766)	(663)
Vehicle Recovery Scheme	(203)	(175)
Rents	(270)	(389)
Mutual Aid to other police forces	(1,260)	(1,393)
Police costs recovered	(11,519)	(8,753)
Training course fees	(1,441)	(1,238)
Partnership contributions	(4,371)	(3,292)
Sale of vehicles	(248)	(232)
Sale of accident reports	(86)	(111)
Speed awareness	(9)	(11)
Proceeds of crime income	(70)	(30)
Non-Domestic Rates Rebate	(199)	(417)
Other (less than £150,000 individually)	(649)	(1,005)
Notional income in respect of Covid-19 PPE	(224)	(408)
Less income shared with other collaborative partners	5,190	4,570
Total Credited to Services	(19,788)	(15,838)
Investment Income	(1,152)	(27)
Total	(20,940)	(15,865)

Note 12 Members' Allowances

In accordance with the Code, there was £9k (total for the group) allowances were paid to members of the Joint Audit Committee in 2022-23 (£6k 2021-22). Members' allowances apply to both the Police and Crime Commissioner's and the Chief Constable's accounts. Members receive a taxable attendance allowance which is paid through payroll.

Note 13 External Audit Costs

South Wales Police/ the Commissioner has incurred the £119k (2021-22 £105k) covering both the Commissioner and the Chief Constable, in relation to the audit of the Statement of Accounts. The total fee is split equally between the Commissioner and Chief Constable.

Note 14 Related Parties

IAS24 requires South Wales Police/ The Commissioner to disclose all material transactions with related parties – bodies or individuals that have the potential to control or influence, or to be controlled by the South Wales Police/ The Commissioner. Disclosure of these transactions allows readers to assess the extent to which the South Wales Police/ The Commissioner 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 South Wales Police/ The Commissioner.

Central Government

Central Government has significant influence over the general operations of South Wales Police/ The Commissioner. It is responsible for providing the statutory framework within which South Wales Police/ The Commissioner operates. It provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that South Wales Police/The Commissioner has with other parties. Note 9 above Taxation and Non Specific Grant Income details the funding received during the financial year together with last year's comparative. Grants received from Government departments are set out in Note 11, most of which have strict terms

and conditions. South Wales Police/ The Commissioner has direct control over its financial and operating policies.

Members

All Members of the Joint Audit Committee (JAC) were issued with a form to declare any external interests and related party transactions. The total of members' allowances paid is shown in Note 12. The related party transactions that occurred and are reported below.

The Chair of JAC chairs the Governance and Audit Committee of Swansea Council. Another JAC member is chair of the Standards Committee for Swansea Council. During 2022-23, the Commissioner received £2,786 from Swansea Council and made payments amounting to £329,985. There was no debtor balance and no creditor balance with Swansea Council at the year end.

Two JAC members are members of the Welsh Government Audit Committee. During 2022-23, the Commissioner received a number of grants from Welsh Government which are detailed in Note 11 and made payments amounting to £32,835. There was no debtor balance and no creditor balance with Welsh Government at the year end.

One JAC member is the Chair of the Governance and Audit Committee, a member of the Joint Scrutiny Committee and a member of the Standards Committee at Merthyr Tydfil County Borough Council. During 2022-23, there were payments made amounting to £146,896. There was no creditor balance at the year end.

One JAC member is an independent member and Chair of the Standards Committee for Mid & West Wales Fire Authority. During 2022-23, the Commissioner received £206,941 from Mid & West Wales Fire Authority. There was no debtor balance and no creditor balance with Mid & West Wales Fire Authority at the year end.

One JAC member is an independent member of the Education and Inclusion Committee for Rhondda Cynon Tâf Council. During 2022-23, the Commissioner received £216,211 from Rhondda Cynon Tâf Council and made payments amounting to £702,084. There was a debtor balance of £133,984 there was a creditor balance of £7,488 with Rhondda Cynon Tâf Council at the year end.

One JAC member is an independent member of the Audit Committee for ACAS. During the year 2022-23, the Commissioner made payments amounting to £5,284. There was no creditor balance at the year end.

One JAC member is a lay member of the Governance and Audit Committee for Monmouthshire County Council. During the year 2022-23, the Commissioner made payments amounting to £6,019. At the year end, there was no creditor balance.

One JAC member is a lay member of the Governance and Audit Committee for Pembrokeshire County Council. During the year 2022-23, the Commissioner made payments amounting to £4,012 which was the creditor balances at the year end.

Chief Officers

The Chief Constable and his senior command team have declared no related party transactions.

Police Crime and Commissioner

One member of the Police Crime and Commissioner senior team was a trustee of Action for Children. In 2022-23, this organisation was funded £123,305 by the Violence Prevention Unit (VPU). Police and Crime Commissioner members form part of the VPU.

A robust process is in place to approve and register the business interests of both police staff and officers. The Commissioner has a statutory responsibility to declare any interests and these are published on the website, at the following location. [People \(southwalescommissioner.org.uk\)](http://People.southwalescommissioner.org.uk)

Note 15 Officers' / Employees' Remuneration

Remuneration Ratio

This disclosure is a requirement of the Accounts and Audit (Wales) Regulations 2014 and ensures transparency and accountability in public sector entities.

The Police and Crime Commissioner's Team

The ratio between the Chief of Staff's (Chief Executive) remuneration to the median remuneration within the Police and Crime Commissioner's Team was:

	2022-23	2021-22
	£	£
Chief of Staff - Annualised Salary	£110,608	£79,368
Median	£35,582	£34,578
RATIO	3.1	2.3

Chief Constable

The ratio between the Chief Constable's remuneration to the median remuneration within the Force was:

	2022-23	2021-22
	£	£
Highest Paid Director (Chief Constable) - Annualised Salary	£177,870	£166,911
Median	£34,042	£34,578
RATIO	5.2	4.8

Remuneration Bandings

During the year the number of police officers and employees who received remuneration in excess of £60,000 are provided below. This is a specific requirement of the Accounts and Audit (Wales) Regulations 2014. Definition includes annual salaries and expense allowances but excludes employer's pension contributions. It also includes exit payments as appropriate. The following table excludes senior employees and senior police officers that are recorded in the table below and those on pages 55-58. This is in accordance with regulations.

Group

Bandings £	Numbers 2022-23	Numbers 2021-22
60,000-64,999	152	110
65,000-69,999	41	33
70,000-74,999	16	14
75,000-79,999	9	11
80,000-84,999	12	11
85,000-89,999	12	10
90,000-94,999	3	3
95,000-99,999	4	4
	249	196

The above tables are presented in compliance with regulation, which require the exclusion of the Police and Crime Commissioner as the position is directly elected.

Exit Packages

There were no exit packages in either financial year 2022-23 or 2021-22.

Remuneration Report for senior relevant police officers and senior employees

The following table sets out the remuneration disclosures for relevant police officers (above the rank of Superintendent) and senior employees (designated office holders to a local Government body) whose salary is equal to or more than £60,000 per year. The regulations require persons whose salary exceeds £150,000 per year must also be identified by name. In addition to the remuneration included above the following disclosures include employers' pension contributions. Where columns are nil they need not be included. Equivalent disclosure is provided for the comparative year.

The Police and Crime Commissioner's Team 2022-23

Post holder information (Post title)	From	To	Salary (including fees & allowances) £	Annualised Salary £	Bonuses £	Expense allowances £	Termination Payments £	Benefits in Kind (e.g. car allowance) £	Other payments £	Total Remuneration excluding pension contributions 2022-23 £	Pension contributions (employers) £	Total Remuneration including pension contributions 2022-23 £
Police and Crime Commissioner	Note 1	01/04/2022	31/03/2023	88,444	88,444	0	0	0	0	88,444	0	88,444
Deputy Police and Crime Commissioner	Note 2	01/04/2022	31/03/2023	0	0	0	0	0	0	0	0	0
Director of Strategy & Projects	Note 3	01/04/2022	13/11/2022	34,735	56,144	0	0	0	0	34,735	5,558	40,293
Chief Executive	Note 4	01/04/2022	31/03/2023	110,608	110,608	0	0	0	7,158	117,766	18,842	136,608
Director Violence Prevention Unit	Note 5	01/04/2022	23/12/2022	64,404	88,407	0	0	0	0	64,404	0	64,404
Chief Financial Officer	Note 6	01/04/2022	31/03/2023	104,608	104,608	0	0	0	2,957	107,565	17,210	124,775

Note 1: No pension applicable

Note 2: The role of Deputy Police and Crime Commissioner was carried out by a secondee who is not employed by the PCC for South Wales. Total costs incurred for these services in 2022/23 was £116,648

Note 3: The Postholder was seconded out from the 14/11/2022 with costs fully recovered

Note 4: Other Payments were backpay relating to 2021-22. Associated employer's pension contribution of £1,145 is included in the Pension Contributions column

Note 5: The Postholder resigned on the 23/12/2022

Note 6: Other Payments were backpay relating to 2021-22. Associated employer's pension contribution of £473 is included in the Pension Contributions column

The Police and Crime Commissioner's Team 2021-22

Post holder information (Post title)	From	To	Salary (including fees & allowances) £	Annualised Salary £	Bonuses £	Expense allowances £	Termination Payments £	Benefits in Kind (e.g. car allowance) £	Other payments £	Total Remuneration excluding pension contributions 2021-22 £		Pension contributions (employers) £	Total Remuneration including pension contributions 2021-22 £	
										£	£		£	£
Police and Crime Commissioner	Note 1	01/04/2021	31/03/2022	86,700	86,700	0	0	0	0	0	86,700	0	86,700	
Deputy Police and Crime Commissioner	Note 2	01/04/2021	31/03/2022	0	0	0	0	0	0	0	0	0	0	
Director of Strategy & Projects		01/04/2021	31/03/2022	55,623	55,623	0	0	0	0	0	55,623	8,900	64,523	
Chief Executive (Interim)		01/04/2021	31/03/2022	79,368	79,368	0	367	0	0	0	79,735	12,699	92,434	
Chief Executive (Substantive)	Note 3	01/04/2021	28/02/2022	91,175	91,175	0	0	41,101	0	77,061	209,337	11,641	220,978	
Director Violence Prevention Unit		01/04/2021	31/03/2022	86,586	86,586	0	170	0	0	0	86,756	0	86,756	
Chief Financial Officer		01/04/2021	31/03/2022	90,174	90,174	0	0	0	0	0	90,174	14,428	104,602	

Note 1: No pension applicable

Note 2: The role of Deputy Police and Crime Commissioner was carried out by a secondee who is not employed by the PCC for South Wales. Total costs incurred for these services in 2021-22 was £114,545.

Note 3: Chief Executive (Substantive), who was previously seconded to the All Wales Force, left his substantive role on 28/02/22 after taking voluntary retirement

The Chief Constable 2022-23

Post holder information (post title and name)	From	To	Salary (including fees & allowances) £	Annualised Salary £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind (e.g. car allowance) £	Other payments £	Total Remuneration excluding pension contributions 2022-23 £	Pension contributions £	Total Remuneration including pension contributions 2022-23 £
Chief Constable J. Vaughan	01/04/2022	31/03/2023	177,870	177,870	0	0	0	0	0	177,870	55,140	233,010

Post holder information (post title)		From	To	Salary (including fees & allowances) £	Annualised Salary £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind (e.g. car allowance) £	Other payments £	Total Remuneration excluding pension contributions 2022-23 £	Pension contributions £	Total Remuneration including pension contributions 2022-23 £
Deputy Chief Constable	Note 1	01/04/2022	31/03/2023	138,813	138,813	0	0	0	0	42,038	180,851	43,032	223,883
ACC Territorial Policing 1	Note 2	01/04/2022	15/01/2023	94,933	120,330	0	0	0	8,143	0	103,076	29,429	132,505
ACC Territorial Policing 2		16/01/2023	31/03/2023	22,541	106,710	0	0	0	0	0	22,541	6,988	29,529
T/ACC Territorial Policing 2		27/03/2023	31/03/2023	1,445	106,710	0	17	0	0	0	1,462	448	1,910
ACC Specialist Crime	Note 3	01/04/2022	05/03/2023	111,864	120,330	0	0	0	9,273	15,903	137,040	34,678	171,718
T/ACC Specialist Crime		27/02/2023	31/03/2023	9,598	106,710	0	111	0	0	0	9,709	2,976	12,685
ACC All Wales Police Collaboration 1	Note 4	01/04/2022	19/03/2023	104,303	107,990	0	0	0	7,563	0	111,866	32,334	144,200
ACC All Wales Police Collaboration 2		16/01/2023	31/03/2023	22,541	106,710	0	0	0	0	0	22,541	6,988	29,529
ACC Head of Operational Support	Note 1	01/04/2022	31/03/2023	120,330	120,330	0	0	0	7,605	6,509	134,444	37,302	171,746
T/ACC Head of Operational Support	Note 5	31/05/2022	31/08/2022	26,684	106,710	5	3	0	0	0	26,692	8,272	34,964
Director of Joint Legal Services	Note 6	01/04/2022	31/03/2023	88,407	88,407	0	0	0	0	0	88,407	14,145	102,552
Chief Financial Officer	Note 7	01/04/2022	31/03/2023	120,330	120,330	0	0	0	5,289	9,923	135,542	20,841	156,383
Director of Human Resources	Note 8	01/04/2022	31/03/2023	114,314	114,314	0	0	0	11,277	9,438	135,029	18,290	153,319

Note 1: The other payment relates to a taxation liability resulting from relocation

Note 2: The Postholder was seconded to the NPCC 16/01/2023 with full cost recovery

Note 3: The Postholder resigned on 05/03/2023. The other payments amount related to untaken Annual Leave and a payment relates to a taxation liability resulting from relocation

Note 4: The Postholder resigned on 19/03/2023

Note 5: Temporary Promotion to ACC Territorial Policing to cover Long Term Sickness

Note 6: Retrospective Redesignation of Post Title

Note 7: Other payments are back pay: £3,962 relating to 2020-21; £5,961 to 2021-22. Associated employer's pension contributions included above: £634 for 2020/21; £954 for 2021/22

Note 8: Other payments are back pay: £3,477 relating to 2020-21; £5,961 to 2021-22.

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."

The Chief Constable 2021-22

Post holder information (post title and name)	From	To	Salary (including fees & allowances) £	Annualised Salary £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind (e.g. car allowance) £	Other payments £	Total Remuneration excluding pension contributions 2021-22 £	Pension contributions £	Total Remuneration including pension contributions 2021-22 £
Chief Constable J. Vaughan	01/04/2021	31/03/2022	166,911	166,911	0	335	0	0	0	167,246	51,742	218,988

Post holder information (post title)		From	To	Salary (including fees & allowances) £	Annualised Salary £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind (e.g. car allowance) £	Other payments £	Total Remuneration excluding pension contributions 2021-22 £	Pension contributions £	Total Remuneration including pension contributions 2021-22 £
Deputy Chief Constable 1	Note 4	19/04/2021	31/03/2022	130,818	137,703	0	774	0	58,370	9,000	198,962	40,554	239,516
T/Deputy Chief Constable 2	Note 1	01/04/2021	18/04/2021	6,885	139,616	0	0	0	0	0	6,885	2,134	9,019
ACC Territorial Policing 1		19/04/2021	31/03/2022	113,259	119,220	0	0	0	8,953	0	122,212	35,110	157,322
T/ACC Territorial Policing 2	Note 2	01/04/2021	18/04/2021	5,280	107,067	0	15	0	62	0	5,357	769	6,126
ACC Specialist Crime	Note 3	01/04/2021	31/03/2022	114,419	114,419	0	1,502	0	12,520	11,350	139,791	35,470	175,261
ACC All Wales Police Collaboration		24/01/2022	31/03/2022	19,871	108,252	0	0	0	0	0	19,871	6,160	26,031
ACC Head of Support Portfolio	Note 5	01/04/2021	31/03/2022	112,569	112,569	0	28,569	0	7,754	0	148,892	34,896	183,788
Chief Financial Officer		01/04/2021	31/03/2022	119,220	119,220	0	0	0	4,848	0	124,068	18,121	142,189
Director of Human Resources *		01/04/2021	31/03/2022	113,259	113,259	0	0	0	11,277	0	124,536	18,121	142,657

Note 1: Temporary Promotion to DCC

Note 2: Temporary Promotion to ACC Territorial Policing - No additional Employers pensions ACC as difference in pay non-pensionable.

Note 3: Relocation Expenses: 'Rented accommodation provided prior to relocation'. Monthly Rent 1 Apr 2021 to 31 Mar 2022

Note 4: Relocation Expenses: 'Rented accommodation provided prior to relocation'. Monthly Rent 7 July 2021 to 6 Jan 2022

Note 5: This relates to a taxation liability resulting from relocation.

NOTES TO THE MOVEMENT IN RESERVES STATEMENT



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Note 16 Adjustments between Accounting Basis and Funding Basis under Regulations

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

The following sets out a description of the reserves that the adjustments are made against:

- **Police Fund Balance**

The Police Fund is the statutory fund into which all the receipts are required to be paid and out of which all liabilities are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the Police Fund balance, which is not necessarily in accordance with proper accounting practice. The Police Fund balance therefore summarises the resources that South Wales Police/ the Commissioner is statutorily empowered to spend on services or on capital investment (or the deficit of resources it is required to recover) at the end of the financial year.

- **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Note 16 Adjustments between Accounting Basis and Funding Basis under Regulations (Continued)

	Police Fund Balance £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000
2022-23				
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(10,646)		(10,646)	10,646
Revenue Expenditure Funded from Capital under Statute	(2,651)		(2,651)	2,651
Revaluation losses on Property, Plant and Equipment	(7,821)		(7,821)	7,821
Amortisation of intangible assets	(942)		(942)	942
Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(152)	(746)	(898)	898
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	2,237		2,237	(2,237)
Capital expenditure charged against the Police Fund	17,856		17,856	(17,856)
Adjustments primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new capital expenditure		746	746	(746)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(212,490)		(212,490)	212,490
Employer's pension contributions and direct payments to pensioners payable in the year	101,800		101,800	(101,800)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3,541)		(3,541)	3,541
Adjustments primarily involving the Collaboration Account:	(514)		(514)	514
Total Adjustments	(116,864)	0	(116,864)	116,864

	Police Fund Balance £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000
2021-22				
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(9,877)		(9,877)	9,877
Revenue Expenditure Funded from Capital under Statute	(273)		(273)	273
Revaluation losses on Property, Plant and Equipment	69		69	(69)
Amortisation of intangible assets	(761)		(761)	761
Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(340)		(340)	340
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	2,237		2,237	(2,237)
Capital expenditure charged against the Police Fund	12,455		12,455	(12,455)
Adjustments primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new capital expenditure		648	648	(648)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(206,610)		(206,610)	206,610
Employer's pension contributions and direct payments to pensioners payable in the year	97,181		97,181	(97,181)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,374)		(2,374)	2,374
Adjustments primarily involving the Collaboration Account:	(597)		(597)	597
Total Adjustments	(108,890)	648	(108,242)	108,242

NOTES TO THE BALANCE SHEET



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Note 17 Property, Plant and Equipment & Intangible Assets

Property, Plant and Equipment							Intangible Assets £000	Assets held for sale £000	Total Fixed Assets £000
	Other land & buildings £000	Vehicles £000	Information Systems & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total PP&E £000			
Movements on balances in 2022-23									
Cost or Valuation									
At 1 April 2022	129,010	17,221	38,076	562	40,845	225,714	7,485	185	233,384
*Additions - capital	944	3,001	7,895	0	4,723	16,563	691	0	17,254
Accumulated Depreciation and Impairment written to Gross Carrying Amount	(2,452)	(953)	(2,861)	(11)	0	(6,277)	0	0	(6,277)
Revaluation (decreases)/increases to Revaluation Reserve	2,289	0	0	46	0	2,335	0	0	2,335
Revaluation (decrease)/increase or impairments to Surplus/Deficit on Provision of Services including non-enhancing spend	(7,821)	0	0	0	0	(7,821)	0	0	(7,821)
Derecognition - disposals	0	(268)	(8)	(452)	0	(728)	0	(185)	(913)
Reclassified to/from Held for Sale	(650)	0	0	(95)	0	(745)	0	745	0
Reclassifications to Other Categories	0	0	0	0	0	0	0	0	0
Reclassification to/from Assets Under Construction	41,261	(97)	(68)	0	(41,096)	0	0	0	0
At 31 March 2023	162,581	18,904	43,034	50	4,472	229,041	8,176	745	237,962
Depreciation and Impairment									
At 1 April 2022	(1,089)	(7,611)	(23,163)	(37)	0	(31,900)	(5,371)	0	(37,271)
Depreciation charge	(3,310)	(1,919)	(5,391)	(26)	0	(10,646)	(942)	0	(11,588)
Impairment losses recognised in SDPS	0	0	0	0	0	0	0	0	0
Impairment losses recognised in Revaluation Reserve	0	0	0	0	0	0	0	0	0
Derecognition - disposals	0	0	0	16	0	16	0	0	16
Accumulated Depreciation and Impairment written to Gross Carrying Amount	2,452	953	2,861	11	0	6,277	0	0	6,277
At 31 March 2023	(1,947)	(8,577)	(25,693)	(36)	0	(36,253)	(6,313)	0	(42,566)
Net Book Value									
At 31 March 2023	160,634	10,327	17,341	14	4,472	192,788	1,863	745	195,396
At 31 March 2022	127,921	9,610	14,913	525	40,845	193,814	2,114	185	196,113

* There was also £2.65m of capital spend on assets that were not in South Wales Police's estate and therefore deemed as Revenue Expenditure Funded from Capital Resources under Statute (REFCUS) and £0.99m reversal of a capital accrual which reduces total spend.

Property, Plant and Equipment									
	Other land & buildings £000	Vehicles £000	Information Systems & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total PP&E £000	Intangible Assets £000	Assets held for sale £000	Total Fixed Assets £000
Movements on balances in 2021-22									
Cost or Valuation									
At 1 April 2021	126,215	15,744	33,057	390	24,117	199,523	6,273	114	205,910
Prior Year Adjustments to Opening Balances	0	2	9	0	(2)	9	0	1	10
*Additions - capital	980	2,400	7,179	0	18,221	28,780	1,168	0	29,948
Accumulated Depreciation and Impairment written to Gross Carrying Amount	(4,635)	0	0	(26)	0	(4,661)	0	0	(4,661)
Revaluation (decreases)/increases to Revaluation Reserve	5,896	0	0	38	0	5,934	0	0	5,934
Revaluation (decrease)/increase or impairments to Surplus/Deficit	(22)	0	0	160	0	138	0	0	138
Derecognition - disposals	(845)	(925)	(2,125)	0	0	(3,895)	0	0	(3,895)
Reclassified to/from Held for Sale	(70)	0	0	0	0	(70)	0	70	0
Reclassifications to Other Categories	0	0	(44)	0	0	(44)	44	0	0
Reclassification to/from Assets Under Construction	1,491	0	0	0	(1,491)	0	0	0	0
At 31 March 2022	129,010	17,221	38,076	562	40,845	225,714	7,485	185	233,384
Depreciation and Impairment									
At 1 April 2021	0	(6,635)	(20,492)	0	0	(27,127)	(4,611)	0	(31,738)
Prior Year Adjustments to Opening Balances	0	1	5	0	0	6	1	0	7
Depreciation charge	(3,328)	(1,728)	(4,758)	(63)	0	(9,877)	(761)	0	(10,638)
Impairment losses recognised in SDPS	(69)	0	0	0	0	(69)	0	0	(69)
Impairment losses recognised in Revaluation Reserve	(2,401)	0	0	0	0	(2,401)	0	0	(2,401)
Derecognition - disposals	74	751	2,082	0	0	2,907	0	0	2,907
Accumulated Depreciation and Impairment written to Gross Carrying Amount	4,635	0	0	26	0	4,661	0	0	4,661
At 31 March 2022	(1,089)	(7,611)	(23,163)	(37)	0	(31,900)	(5,371)	0	(37,271)
Net Book Value									
At 31 March 2022	127,921	9,610	14,913	525	40,845	193,814	2,114	185	196,113
At 31 March 2021	126,215	9,109	12,565	390	24,117	172,396	1,662	114	174,172

There was also £273k of capital spend on assets that were not in South Wales Police's estate and therefore deemed as Revenue Expenditure Funded from Capital Resources under Statute (REFCUS)

Assets under construction refer to the ongoing construction of the Police Learning Centre and other office accommodation at Police Headquarters, Bridgend.

Number of Fixed Assets

	2022-23 Numbers	2021-22 Numbers
Police Headquarters, Bridgend	1	1
Divisional Headquarters	4	4
Other Police Stations and Offices	51	54
Radio Masts	4	4
House for Police Officers	1	1
	61	64
Vehicles	994	977

There was also the purchase of land during the financial year.

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation. Further details are also included in the accounting policies:

- Other Land and Buildings – 10 to 70 years; and
- Vehicles, Plant, Furniture & Equipment – 2 to 10 years.

Capital Commitments

Future expenditure commitments under outstanding purchase orders for capital schemes are as follows:

	2022-23 £000	2021-22 £000
Commitments		
Property Schemes	928	3,646
Vehicles	2,532	1,909
Computer systems	2,477	830
Communication systems	234	82
Other	82	92
Total	6,253	6,559

These would not include other planned or new capital schemes, arising as budgeted by the capital programme.

Investment Properties

South Wales Police/ the Commissioner does not hold properties whose sole purpose is to earn rentals, for capital appreciation or both.

Intangible Assets

South Wales Police/ the Commissioner accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software.

Note 18 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (no assets were acquired under finance leases or PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are used by South Wales Police/ the Commissioner, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by South Wales Police/ the Commissioner that has yet to be financed. The CFR is analysed in the second part of this note.

	2022-23 £000	2021-22 £000
Opening Capital Financing Requirement (CFR)	37,826	22,945
Historic Rounding on CFR	(5)	
Capital Investment		
Property, Plant and Equipment	11,840	10,559
Assets under Construction	5,713	18,221
Intangible Assets	691	1,168
Revenue Expenditure Funded from Capital Resources under Statute	2,651	273
Sources of finance		
Capital receipts	(746)	(648)
Minimum Revenue Provision	(2,237)	(2,237)
Government grants and other contributions	(1,562)	(416)
Direct revenue contributions - previous year accrual	(990)	0
Direct revenue contributions	(16,294)	(12,039)
Closing Capital Financing Requirement	36,887	37,826
Movement in the year (increase)/decrease	939	(14,881)
Explanation of movement in the year:		
Capital Financing (Minimum Revenue Provision)	2,237	2,237
Decrease/(Increase) in underlying need to borrow (unsupported government borrowing)	(1,298)	(17,118)
(Increase)/decrease in Capital Financing Requirement	939	(14,881)

The increase in the Capital Financing Requirement is equal to the amount of capital expenditure funded from borrowing £1.3m less the Minimum Revenue Provision.

Note 19 Leases

Operating Leases

Assets acquired under leases are legally leased by the Police and Crime Commissioner but used by the Chief Constable. These include property and equipment leases. The future minimum lease payments due under non-cancellable leases in future years are:

	2022-23 £000	2021-22 £000
Not later than one year	1,042	1,212
Later than one year and not later than five years	1,042	1,166
Later than five years	1,621	2,077
TOTAL	3,705	4,455

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

	2022-23	2021-22
	£000	£000
Minimum lease payments (annual cost)	1,399	1,493
TOTAL	1,399	1,493

Note 20 Assets Held for Sale

	2022-23	2021-22
	£000	£000
Balance outstanding at start of year	185	115
Assets newly classified/(declassified) as held for sale:		
Property, plant and equipment	745	70
Revaluation gains/(loss)		0
Assets sold	(185)	0
Balance outstanding at year end	745	185

Note 21 Debtors

Long Term Debtors

In 2022-23, there was a change to the weekend enhancements terms and conditions for some employees and as a result they were entitled to a loan that would only be repayable on their termination of employment. No interest was charged on the loans as it is unknown as to the timeframe that each individual loan will be repaid. The balance outstanding at year end was £246k.

Short Term Debtors

Amounts owed by third parties at the balance sheet date are as follows:

	31 March	31 March
	2023	2022
	£000	£000
Central government bodies	23,840	26,475
Other local authorities and the police	12,699	10,054
NHS bodies	101	1
Other sundry debtors	1,479	751
Prepayments	12,591	5,474
Total	50,710	42,755

Note 22 Short Term Investments & Cash and Cash Equivalents

The balance of Short Term Investments Cash and Cash Equivalents is made up of the following elements:

	31 March 2023 £000	31 March 2022 £000
Short Term Investments	14,034	16,008
Total Short Term Investments	14,034	16,008

	31 March 2023 £000	31 March 2022 £000
Cash held by the Police and Crime Commissioner	47	101
Bank current accounts	(3,599)	(2,310)
Callable bank accounts	7,686	7,586
Money Market Funds	17,617	14,155
Total Cash and Cash Equivalents	21,751	19,532

Note 23 Creditors

Amounts owed to third parties at the balance sheet date are as follows:

	31 March 2023 £000	31 March 2022 £000
Central government bodies	9,056	8,903
Other local authorities	5,662	4,209
NHS Bodies	113	0
Other entities and individuals (incl. other funds)	30,608	28,218
Total	45,439	41,330

Note 24 Provisions

Provisions represent sums set aside in respect of liabilities known or certain to occur, but for which the timing and value are uncertain. The following provisions are included in the Balance Sheet at 31 March 2023 with movements passing through the Comprehensive Income and Expenditure Statement:

	Outstanding Legal Claims £000	Insurance Claims re: MMI £000	Total £000
Balance at 1 April 2022	(2,452)	(1,173)	(3,625)
Additional provisions made	(1,687)	0	(1,687)
Amounts Used in 2022-23	235	0	235
Unused Amounts Reversed in 2022-23	339	0	339
Balance at 31 March 2023	(3,565)	(1,173)	(4,738)

Outstanding Legal and Insurance Claims

These group the provisions for Public Liability claims, Employers Liability costs, Employment Tribunal Claims and Other Miscellaneous Liability claims.

South Wales Police/ the Commissioner maintains a provision to meet the costs of likely policy excesses and self-insured risks for existing cases/ claims. South Wales Police/ the Commissioner provides an allocation from its revenue budget and prior year provisions to assist in meeting these costs.

The estimated liability of former Municipal Mutual Insurance (MMI) managed claims of £1.17m is being held to cover any potential changes to the levy applied for payments and represents the maximum amount that could be drawn down.

The following schedule outlines the main risks insured externally and those self-insured:

Insured risks	'Self insured' risks
Employers Liability (combined with Public Liability) above £1,700,000 in total and above £100,000 for individual claims	Employers Liability (combined with Public Liability) below £1,700,000 in total and below £100,000 for individual claims
Public Liability (combined with Employers Liability) above £1,700,000 in total and above £150,000 for individual claims	Public Liability (combined with Employers Liability) below £1,700,000 in total and below £150,000 for individual claims
Employees' Personal Accident	None
Buildings - All Risks above £500 except in properties and radio masts where it is £10,000	Buildings - All Risks below £500 except in respect of unoccupied properties and radio masts where it is £10,000
Vehicles - Third party only	Vehicles - Accident damage unless recovered from third party
All Risks - equipment, computers and money - above £250	All risks below £250
Fidelity Guarantee above £100,000	Fidelity claims below £100,000

Note 25 Unusable Reserves

	31 March 2023 £000	31 March 2022 £000
Revaluation Reserve	(29,470)	(28,213)
Capital Adjustment Account	(129,037)	(130,079)
Pensions Surplus Reserve - Local Government	(6,390)	166,470
Pensions Deficit Reserve - Police	2,730,510	3,794,970
Accumulated Absences Account	11,820	8,279
Collaboration Adjustment Account	1,104	590
Total Unusable Reserves	2,578,537	3,812,017

Revaluation Reserve

The Revaluation Reserve contains the gains made by South Wales Police/ the Commissioner arising from increases in the value of its property, plant and equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

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

	2022-23		2021-22	
	£000	£000	£000	£000
Balance at 1 April		(28,213)		(20,818)
(Upward) revaluation of assets and impairment losses not charged to the surplus/Deficit on the Provision of Services	(4,158)		(5,994)	
Downward revaluation of assets and impairment losses not charged to the surplus/Deficit on the Provision of Services	1,824		2,462	
Surplus/Deficit on revaluation of non-current assets not posted to Surplus/Deficit on the Provision of Services		(2,334)		(3,532)
Assets Previously charged to Capital Adjustment Account			(4,704)	
Difference between fair value depreciation and historical cost depreciation (charged to the Capital Adjustment Account)	910		841	
Accumulated Gains on Assets Sold or Scrapped	167			
Amount written off to the Capital Adjustment Account		1,077		(3,863)
Balance at 31 March		(29,470)		(28,213)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 16 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current value figures to a historical cost basis).

The account is credited with the amounts set aside by South Wales Police/ the Commissioner as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets

	£000	£000	£000	£000
Balance at 1 April		(130,079)		(130,411)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Prior Year Adjustments	0		(21)	
Charges for depreciation and impairment of non-current assets	10,646		9,877	
Revenue Expenditure Funded for Capital Under Statute	2,651		273	
Revaluation losses on property, plant and equipment	7,821		(69)	
Reversal of revaluation gain	0		0	
Amortisation of intangible assets	942		761	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal in the Comprehensive Income and Expenditure Statement	898		988	
		22,958		11,809
Adjusting amounts written out of the Revaluation Reserve	(1,077)		3,863	
Net written out amount of the cost of non-current assets consumed in the year		21,881		15,672
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(746)		(648)	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,562)		(416)	
Statutory provision for the financing of capital investment charged against the Police Fund	(2,237)		(2,237)	
Revenue Expenditure Funded for Capital Under Statute Contributions			0	
Capital expenditure charged against the Police Fund	(16,294)		(12,039)	
		(20,839)		(15,340)
Balance at 31 March		(129,037)		(130,079)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Police Fund Balance from accruing for compensated absences earned but not taken in the year,

(e.g. annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the Police Fund Balance is neutralised by transfers to or from the account.

	2022-23 £000	2021-22 £000
Balance at 1 April	8,279	5,905
Settlement or cancellation of accrual made at the end of the preceding year	(8,279)	(5,905)
Amounts accrued at the end of the current year	11,820	8,279
Balance at 31 March	11,820	8,279

Collaboration Fair Share Reserve

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

	2022-23 £000	2021-22 £000
Balance at 1 April	590	(7)
Reversal of adjustments made at the end of the preceding year	(590)	7
Amounts adjusted at the end of the current year	1,104	590
Balance at 31 March	1,104	590

Pensions Reserve

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

	2022-23	2021-22
	£000	£000
Balance at 1 April	3,961,440	3,968,610
Actuarial (gains)/losses on pension assets and liabilities	(1,348,010)	(116,600)
Reversal of items relating to retirement benefits debited or credited to Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	212,490	206,610
Employer's pension contributions and direct payments to pensioners payable in the year	(101,800)	(97,181)
Balance at 31 March	2,724,120	3,961,439

Note 26 Defined Benefit Pension Schemes

Legal Cases

The Chief Constable of South Wales Police, 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 October 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.

McCloud Remedy

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

the remedy window is closed, the Actuary has moved all McCloud related liabilities for eligible members for the period 2019 to 2022 to the associated legacy schemes. This means all McCloud liability are held within the legacy scheme where benefits are expected to be paid from. This has led to a past service cost of £48m added to the 1987 Scheme and a past service cost of £3m in the 2006 Scheme. As these liabilities are no longer held within the 2015 Scheme there is a past service gain of £52m.

The Local Government Pension Scheme (LGPS - for Police Staff)

Participation in Pension Schemes

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

South Wales Police/ the Commissioner participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Rhondda Cynon Tâf (RCT) County Borough Council. This is a funded defined benefit final salary scheme, meaning that South Wales Police/ the Commissioner and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The method used to determine the rate of employer's contribution are based on review by the scheme actuaries. There is no agreement with other public bodies to share other employer deficits.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due.

2022 Actuarial Valuation

The effect of allowing for this is shown in the 'Actuarial (gains)/losses due to liability experience' and the 'Return on plan assets (in excess of)/below that recognised in net interest' and is reflected in the balance sheet position. The demographic assumptions have also been updated to reflect those used for the 2022 Actuarial Valuation. These changes have had a positive effect on the balance sheet position.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The results allow for the 2022 Actuarial Valuation of the Fund.

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

Local Government Pension Scheme and Unfunded Discretionary Benefits	Discretionary Benefits			Discretionary Benefits		
	Pension Scheme 2022-23	Arrangements 2022-23	Total 2022-23	Pension Scheme 2021-22	Arrangements 2021-22	Total 2021-22
	£000	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement						
Cost of Services:						
- Current service cost	36,470		36,470	37,720		37,720
- Past service costs	0		0	80		80
Financing and Investment Income and Expenditure						
- Interest on net defined benefit liability/(asset)	4,280	30	4,310	4,490	30	4,520
Total Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement	40,750	30	40,780	42,290	30	42,320
Other Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement						
- Return on plan assets (in excess of)/below that recognised in net interest	48,430		48,430	(8,700)	0	(8,700)
- Actuarial (gains)/losses:						
Due to changes in financial assumptions	(288,820)	(200)	(289,020)	(71,360)	(40)	(71,400)
Due to changes in demographic assumptions	(840)	0	(840)	(6,740)	(20)	(6,760)
Due to liability experience	41,180	100	41,280	1,780	0	1,780
Total Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement	(200,050)	(100)	(200,150)	(85,020)	(60)	(85,080)
Total Amount Recognised	(159,300)	(70)	(159,370)	(42,730)	(30)	(42,760)
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	(40,750)	(30)	(40,780)	(42,290)	(30)	(42,320)
Actual amount charged against the Police Fund Balance for pensions in the year:						
- Employers' contributions payable to scheme			13,490			12,321
- Retirement benefits payable to pensioners						0

Assets and liabilities in relation to Post-employment Benefits Reconciliation of present value of the scheme liabilities (defined benefit obligation):	Funded Pension Scheme			Unfunded Discretionary Benefits			Total		
	2022-23			2022-23			2021-22		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	(666,990)	(1,170)	(668,160)	(696,570)	(1,290)	(697,860)			
Current service cost	(36,470)	0	(36,470)	(37,720)	0	(37,720)			
Interest cost	(17,930)	(30)	(17,960)	(14,570)	(30)	(14,600)			
Contributions by scheme participants	(5,450)	0	(5,450)	(4,940)	0	(4,940)			
Benefits paid	11,810	90	11,900	10,570	90	10,660			
Past service costs	0	0	0	(80)	0	(80)			
Due to changes in financial assumptions	288,820	200	289,020	71,360	40	71,400			
Due to changes in demographic assumptions	840	0	840	6,740	20	6,760			
Due to liability experience	(41,180)	(100)	(41,280)	(1,780)	0	(1,780)			
Closing balance at 31 March	(466,550)	(1,010)	(467,560)	(666,990)	(1,170)	(668,160)			

Reconciliation of fair value of the scheme (plan) assets:	2022-23	2021-22
Local Government Pension Scheme	£000	£000
Opening balance at 1 April	501,690	476,370
Interest income on assets	13,650	10,080
Remeasurement gains/(losses) on assets	(48,430)	8,700
Employer contributions	13,490	12,260
Contributions by scheme participants	5,450	4,940
Benefits paid	(11,900)	(10,660)
Closing balance at 31 March	473,950	501,690

Scheme history	2022-23 £000	2021-22 £000	2020-21 £000	2019-20 £000	2018-19 £000
Present value of liabilities:					
Local Government Pension Scheme	(466,550)	(666,990)	(696,570)	(518,810)	(497,266)
Discretionary Benefits	(1,010)	(1,170)	(1,290)	(1,250)	(1,320)
Fair value of assets in the Local Government Pension Scheme	473,950	501,690	476,370	355,320	360,250
Total	6,390	(166,470)	(221,490)	(164,740)	(138,336)
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme	7,400	(165,300)	(220,200)	(163,490)	(137,016)
Discretionary Benefits	(1,010)	(1,170)	(1,290)	(1,250)	(1,320)
Total	6,390	(166,470)	(221,490)	(164,740)	(138,336)

Net Pension Asset in 2022-23

The IAS19 Balance Sheet is showing a net pensions asset before consideration of a surplus restriction under paragraph 64 of IAS19. This paragraph states that:-

“When an entity has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of:

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

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

As the scheme is still open to new entrants, the Actuary has undertaken tests and have confirmed that we are able to recognise the surplus in full at the accounting date. Based on the results of the 2022 Valuation, we can gain an economic benefit from payment of reduced contributions below the cost of the expected IAS19 service costs in the future. We are not paying any deficit recovery contributions so there is no additional liability to recognise under a minimum funding requirement.

Basis for Estimating Assets and Liabilities

Assets 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 Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the County Council Fund being based on the 2022 valuation of the scheme.

The principal assumptions used by the actuary are detailed in the following table:

Local Government Pension Scheme	Pension Scheme	Discretionary Benefits	Pension Scheme	Discretionary Benefits
	2022-23	2022-23	2021-22	2021-22
Mortality assumptions:				
Pensioner Member Aged 65 at Accounting Date				
- Men	21.6	21.6	21.6	21.6
- Women	24.2	24.2	23.9	23.9
Active Member aged 45 at Accounting Date				
- Men	22.9		22.6	
- Women	25.7		25.4	
Principal Financial Assumptions:				
Rate of increase in salaries	3.85%		4.15%	
Rate of increase in pensions	2.60%	2.60%	2.90%	2.90%
Rate for discounting scheme liabilities	4.60%	4.60%	2.70%	2.70%

Asset Allocation

The approximate split of assets for the Fund as a whole (based on data supplied via the Actuary and by the Fund Administering Authority) is shown in the table below.

Local Government Pension Scheme	31 March 2023 %	31 March 2022 %
Equity Investments	68.1%	67.4%
Property	7.8%	7.3%
Government Bonds	10.5%	12.0%
Corporate Bonds	12.4%	12.9%
Cash and other Assets	1.2%	0.4%
	100.0%	100.0%

Contributions for the accounting period ending 31 March 2024

The employers' regular contributions to the Fund for the accounting period ending 31 March 2024 are estimated to be £14.6m. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period or changes may be due to differences between actual and estimated numbers within the scheme.

The Police Pension Scheme (for Police Officers)

This includes the 1987, 2006, and 2015 police pension schemes plus the injury benefit scheme.

Participation in Pension Schemes

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

South Wales Police / the Commissioner participates in two post-employment schemes:

- The Police Pension Scheme, administered by XPS Administration, is an unfunded defined benefit scheme, meaning that there are no investment assets built up to meet pension liabilities. Instead, from 1st April 2006, actual pension payments are met from a combination of employers' and employee contributions, based on percentages of police salaries, and the balance from Government Grant.
- Discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. A software model, developed by the Government Actuary's Department, has been used to calculate the potential long term liability and cost estimates of the Police scheme's based on Actuarial review, using Pension and Payroll data.

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

	Pension Scheme and Discretionary Benefits 2022-23 £000	Pension Scheme and Discretionary Benefits 2021-22 £000
Police Pension and Unfunded Injury Benefit Scheme		
Comprehensive Income and Expenditure Statement		
Cost of Services:		
- Current service cost	71,360	89,310
- Past service costs	0	0
Financing and Investment Income and Expenditure		
- Interest on net defined benefit liability/(asset)	100,350	74,980
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	171,710	164,290
Other Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement		
- Actuarial (gains)/losses:		
Due to changes in financial assumptions	(1,284,040)	(48,730)
Due to changes in demographic assumptions	(57,660)	0
Due to defined benefit obligations	193,840	17,210
Total Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement	(1,147,860)	(31,520)
Total Amount Recognised	(976,150)	132,770
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	(171,710)	(164,290)
Actual amount charged against the Police Fund Balance for pensions in the year:		
- Employers' contributions payable to scheme	39,330	36,938

Assets and liabilities in relation to Post-employment Benefits		
Reconciliation of present value of the scheme liabilities (defined benefit obligation):	Pension Scheme and Discretionary Benefits 2022-23 £000	Pension Scheme and Discretionary Benefits 2021-22 £000
Opening balance at 1 April	(3,794,970)	(3,747,120)
Current service cost	(71,360)	(89,310)
Past service charge	0	0
Interest cost	(100,350)	(74,980)
Contributions by scheme participants	(17,190)	(16,280)
Due to changes arising on the defined benefit obligation	(193,840)	(17,210)
Due to changes in demographic assumptions	57,660	0
Due to changes in financial assumptions	1,284,040	48,730
Benefits paid	105,500	101,200
Closing balance at 31 March	(2,730,510)	(3,794,970)

The liabilities show the underlying commitments that South Wales Police/ the Commissioner has in the long run to pay post-employment (retirement) benefits. The total liability of £2.731bn (£3.795bn 2021-22) has a substantial impact on the net worth of South Wales Police/ the Commissioner as recorded in the Balance Sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of South Wales Police / the Commissioner remains healthy:

- the deficit on the police pension scheme will be made good by Government grant and or increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the Government and the scheme actuary; and
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

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 Police Pension Scheme and Discretionary Benefits liabilities have been assessed by the Government Actuary's Department (GAD) an agency of the UK Government, using payroll and pension data provided by or on behalf of South Wales Police/ the Commissioner. A full revaluation exercise is being undertaken and the disclosure is based on data used for that exercise. The value of liabilities has been calculated as at 31 March 2023 by rolling forward the liability calculated as at 31 March 2020 to 31 March 2023. This approach is reasonable but introduces some degree of uncertainty. It should therefore be recognised that the results may differ from those that would emerge following an actuarial valuation based on full membership data as at 31 March 2023.

The principal assumptions used by the actuary are detailed in the following table:

	Pension Scheme and Discretionary Benefits 2022-23	Pension Scheme and Discretionary Benefits 2021-22
Police Pension and Unfunded Injury Benefit Scheme		
Mortality assumptions:		
Pensioner Member Aged 65 at Accounting Date		
- Men	21.9	22.1
- Women	23.5	23.8
Active Member aged 45 at Accounting Date		
- Men	23.5	23.8
- Women	25.0	25.4
Principal Financial Assumptions:		
Rate of inflation CPI	2.60%	3.00%
Rate of increase in salaries	3.85%	4.75%
Rate of increase in pensions	2.60%	3.00%
CARE revaluation rate	3.85%	4.25%

Contributions for the accounting period ending 31 March 2024

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2024 are estimated to be £47.4m.

Membership numbers in the various pension schemes will vary from those estimated. Employer contributions will change due to the difference between estimated numbers and actual. Injury awards will also vary due to mortality issues and additional members can be admitted to the Injury Awards scheme. These factors are difficult to predict.

Covid-19 Impact on Pension Schemes

Police Officers Scheme

The Actuary has commented that current population mortality projections make a short-term allowance for the impact of the Covid-19 pandemic. When deriving the Office of National Statistics (ONS) 2020-based mortality improvement projections, a panel of mortality experts gave their views on the impact of Covid-19 pandemic on mortality rates in the short term. Based on this, short term adjustments were made to the 2019 to 2024 period to allow for estimated deaths in 2021 and an averaging of the experts' views on estimated improvements by age group over this period. Long term rates of future mortality improvement are not projected to change as a result of Covid-19. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain in future accounting periods. I expect that the projected of the long-term impact of the Covid-19 pandemic on life expectancy will continue to evolve as experience and evidence emerges into the future.

LGPS Scheme

The Actuary has commented that there has been a change to the post-retirement mortality assumptions at this accounting date to allow for the effect of Covid-19 on the future development of mortality rates. This has had a positive effect on the balance sheet position equivalent to around 1% of the defined benefit obligation.

Note 27 Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long term		Current	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Investments				
Deposits, loans and receivables	0	0	35,785	35,540
Debtors				
Financial assets carried at contract amounts	246	0	50,710	42,755
Borrowings				
Financial liabilities at amortised cost	(31,632)	(32,626)	(1,192)	(1,349)
Creditors				
Financial liabilities carried at contract amount	0	0	45,439	41,330

Income, Expense, Gains and Losses

	2022-23		2021-22	
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000
Interest expense	801		740	
Total expense in Surplus/deficit on the Provision of Services	801	0	740	0
Interest income		(1,152)		(27)
Total Income in Surplus/deficit on the Provision of Services	0	(1,152)	0	(27)

Fair Values of Assets and Liabilities

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

- estimated ranges of interest rates at 31 March 2023 of 4.24% to 4.78% for loans from the PWLB;
- loans receivable and payable, are based on new lending rates for equivalent deposits, or loans at that date;
- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; and
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2023		31 March 2022	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Short term borrowing	(1,192)	(1,192)	(1,349)	(1,349)
Long term borrowing	(31,632)	(20,340)	(32,626)	(30,844)
Total	(32,824)	(21,532)	(33,975)	(32,193)

The fair value of the liabilities is lower than the carrying amount because South Wales Police / the Commissioner's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date.

Valuation of Financial Instruments carried at Fair Value

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

- Level 1 - where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities (quoted equities, quoted fixed securities, quoted index linked securities and unit trusts). Listed investments are shown at bid prices. The bid value of the investment is based on the market quotation of the relevant stock exchange.
- Level 2 - where market prices are not available, (e.g. where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data).
- Level 3 – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge funds, neither of which the Fund currently invests in.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into the level at which fair value is observable:

	31 March 2023			31 March 2022		
	Quoted Market Price Level	Using Observable Inputs	With Significant Unobservable Inputs	Quoted Market Price Level	Using Observable Inputs	With Significant Unobservable Inputs
	1	Level 2	Level 3	1	Level 2	Level 3
	£000	£000	£000	£000	£000	£000
Financial Assets:						
Deposits, Loans and Receivables		35,785			35,540	
Financial Liabilities:						
Liabilities at amortised costs		(21,532)			(32,193)	
Total net assets	0	14,253	0	0	3,347	0

Note 28 Nature and Extent of Risks Arising from Financial Instruments

South Wales Police/ the Commissioner's activities expose it to a variety of financial risks:

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Commissioner;
- **Liquidity risk** – the possibility that South Wales Police/ the Commissioner might not have funds available to meet its commitments to make payments; and
- **Market risk** – the possibility that financial loss might arise for South Wales Police/ the Commissioner as a result of changes in such measures as interest rates and stock market movements.

South Wales Police/ the Commissioner's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by South Wales Police/ the Commissioner in the annual Treasury Management Strategy.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to South Wales Police/ the Commissioner's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by South Wales Police/ the Commissioner are as detailed below:

- South Wales Police/ the Commissioner relies on credit ratings published by Fitch Ratings, Moody's Investors Service or Standard & Poor's to establish the credit quality of counterparties (issuers and issues) and investment schemes. South Wales Police/ the Commissioner has also determined the minimum long-term and short-term and other credit ratings it deems to be "high" for each category of investment; and
- The maximum amounts to be lent to each institution are subject to the above consideration of risk ratings and other factors and advice from treasury management consultants.

Further details can be found in the annual Treasury Management Strategy considered by South Wales Police/ the Commissioner prior to the 1 April each financial year.

Customers for goods and services are assessed taking into account their financial position, past experience and other factors.

The maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise. Deposit protection arrangements will limit any losses that might arise.

South Wales Police/ the Commissioner does not generally allow credit for debtors including balances owing by Government departments, other local authorities, business organisations and individuals. The past due but not impaired amount can be analysed by age as follows:

	31 March 2023	31 March 2022 Restated
	£000	£000
Less than three months overdue	33	93
Three to six months overdue	9	37
More than six months overdue	194	(19)
Total overdue debt	236	111
Value of doubtful debts impaired:	82	53
Impairment of doubtful debts as % of total overdue debt	34.7%	47.7%

Liquidity Risk

South Wales Police/ the Commissioner has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, South Wales Police/ the Commissioner has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that South Wales Police/ the Commissioner will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. South Wales Police/ the Commissioner sets limits on the proportion of its fixed rate borrowing during specified periods.

The maturity analysis of financial liabilities is as follows:

	31 March 2023	31 March 2022
	£000	£000
Less than one year	994	1,150
Between one and two years	890	995
Between two and five years	1,938	2,252
Between five and ten years	2,062	2,405
More than ten years	26,742	26,975
Total Outstanding Borrowing	32,626	33,777

Also included on the balance sheet is interest due in the following financial year, for 2022-23 accrued interest is £198,000 (2021-22 £198,000).

Market Risk - Interest Rate Risk

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

- borrowings at variable rates – the interest expense charged to the (Surplus) or Deficit on the Provision of Services will rise. South Wales Police/ the Commissioner does not normally borrow at variable rates;
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall;
- investments at variable rates – the interest income credited to the (Surplus) or Deficit on the Provision of Services will rise. South Wales Police/ the Commissioner does not normally invest at variable rates; and
- investments at fixed rates – the fair value of long term assets will fall. Short term investments are carried at cost as this is a fair approximation of their value.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the (Surplus) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the (Surplus) or Deficit on the Provision of Services and affect the Police Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

South Wales Police/ the Commissioner has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 25% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or South Wales Police/ the Commissioner's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has a strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable. According to this assessment strategy, at 31 March 2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would be that there would be a decrease in the fair value of fixed rate borrowing liabilities of £2.922m (£0.454m 2021-22). There was no variable rate borrowings or investments in 2022-23.

Market Risk – Price Risk

South Wales Police/ the Commissioner does not generally invest in equity shares or shareholdings.

Foreign Exchange Risk

South Wales Police/ the Commissioner has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Note 29 Contingent Liabilities & Contingent Assets

There are no contingent liabilities nor contingent assets for the financial year.

NOTES TO THE CASH FLOW STATEMENT



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Note 30 Cash Flow Statement – Operating Activities

	2022-23 £000	2021-22 £000
The cash flows for operating activities include the following items:		
Net (surplus)/deficit on the Provision of Services	108,949	96,854
Adjustments to net surplus/deficit on the provision of services for non-cash movements:		
Depreciation and impairment of fixed assets	(21,118)	(10,081)
Amortisation of intangible fixed assets	(942)	(761)
Pension Fund adjustments	(110,690)	(109,429)
Contributions (to)/from provisions	(1,113)	184
Carrying Amount of Non-Current Assets sold or de-recognised	(898)	(988)
Increase/(decrease) in Inventories	419	463
Increase/(decrease) in Debtors	8,201	6,621
(Increase)/decrease in Creditors	(3,308)	(6,003)
	(129,449)	(119,994)
Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities:		
Capital grants	931	416
Proceeds from Sale of Property, Plant & Equipment	746	648
Returns on investments and servicing of financing	351	(713)
Net cash flows from Operating Activities	(18,472)	(22,789)

Note 31 Cash Flow Statement – Investing Activities

	2022-23 £000	2021-22 £000
Purchase of property, plant and equipment, investment property and intangible assets	19,104	28,318
Purchase of short term and long term investments	98,000	21,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(746)	(648)
Capital grants	(931)	(416)
Proceeds from short term and long term investments	(99,974)	(4,991)
Net cash flows from investing activities	15,453	43,263

Note 32 Cash Flow Statement – Financing Activities

	2022-23 £000	2021-22 £000
Cash receipts of short term and long term borrowing	0	(10,000)
Repayments of short term and long term borrowing	1,151	1,254
Net cash flows from financing activities	1,151	(8,746)

NOTES ON COLLABORATION



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Note 33 Collaboration

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, they will look to work in collaboration with other Commissioner's and Forces to provide the most effective service possible. Such agreements are regulated by Section 22A of the Police Act 1996, as amended by the Police Reform and Social Responsibility Act 2011.

The collaborative services and their funding continue under revised Commissioner and Force Governance arrangements. These are in effect considered as pooled budgets with agreements for funding contributions, made and varied from time to time, and certain Specific Government Grants. The pooled budgets are effectively hosted by the Commissioner and Force for South Wales Police on behalf of the four Police Forces in Wales.

The total costs of the collaborative team in 2022-23 were £0.342m (2021-22 £0.135m) and South Wales Police's contribution to these costs was £0.194m in 2022-23 (2021-22 £0.053m).

The first table below details a summary of the Income and Expenditure Statement for the main activities of the collaborative units based on the funding contributions that each Force made to the collaborative arrangement.

Included in accounting policies under joint arrangements are definitions and an explanation of the new accounting requirements for joint operations, the latter involving shares of income, expenditure, assets and liabilities. As a result of the requirement of IFRS 11, the second table below provides revised information relating to South Wales Police and for other forces to show the totals for each joint operation.

As a result of the requirements of IFRS 11, gross expenditure in the CIES has been reduced by £12.35m and income/grants have been reduced by £12.87m, an increase in net expenditure of £0.52m (2021-22 £0.6m increase). This net increase has been reversed in the Movement in Reserves Statement with no impact on the Police Fund balance.

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

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

2022-23											
COLLABORATIVE SERVICE AREA	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Digital Services Division	Joint Legal Services	Scientific Investigation Unit	Joint Firearms Unit	Joint Procurement	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Pay Expenditure	9,233	551	3,660	9,046	1,840	4,338	1,452	6,248	14,466	616	51,450
Non Pay Expenditure	1,468	43	442	1,893	510	59	22	738	1,751	8	6,934
Gross Expenditure	10,701	594	4,102	10,939	2,350	4,397	1,474	6,986	16,217	624	58,384
Specific Grant Income	(10,689)	(594)	(4,102)	(5,804)	-	-	-	-	(1,493)	-	(22,682)
Income	(12)	-	-	-	(42)	-	-	(92)	(671)	-	(817)
Total Income & Grants	(10,701)	(594)	(4,102)	(5,804)	(42)	-	-	(92)	(2,164)	-	(23,499)
South Wales Police	-	-	-	(2,758)	(1,240)	(2,858)	(941)	(4,635)	(7,026)	(312)	(19,770)
Dyfed Powys Police	-	-	-	(1,044)	(469)	-	-	-	(4,216)	-	(5,729)
Gwent Police	-	-	-	(1,333)	(599)	(1,539)	(533)	(2,259)	(2,811)	(312)	(9,386)
North Wales Police	-	-	-	-	-	-	-	-	-	-	-
Force Contributions	-	-	-	(5,135)	(2,308)	(4,397)	(1,474)	(6,894)	(14,053)	(624)	(34,885)
(Surplus) or Deficit	-	-	-	-	-	-	-	-	-	-	-

2021-22											
COLLABORATIVE SERVICE AREA	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Digital Services Division	Joint Legal Services	Scientific Investigation Unit	Joint Firearms Unit	Joint Procurement	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Pay Expenditure	6,115	534	3,894	7,507	1,909	4,456	1,368	5,933	13,255	594	45,565
Non Pay Expenditure	1,222	34	312	1,209	527	50	21	565	2,195	7	6,142
Gross Expenditure	7,337	568	4,206	8,716	2,436	4,506	1,389	6,498	15,450	601	51,707
Specific Grant Income	(7,303)	(568)	(4,206)	(5,000)	-	-	-	-	(1,354)	-	(18,431)
Income	(34)	-	-	(86)	(46)	-	-	(7)	(265)	-	(438)
Total Income & Grants	(7,337)	(568)	(4,206)	(5,086)	(46)	-	-	(7)	(1,619)	-	(18,869)
South Wales Police	-	-	-	(1,949)	(1,283)	(2,929)	(882)	(4,344)	(6,916)	(301)	(18,604)
Dyfed Powys Police	-	-	-	(738)	(486)	-	-	-	(4,149)	-	(5,373)
Gwent Police	-	-	-	(943)	(621)	(1,577)	(507)	(2,147)	(2,766)	(300)	(8,861)
North Wales Police	-	-	-	-	-	-	-	-	-	-	-
Force Contributions	-	-	-	(3,630)	(2,390)	(4,506)	(1,389)	(6,491)	(13,831)	(601)	(32,838)
(Surplus) or Deficit	-	-	-	-	-	-	-	-	-	-	-

2022-23												
SHARE OF SERVICE COLLABORATION	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Digital Services Division	Joint Legal Services	Scientific Investigation Unit	Joint Firearms Unit	Joint Procurement	Total	
Share of service benefit	Population (national benefit basis)	Population (national benefit basis)	Population (national benefit basis)	Population (national benefit basis)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Population	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Gross Expenditure												
South Wales Police	4,528	251	1,081	5,943	1,262	2,858	983	4,697	8,109	312	30,023	42.31%
Dyfed Powys Police	1,778	99	425	2,334	478	-	-	-	4,865	-	9,979	16.62%
Gwent Police	2,027	113	484	2,661	610	1,539	491	2,289	3,243	312	13,770	18.94%
North Wales Police	2,368	131	2,113	-	-	-	-	-	-	-	4,612	22.13%
	10,701	594	4,102	10,939	2,350	4,397	1,474	6,986	16,217	624	58,384	
Total Income & Grants												
South Wales Police	(4,528)	(251)	(1,081)	(3,158)	(22)	-	-	(62)	(1,082)	-	(10,184)	42.31%
Dyfed Powys Police	(1,778)	(99)	(425)	(1,244)	(9)	-	-	-	(649)	-	(4,204)	16.62%
Gwent Police	(2,027)	(113)	(484)	(1,402)	(11)	-	-	(30)	(433)	-	(4,500)	18.94%
North Wales Police	(2,368)	(131)	(2,112)	-	-	-	-	-	-	-	(4,611)	22.13%
	(10,701)	(594)	(4,102)	(5,804)	(42)	-	-	(92)	(2,164)	-	(23,499)	

2021-22												
SHARE OF SERVICE COLLABORATION	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Digital Services Division	Joint Legal Services	Scientific Investigation Unit	Joint Firearms Unit	Joint Procurement	Total	
Share of service benefit	Population (national benefit basis)	Population (national benefit basis)	Population (national benefit basis)	Population (national benefit basis)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Population	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Gross Expenditure												
South Wales Police	3,114	241	1,035	4,754	1,308	2,929	926	4,456	7,725	301	26,789	42.48%
Dyfed Powys Police	1,210	94	402	1,848	495	-	-	-	4,635	-	8,684	16.48%
Gwent Police	1,385	107	461	2,114	633	1,577	463	2,042	3,090	300	12,172	18.85%
North Wales Police	1,628	126	2,308	-	-	-	-	-	-	-	4,062	22.19%
	7,337	568	4,206	8,716	2,436	4,506	1,389	6,498	15,450	601	51,707	
Total Income & Grants												
South Wales Police	(3,114)	(241)	(1,035)	(2,774)	(25)	-	-	(5)	(809)	-	(8,003)	42.48%
Dyfed Powys Police	(1,210)	(94)	(402)	(1,078)	(9)	-	-	-	(486)	-	(3,279)	16.48%
Gwent Police	(1,385)	(107)	(461)	(1,234)	(12)	-	-	(2)	(324)	-	(3,525)	18.85%
North Wales Police	(1,628)	(126)	(2,308)	-	-	-	-	-	-	-	(4,062)	22.19%
	(7,337)	(568)	(4,206)	(5,086)	(46)	-	-	(7)	(1,619)	-	(18,869)	

GLOSSARY OF TERMS

AMORTISATION

Intangible assets should be amortised on a systematic basis over their economic lives. This is similar to depreciation.

ACCRUAL

A sum included in the final accounts to cover income and expenditure attributable to the account period but for which payment has not been made/received at the balance sheet date.

AGENCY SERVICES

The provision of services by one body (the agent) on behalf of, and generally reimbursed by, the responsible body.

ACTUARIAL GAINS AND LOSSES

Changes in actuarial deficits or surpluses can arise due to experience gains and losses (events have not coincided with the actuarial assumptions made for the last valuation) or changes in actuarial assumptions.

ASSET

Tangible and intangible assets that yield benefits to South Wales Police/ the Commissioner for a period of more than one year. Benefits of less than one year are regarded as current assets.

AUDIT

An independent examination of an organisation's activities.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the date specified.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset or expenditure which adds to, and not merely maintains, the value of an existing fixed asset.

CAPITAL ADJUSTMENT ACCOUNT

The capital adjustment account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from grants, revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

CAPITAL RECEIPT

Proceeds from the sale of fixed assets (e.g. land or buildings, or other money received towards capital expenditure).

CAPITAL RECEIPTS RESERVE

The capital receipts reserve is available to fund future expenditure of a capital nature, as budgeted by the Capital Programme.

CASH FLOW STATEMENT

A statement that summarises the movements in cash, both revenue and capital, during the year.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

The comprehensive income and expenditure statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

CREDITOR

An amount owed by South Wales Police/ the Commissioner for work done, goods received or services rendered within the accounting period but for which payment has not yet been made.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of pension scheme's liabilities expected to arise from employee service in the current period.

DEBTOR

An amount due to South Wales Police/ the Commissioner within the accounting period but not received at the balance sheet date.

DEPRECIATION

The measure of the cost, or revalued amount, of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

EARMARKED CAPITAL RESERVES

These reserves, generated by additional voluntary revenue contributions, are available for financing future expenditure of a capital nature, as budgeted by the Capital Programme.

EARMARKED REVENUE RESERVES

These are used to fund future revenue expenditure on specific projects that had not been fully finished in the current financial year.

CURRENT VALUE

The current value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

IMPAIRMENT

A reduction in the value of a fixed asset, below its carrying amount on the balance sheet.

INVENTORIES (STOCKS)

Uniforms, communication equipment parts, diesel, petrol and vehicle spares are procured by South Wales Police/ the Commissioner to use on a continuing basis. The value of those items not used at the specified date are shown in the balance sheet as assets.

LEASING

A method of financing the use of assets where a rental charge is paid over a specified period of time.

LIABILITY

An amount due to an individual or organisation which will be paid at some time in the future.

MOVEMENT IN RESERVES STATEMENT (MIRS)

This shows the movement from the start of the year to the end of the year on different reserves identified as usable and unusable reserves.

NATIONAL NON DOMESTIC RATE (NNDR)

The NNDR, or business rate, is the charge levied on occupiers of business premises to finance a proportion of Local Government and Police revenue expenditure. The amount of NNDR is set by Central Government by virtue of a multiplier applied to the rateable values. The multiplier is consistent throughout Wales with the total collected being distributed by Central Government, but administered by the Welsh Government.

PAST SERVICE COST (PENSIONS)

The increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

POLICE FUND

This reserve is maintained to meet exceptional and unforeseen expenditure.

POLICE GRANT

The amount of Home Office grant towards the revenue requirements of South Wales Police/ the Commissioner.

PRECEPT

The amount of income collected by the constituent County Borough Councils from council tax payers to pay for police services of South Wales Police/ the Commissioner.

PROVISION

An amount set aside in the accounts for liabilities that have been incurred, which are uncertain in terms of timing or amount.

PUBLIC WORKS LOAN BOARD (PWLB)

A Government Agency which provides longer term loans to Local Authorities at interest rates only slightly higher than those at which the Government itself can borrow.

RESERVE

Amounts set aside for purposes falling outside the definition of provisions and generally available for funding expenditure after the balance sheet date. Earmarked reserves are set aside for specific purposes.

REVENUE ACCOUNT/ INCOME AND EXPENDITURE ACCOUNT

An account which records day to day expenditure and income on such items as salaries and wages, running costs of services and the financing of capital expenditure.

REVENUE SUPPORT GRANT

A Welsh Government administered grant paid in support of Local Government and Police revenue expenditure.

SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES (SDPS)

The total operating costs of providing the services of South Wales Police / The Commissioner. It can be found in the Comprehensive Income & Expenditure Statement before the application of gains and losses based on changes in market valuations, interest rates and actuarial measurement assumptions.

TEMPORARY BORROWING/ INVESTMENT

Money borrowed/ invested for an initial period of less than one year.