

**NORTH WALES POLICE & CRIME COMMISSIONER  
GROUP STATEMENT OF ACCOUNTS  
(subject to Audit)  
2021 – 2022**

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## Narrative Report

### Group Accounts – Narrative Report by the Chief Finance Officer, Kate Jackson

#### INTRODUCTION

This Narrative report aims to provide a commentary around how resources have been used by the organisation to achieve its desired outcomes. It is subject to independent scrutiny by our appointed external auditors and the aim is to produce a report that is fair, balanced and understandable.

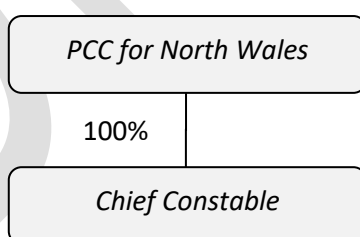
To that end the narrative report starts by clarifying the responsibilities of the Police & Crime Commissioner with sections on the organisation's Strategic Priorities, Operational and Financial Performance, Future Outlook and important content relating to the main Statement of Accounts then following on within the report.

#### GOVERNANCE & RESPONSIBILITIES

The Police Reform and Social Responsibility Act 2011 introduced the role of Police and Crime Commissioners in England and Wales with the new structure being implemented in 2012-2013

In principle, the Act established both the Police and Crime Commissioner and the Chief Constable as corporations sole, each deemed a separate legal entity that can employ staff, enter into contracts and take part in legal proceedings. The Police and Crime Commissioner has the responsibility to secure the maintenance of an efficient and effective police force and will commission the delivery of this from the Chief Constable. The Act has also established Police and Crime Panels for each policing area whose role is to hold the Police and Crime Commissioners to account for their decisions and actions.

In practice the two corporations sole are required to prepare their own statutory single entity Statement of Accounts, in accordance with the Code of Practice on Local Authority Accounting and relevant International Financial Reporting Standards. The Police and Crime Commissioner is also required to produce a set of Group Accounts. The Police and Crime Commissioner is identified as the holding organisation and the Chief Constable is deemed a wholly owned subsidiary. A more detailed review of the governance arrangements in place is included later in this document in the form of the Annual Governance Statement but the nature of the group's structure is set out within the legislation and the preparation of the group accounts is in accordance with statutory accounting practice.



The Statement of Accounts for 2021-2022 provides a picture of the financial position at 31 March 2022 and a summary of the income and expenditure in the year to 31 March 2022.

#### NORTH WALES STRATEGIC PRIORITIES

North Wales is regarded as one of the most beautiful places to live and visit in the UK.

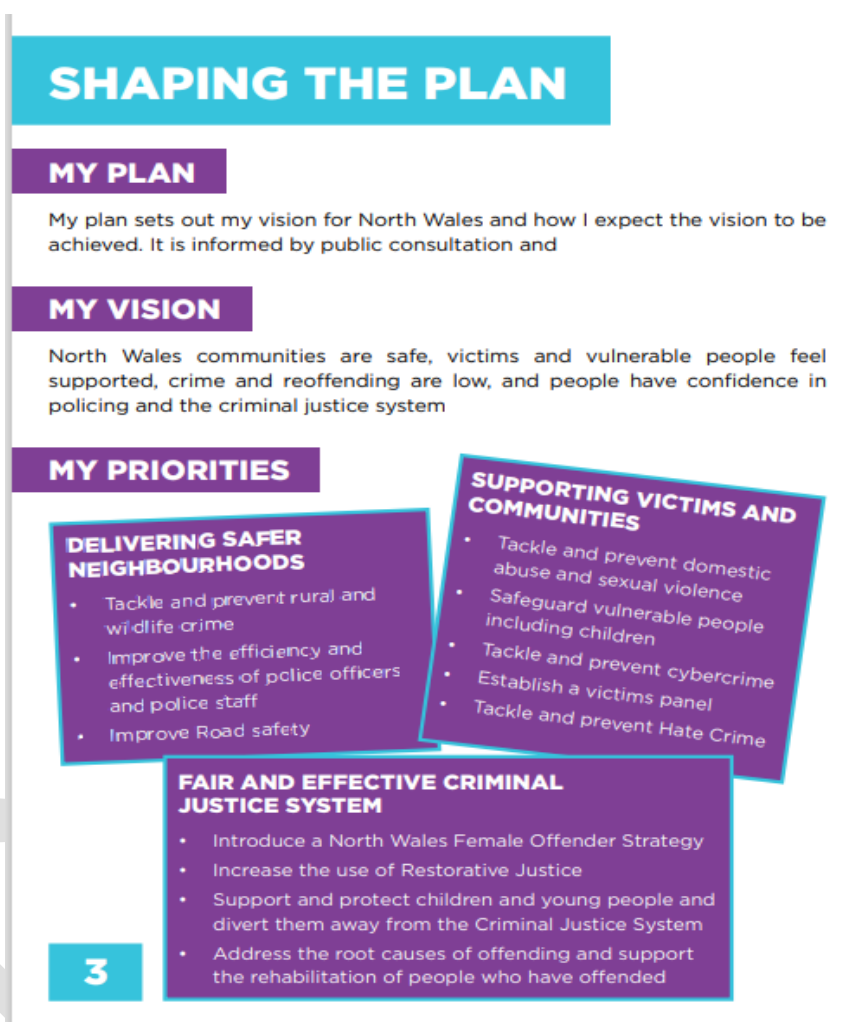
With a population of over 700,000, the North Wales force area covers an area of 6,300 square kilometres extending from Bronington in the East to Aberdaron in the West and from Cemaes Bay in the North to Aberdyfi in the South.

The Force area covers the six geographic counties of North Wales, namely Gwynedd, Anglesey, Conwy, Denbighshire, Flintshire and Wrexham and is serviced by a single Health Board, Betsi Cadwaladr University Health Board and by the North Wales Police & Crime Commissioner Group Statement of Accounts 2021-2022

North Wales Fire and Rescue Service and Authority. The area is also serviced by the National Probation Trust and the Welsh Ambulance Service Trust.

North Wales encompasses both urban and rural areas including two cities, the Snowdonia National Park, two significant ports (Holyhead in Anglesey and Mostyn in Flintshire), expanding industrial regions and numerous busy towns, many of which attract a high volume of tourists during the summer months.

The Police and Crime Commissioner (PCC) Andy Dunbobbin was elected in May 2021. The PCC revised the Police and Crime Plan and set the priorities as summarised below. The full plan is available on the PCC's website [Police and Crime Plan 2021 \(northwales-pcc.gov.uk\)](https://www.northwales-pcc.gov.uk).



Furthermore, as part of the COVID response plan a further five focus points in order to deal with the emergency situation were set out early in 2020-2021 and were still relevant in 2021-2022, these were:

1. Ensuring the Chief Constable has sufficient resources to respond to the emergency;
2. Ensuring, on behalf of our communities, that the police respond in ways that are necessary, sufficient, proportionate and ethical (holding to account);
3. Facilitating effective partnership working among agencies and groups working in community safety and criminal justice;
4. Commissioning services, particularly for victims of crime, and providing grants for policing and harm reduction purposes;
5. Ensuring that the long term health of North Wales Police is protected by monitoring the organisation's recovery planning and activity beyond the Covid-19 emergency.

With the overall priorities set by the PCC, the Chief Constable's Delivery Plan sets out the specific actions North Wales Police will take to deliver these priorities. Of note is the importance of partnership working to tackle them.

All priority areas present issues beyond policing and an effective response can be delivered only in partnership as reflected in the schematic below:



The Chief Constable's 'plan on page' for 2021-2022 is outlined below:

PLAN ON  
A PAGE

**OUR VISION** - what we aspire to

Making North Wales the **safest** place in the UK

HEDDLU  
GOGLEDD CYMRU  
NORTH WALES  
POLICE

making North Wales the **safest** place in the UK

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**POLICING DELIVERY** - what we do

We ensure that:

- Public have confidence in North Wales Police
- We deliver an excellent quality of service to victims
- We use police powers proportionately

PREVENT  
CRIME

PROTECT  
COMMUNITIES

PURSUE  
OFFENDERS

**OUR FOCUS** - how we deliver

PEOPLE	INNOVATION	PREVENTION
<p>With a focus on Diversity, Equality and Inclusion, we will</p> <ul style="list-style-type: none"> <li>• Attract a talented workforce, representative of our communities</li> <li>• Provide an outstanding wellbeing offer</li> <li>• Support people to reach their full potential</li> <li>• Celebrate achievements and value individual and team contributions</li> <li>• Expect our people to deliver an exceptional service and display the highest standards of behaviour</li> </ul>	<p>By creating a digital and agile working environment, we will</p> <ul style="list-style-type: none"> <li>• Maximise the opportunities for our people to work effectively</li> <li>• Improve our accessibility for our communities</li> <li>• Develop a visual data tool which provides our people with relevant information to support their decision making</li> <li>• Use data to help us adapt to the changing demands our organisation faces</li> <li>• Ensure the digital programme supports future digital innovation and opportunities</li> </ul>	<p>Adopting a preventative mind set across the whole organisation, we will</p> <ul style="list-style-type: none"> <li>• Engage with and listen to our communities to understand their concerns</li> <li>• Problem solve issues with our partners</li> <li>• Continue to develop our early intervention approach with our partners</li> <li>• Work with partners to prevent re offending</li> </ul>

We will develop strong financial and resourcing plans to ensure we are efficient and effective and provide value for money

## OPERATIONAL PERFORMANCE

The Statement of Accounts is primarily focused upon the financial performance for the year; however, it is also important to consider key objectives and performance set out in the Police and Crime Plan 2021-2024. The priorities in the plan have been developed in response to the areas of greatest threat, risk and harm facing North Wales following an extensive consultation process. Despite the unique circumstances the force retained its focus on value for money both in terms of its response to Covid-19 and its wider approach to service delivery.

The impact of Covid-19 and the resulting lockdown periods continued to have a large impact on the demands on Policing throughout 2021-2022. None of the priorities remained untouched by changes in demand or the influence of North Wales Police & Crime Commissioner Group Statement of Accounts 2021-2022

easing lockdowns and a return to normal freedoms. However, a number of priority areas did see some return to normal levels, but still below those of pre-pandemic in 2019-20. This makes assessments of performance delivery more complex to understand. Overall crime increased by 24% over the previous year, however this was largely due to demand having been suppressed to a great extent in the previous year.

- General demand over the summer period was higher than normal and started earlier in the year, largely due to the increase in UK visitors to the area. Demand in relation to 999 calls also increased and has remained at a higher level.
- Road traffic incidents returned to more normal levels and increased over the summer period. However, taken over the longer term, the number of those killed or seriously injured continues to reduce.
- Residential burglaries remained suppressed for a long period following easing of lockdown restrictions, potentially related to increased working from home.
- Reports of domestic abuse saw a number of increases following the ending of lockdown periods and has shown a general increasing trend in North Wales, largely due to increases in stalking and harassment and an emphasis on effective recording practices.
- An analysis of national trends over the period shows that North Wales' demand changes were largely in line with those happening in the rest of Wales and England, which gives some assurance that North Wales was not unusually affected by the second year of the pandemic.

### **National Performance Measures**

During 2021-2022 the Home Office introduced a set of national performance measures against which they will hold the Police Service as a whole accountable. The measures include homicide, drug related crime, cybercrime, domestic abuse and neighbourhood crime. The intention is for a reduction in these measures as compared with the pre-covid baseline of July 2019. Performance is managed through a series of meetings within the Home Office involving the Policing Minister and the Home Secretary. The measures are reported on to the public by the Police and Crime Commissioner.

### **Public safety and confidence**

The annual public confidence survey was run in late 2021 and included questions about the public perception of policing and confidence levels

- Respondents were asked how confident in general they are in North Wales Police. 84% of respondents expressed confidence in the police force, with just over a quarter (27%) very confident in North Wales Police. Although still high, perceptions have notably decreased since 2020 in regards to the confidence respondents hold in North Wales Police in general (84% cf. 93%2020: 93% of respondents expressed confidence in the police force.)
- Nine in ten respondents feel safe from crime and disorder in North Wales Police, and four in five respondents also feel that North Wales is safer compared to other areas around the UK; both of these are similar compared to the 2020 findings.
- Nine in ten respondents agreed that they are treated with respect by the police when in any form of contact with them, the highest level of agreement in terms of police perceptions.
- Over 80% also agreed that they treat everyone fairly regardless of who they are.
- Perceptions are lowest however in regard to dealing with minor crimes, where 62% agree that the police can be relied upon to deal with them. 67% also agree that the police deal with things that matter in the community, and 68% agreed that they can be relied upon when needed.

There has been significant, and at times very different, demand placed on the police service in 2021-2022 policing under COVID restrictions as well as dealing with the threats in crimes of terrorism, sexual exploitation and cyber-crime. Due to the PCC Elections in May 2021 resulting in a new PCC for North Wales, a new PCC Police and Crime Plan was published part way through the year in September 2021. As a result, the North Wales Police priorities were reviewed and adopted in December 2021. This resulted in the addition of priorities for Rural Crime and Cyber Crime. In addition, a Violence North Wales Police & Crime Commissioner Group Statement of Accounts 2021-2022

Against Women and Girls priority was introduced by North Wales Police. As these new priorities were introduced a large part of the way through the year, they will be considered in next year's performance. The Police and Crime Commissioner produces an Annual Report to detail performance for the year which can be found [here](#).

## **CORPORATE RISK**

A Joint Risk Management Framework is shared by the Police & Crime Commissioner and Chief Constable to identify, evaluate and manage the risks faced by the respective organisations. The framework defines the steps that are required to gain the necessary understanding to support effective decision making.

Under the scrutiny of the Joint Audit Committee the Force has developed its risk management framework over the course of the last two years. Over the course of the year the corporate risk registers have tracked the emergence of new risk, the closing of existing risk and also changes in the risk level occurring over the course of the year. The risk management framework itself has also been the subject of an annual review which included developing the Force's Risk Appetite statement, strengthening the documentation and approach in this area.

As would be expected, a Pandemic risk featured on the Force risk register and given Covid-19 events, a sub-register for risks relating to Covid-19 was monitored over the course of the year.

Other key corporate risks identified, tracked or monitored by the joint framework during 2021-2022 included: adequate financial resources being available to deliver service plans; accreditation of scientific units, IT delivery and developments, and recruitment of staff.

## **FINANCIAL PERFORMANCE**

### **2021-2022 Budget**

The Police and Crime Commissioner operated with a Net Revenue Budget of £173.365m for 2021-2022, which was formally set at a meeting of the Police and Crime Panel on 2 February 2021. This equated to a 5.9% increase to the base revenue budget from the previous financial year, comprising:

- Increase in precepts of 5.53%;
- Increase in Government funding of 5.93%, all of which was directed to increase officer numbers via Operation Uplift.

The CFO delivered a presentation and report for the panel outlining the precept proposal which was subject to scrutiny in the meeting. The precept proposal was approved unanimously.

The increase in Government Grants was directed towards recruiting, training, infrastructure and pay for an additional 62 Police Officers (Operation Uplift), with any unallocated amount in 2021-2022 to be used to fund future Uplift costs. This equated to £2.826m for North Wales Police.

### **2021-2022 Net Revenue Outturn & Net Transfer to Reserves**

Actual net operating expenditure for 2021-2022 was an outturn of £165.037m resulting in a net transfer to Group revenue reserves of £8.328m which is 4.8% of the Net Revenue Budget of £173.365m. This transfer to reserves was allocated as below:

	<b>£m</b>
Earmarked Reserves	6.691
Regional and National Collaborations	1.048
General Reserves	<u>0.589</u>
<b>Net Transfer to Group Reserves</b>	<b><u>8.328</u></b>

The overall net movement in Earmarked reserves (including the national and local partnerships North Wales Police acts as a host force) is summarised below:

	£m	£m
<b>Earmarked Reserves at 31 March 2021</b>		<b>25.460</b>
Planned Movements	1.943	
Other Movements in Earmarked Reserves	4.592	
Partnerships and Collaborations	1.048	
OPCC Reserves	0.156	
<b>Net Movement</b>		<b>7.739</b>
<b>Earmarked Reserves at 31 March 2022</b>		<b>33.199</b>

Further context for the Earmarked reserve net movement of £7.739m was:

- £1.943m being a planned and committed net movement of earmarked reserves including contributions to the Uplift reserve (£2.826m) and ESN reserve (£0.750m) and planned use of PFI (£0.188m), Management of Change (£0.280m), Estates (£0.288m) COVID (£0.313m) reserves and capital funding (0.564m);
- £4.592m being contributions to reserves to manage future costs and risk, Management of Change specific items identified (£0.874m), Training Reserve (£0.050m), PEQF (£0.250m), Insurance Reserve (£0.388m), Management of Change non specific (£1.230m) Capital Reserve (£1.000m) and a new reserve to mitigate the risk of energy price volatility (£0.800m);
- £1.048m related to contributions to earmarked reserves relating to the Forensic Collision Investigation Network and Minerva which North Wales Police host on behalf of all Policing areas, and other local and regional partnerships;
- £0.156m Reserves directly related to the OPCC.

The increase to the General Reserve of £0.589m represents the anticipated amount needed to ensure the General Reserve is maintained at the minimum level of 3% of net revenue budget throughout the next five years.

### Analysis of Outturn v Total Budgeted Operational Expenditure

Operating expenditure for the year increased by 4.46% on prior year to £165.037m (2021-2022: £157.992m), however overall, there was a £6.394m underspend variance to budgeted operating expenditure of £171.431m. This variance is further explained below.

	£m
Employee Costs	-1.013
Direct Pensions Costs	0.232
Premises	-0.646
Transport	-0.557
Information Technology	-0.660
Other non-staff	<u>-0.797</u>
Total non-staff	-2.660
Capital Funding	0.340
PCC Community Safety and Collaborations	-0.019
Income and Grants	-3.274
<b>Total revenue underspend</b>	<b>-6.394</b>



The outturn spend and financing is in the table below with further explanation of the key variances following:

ACTUAL 2020-2021 £m	REVENUE EXPENDITURE	BUDGET 2021-2022 £m	ACTUAL 2021-2022 £m	VARIANCE + (-) £m
139.976	EMPLOYEE COSTS	146.594	145.581	-1.013
3.462	POLICE PENSIONS	3.281	3.513	0.232
34.159	NON STAFF RUNNING COSTS	38.370	35.710	-2.660
4.799	CAPITAL FINANCING	4.354	4.694	0.340
0	CAPITAL FINANCING FROM RESERVES	0.564	0.564	0
5.200	PCC COMMUNITY SAFETY FUND AND PARTNERSHIPS	5.550	5.531	-0.019
1.306	NATIONAL COLLABORATIONS HOSTED	3.366	3.366	0
-30.910	INCOME	-30.648	-33.922	-3.274
<b>157.992</b>	<b>OPERATING EXPENDITURE</b>	<b>171.431</b>	<b>165.037</b>	<b>-6.394</b>
5.485	TRANSFERS TO/-FROM EARMARKED RESERVES (REV)	2.498	8.303	5.805
0	TRANSFERS TO/-FROM EARMARKED RESERVES (CAP)	-0.564	-0.564	0
0.228	TRANSFER TO/-FROM GENERAL RESERVE	0	0.589	0.589
<b>163.705</b>	<b>NET EXPENDITURE</b>	<b>173.365</b>	<b>173.365</b>	<b>0</b>
	<b>FINANCED BY:</b>			
78.715	TOTAL GRANTS	83.677	83.677	0
84.990	COUNCIL TAX PRECEPT	89.688	89.688	0
<b>163.705</b>	<b>TOTAL FINANCING</b>	<b>173.365</b>	<b>173.365</b>	<b>0</b>

### Further Analysis of Revenue Outturn – Underspend £6.394m

Primary reasons for the underspend outlined above were:

#### Employee costs – Underspend £1.013m

Pay for officers and staff is the largest single item in the budget, so while the underspend on salaries of £1.285m was within 1% of the annual budget, this represents a large proportion of the overall variance. This underspend was due to agreed growth being implemented over the course of the year, where the budget allowed for staff and officers to be in place throughout the whole period. Overtime was overspent by £0.775m due to additional mutual aid work and additional requirements due to COVID abstractions. We are able to invoice other forces when we provide mutual aid, and therefore this is offset by income. External Training was affected by COVID resulting in an underspend of £0.214m, with the balance of £0.289m used for allowances and other staff costs.

#### Direct Pension Costs – Overspend £0.232m

This was due to additional Ill Health retirements and higher than expected CPI which had a knock-on effect on Injury Pension payments.

#### Non Staff running costs

The main variances are analysed below:

- **Premises – Underspend £0.646m**

Specific works of £0.288m were delayed. Energy budgets were underspent by £0.187m due to a combination of usage and price not increasing as much as expected. The balance comprises a number of small amounts across various headings.

- **Transport – Underspend £0.557m**

Car and Travel allowances were underspent by £0.235m as officers and staff continued to work from home, with less or no requirement to travel to meetings. Vehicle running costs were underspent by £0.102m, the main contributors being reduced costs for fuel and accident repairs. The final element was the National Police Air Support costs being £0.220m underspent.

- **Information Technology – Underspend £0.660m**

The underspend is due to a number of development projects which have not as yet been fully implemented.

- **Other non-staff including contingencies – Underspend £0.797m**

The majority of this under spend related to contingencies (£0.652m) as most budgets were under spent there was no need to allocate contingencies. COVID additional costs were managed within the allocated reserve, therefore contingencies were managed so that they would be available at the end of year if needed. The balance of £0.145m was across several headings.

**Capital Funding** – Additional contribution of £0.340m to fund capital expenditure, this use of revenue underspend will reduce future borrowing.

**Income - Additional income £2.165m**

Significant items driving the variance include:

- **Secondments and other recharges income - £0.407m** in excess of the budget due to additional secondments during the year.
- **Other income - £1.842m** in excess of the budget. A major contributor was Mutual Aid income from a higher than usual number of smaller operations, and also larger deployments for G7 and CoP26 (£0.647m). Additional income was also received for events, training, and a one-off refund of rates. This also includes the surplus contributions from the national collaborations hosted by the Police and Crime Commissioner.

**Additional grant income - £1.109m**

Several additional grants or increased final payments for existing grants received during the year, the majority in Q3 and Q4. For example - Road Safety Partnership £0.243m; Uplift £0.084m; PCSOs £0.157m; Apprenticeships £0.204m; POCA £0.154m; Perpetrators £0.078m; Cyber £0.049m; other smaller grants £0.096m.

**Office of the Police & Crime Commissioner – Underspend £0.156m**

Included within the relevant headings is the cost of the Office of the Police and Crime Commissioner. The revised budget for the year was £0.955m and the outturn was £0.885m. This underspend of £0.070m related mainly to the staffing budget; other significant underspends were experienced in travelling and office running costs, as most staff continued to work from home, and there was less requirement to travel to face-to-face meetings. There was also a further underspend of £0.067m on Checkpoint, together with a £0.019m underspend on the Community Safety fund.

The Office of the Police and Crime Commissioner is responsible for commissioning services to support the Police and Crime Plan which amounted to £5.531m in 2021-2022. This was funded from the Commissioner's Community Safety budget and grants including Ministry of Justice grant to support victims of crime, and from Welsh Government for the VAWDASV programme. This expenditure was administered by the Office of the Police and Crime Commissioner during the financial year.

**Forensic Collision Investigation Network FCIN**

North Wales Police has agreed to host the FCIN in order to enable the accreditation of collision investigations nationally. All Policing areas in England and Wales have signed a collaboration agreement which includes the funding of the FCIN. 2021-2022 was the second year for FCIN, contributions exceeded costs by £0.535m, this amount has been set aside within the reserves to fund future FCIN costs governed by the FCIN National Board.

**Further Analysis of Capital Financing**

The original budget set for 2021-22 was £12.874m, this was increased to £15.794m due to slippage from 2020-21. The result was an over-ambitious Programme, especially when including the carry forward from previous years and

considering the impact of Covid-19 on resource availability and supply chains. The Capital Programme was reviewed and reset as part of the planning process, with the estimated spend being reduced to £8.325m at the end of Q3; however with the ongoing challenges across all main areas of capital spend this has proved to be over-optimistic. A further review was conducted in January/February 2022 and the final revised figure of £4.740m for 2021-2022 was included in the Capital Strategy as part of a revised 5 years capital programme that was agreed in March 2022.

Whilst this differs significantly to the original planned figure of £15.794, the reality is that a number of important areas have been progressed and moved forwards over the course of the financial year.

A summary is given below with the variance column analysing the difference between the Revised Budget and Actual outturn:

Description	2021-22 Q3 Estimate	2021-22 Revised Estimate £000	2021-22 Actual £000	2021-22 Var £000	2022-23 Est £000	2023-24 Est £000	2024-25 Est £000	2025-26 Est £000	2026-27 Est £000
Total Building Works	2,700	1,159	<b>1,133</b>	-26	5,310	6,777	5,168	2,100	2,100
Total Vehicles and Other Equipment	1,635	1,080	<b>889</b>	-191	2,820	1,667	2,441	1,797	1,341
Total Information Technology and Communication	3,900	2,501	<b>2,218</b>	-283	2,974	10,172	1,925	310	4,085
<b>Total Capital Expenditure</b>	<b>8,235</b>	<b>4,740</b>	<b>4,240</b>	<b>-500</b>	<b>11,104</b>	<b>18,616</b>	<b>9,534</b>	<b>4,207</b>	<b>7,526</b>
<b>Funding:</b>									
Home Office Grant	171	171	<b>124</b>	-47	0	0	0	0	0
Revenue Contribution	2,208	2,225	<b>2,465</b>	240	2,536	3,963	2,886	2,897	2,731
Earmarked Reserves	2,959	1,421	<b>820</b>	-601	2,793	1,477	0	0	0
Capital Receipts	271	101	<b>60</b>	-41	536	100	750	100	100
Borrowing for Estates	2,071	672	<b>638</b>	-34	4,239	6,677	4,418	1,210	2,000
Borrowing for replacement programme	555	150	<b>133</b>	-17	1,000	6,399	1,480	0	2,695
<b>Total Funding</b>	<b>8,235</b>	<b>4,740</b>	<b>4,240</b>	<b>-500</b>	<b>11,104</b>	<b>18,616</b>	<b>9,534</b>	<b>4,207</b>	<b>7,526</b>
<b>Funding:</b>									
External sources	171	171	<b>124</b>	-47	0	0	0	0	0
Own resources	5,438	3,747	<b>3,345</b>	-402	5,865	5,540	3,636	2,997	2,831
Debt	2,626	822	<b>771</b>	-51	5,239	13,076	5,898	1,210	4,695
<b>Total Funding</b>	<b>8,235</b>	<b>4,740</b>	<b>4,240</b>	<b>-500</b>	<b>11,104</b>	<b>18,616</b>	<b>9,534</b>	<b>4,207</b>	<b>7,526</b>

Key elements of the capital programme driving the figures are outlined below:

- **Building and Estates Work** – Pwllheli Police Station was completed and re occupied in the first half of 2021-2022. The Firearms base works were completed. Work on the Vehicle Commissioning Centre and Workshop commenced in Q4 of 2021-2022 and will be completed early in 2022-2023. Works in Caernarfon DHQ will be completed early in 2022-2023.
- **Vehicles and Equipment** - Vehicle replacement has been extremely challenging in 2021-2022. A combination of the final national contract (and pricing) being agreed later than expected, supply issues due to COVID, Brexit, and microchip scarcity resulted in considerable slippage into 2022-2023 with a level of uncertainty on delivery dates continuing.
- **IT and Communications** – A substantial cross-cutting Digital and IT upgrade programme was commenced in 2019-2020 and continued through to 2021-2022. This included implementation of personal issue laptop and personal-issue body worn video equipment for officers who previously shared equipment (now completed), national projects, and other smaller upgrades and developments within the Force's infrastructure. A number of critical workstreams have continued to progress over 2021-2022 including the areas of upgrading the Force's Command & Control system, NEP, a Mobile App and progress in relation to the Force's MI & Data Warehouse platform. Many of these works will continue in 2022-2023.

## RECONCILIATION OF FUNDING AVAILABLE & GAAP

The earlier sections of this report show how the funding available to the Police and Crime Commissioner (i.e. government grants and council tax) for the year have been spent to provide services in comparison with the original budget. It is on this basis that the expenditure and income is managed on a day-to-day basis.

However, the primary statements that follow within the Statement of Accounts are prepared and presented in accordance with generally accepted accounting practice, and show the accounting cost in year rather than the amount to be funded from taxation. The differences are detailed in Note 7 Adjustment between accounting basis and funding basis under regulations.

## RESERVES, PROVISIONS, SOURCES of INCOME & BORROWING:

### Reserves

The movement in reserves are shown in the table below:

<b>Movement in Reserves 2021-2022</b>	<b>Balance at 31 March 2021 £m</b>	<b>Transfers Out 2021-2022 £m</b>	<b>Transfers In 2021-2022 £m</b>	<b>Total Movement 2021-2022 £m</b>	<b>Balance at 31 March 2022 £m</b>
<b>General Reserve</b>	<b>5.417</b>	<b>0</b>	<b>0.589</b>	<b>0.589</b>	<b>6.006</b>
<b>Earmarked Reserves</b>					
Capital Reserve	3.002	-0.192	1.000	0.808	3.810
Pensions ill health reserve	0.975	0	0	0	0.975
PFI Reserve	3.106	-0.188	0	-0.188	2.918
Major Incident Reserve	2.435	0	0	0	2.435
Insurance Reserve	1.173	0	0.388	0.388	1.561
Estates Security and Maintenance	1.892	-0.288	0	-0.288	1.604
Management of Change Reserve	6.976	-0.653	2.104	1.451	8.427
Training Reserve	0.600	0	0.050	0.050	0.650
Uplift Reserve	1.577	0	2.826	2.826	4.403
ESN Reserve	0.158	0	0.750	0.750	0.908
COVID Reserve	0.597	-0.313	0	-0.313	0.284
PEQF Reserve	0.325	0	0.250	0.250	0.575
Energy Reserve	0	0	0.800	0.800	0.800
Partnerships Balances Reserve	0.733	-0.024	0.243	0.219	0.952
FCIN Reserve	1.080	-0.101	0.636	0.535	1.615
Minerva	0	0	0.294	0.294	0.294
Commissioners Community Safety Fund	0.508	0	0.073	0.073	0.581
Checkpoint (OPCC)	0.016	0	0.014	0.014	0.030
Legal Reserve (OPCC)	0.106	0	0	0	0.106
Office of the Police & Crime Commissioner Reserve	0.201	0	0.070	0.070	0.271
<b>Total Earmarked Reserves</b>	<b>25.460</b>	<b>-1.759</b>	<b>9.498</b>	<b>7.739</b>	<b>33.199</b>
<b>Total Revenue Reserves</b>	<b>30.877</b>	<b>-1.759</b>	<b>10.087</b>	<b>8.328</b>	<b>39.205</b>
<b>Capital Receipts Reserve</b>	<b>2.084</b>	<b>-0.060</b>	<b>0.326</b>	<b>0.266</b>	<b>2.350</b>
<b>Total all reserves</b>	<b>32.961</b>	<b>-1.819</b>	<b>10.413</b>	<b>8.594</b>	<b>41.555</b>

**Usable Reserves** – these are available for future expenditure (further details are in Notes 7 and 8)

The Police and Crime Commissioner's reserves are required to meet any unforeseen events, fund the revenue and capital plans of the Force and Office of the Police and Crime Commissioner over forthcoming periods, and to facilitate changes and developments that are required to improve efficiency and effectiveness and meet new demands.

Challenges still exist for the Police Service, given the level of imposed cuts during the period of austerity coupled with continued uncertainty over government funding and large scale national projects being implemented. The Police and Crime Commissioner continues to implement the budget strategy to deliver the required savings over the period and as part of this £2.902 million savings were identified and delivered during 2021-2022.

As part of the strategy, the level of reserves and provisions currently held is considered prudent and the general reserve has been increased to £6.006 million to maintain it within the acceptable range of 3% to 5% as defined in the Medium Term Financial Plan covering the next 4 years.

There were several movements within the reserves during 2021-22. Key elements in 2021-2022 to comment on in relation to Reserves and other long-term funding are listed below:

**Capital Reserve** – planned use of £0.192m towards capital funding and an increase of £1m to mitigate future expected price increases stemming from inflationary pressure and to fund new investments.

**Pension III Health Reserve** - not used in 2021-2022.

**PFI Reserve** – the Police and Crime Commissioner has a PFI scheme for the Divisional headquarters in St. Asaph. The funding for this scheme continues to be partially met from government grants, with the remainder funded by the revenue budget and an earmarked reserve. Details of the scheme and liability can be seen in Note 31. This is a planned contribution to offset the annual reduction in grant.

**Major Incident Reserve** – not used in 2021-2022.

**Insurance Reserve** – a review was independently conducted during 2021-2022, the contribution of £0.388m bring the reserve to the recommended level and includes £0.2m previously held as a provision.

**Estates Security and Maintenance** – established to cover the costs relating to the Estates Condition Survey carried out in 2018-2019 and any other unforeseen significant estates works. Expenditure of £0.288m funded in 2021-2022.

**Management of Change** – planned withdrawal of £0.653m (including £0.372m funding capital expenditure) and an agreed contribution of £0.874m towards specific costs; and a further £1.230m to fund future change requirements.

**Training Reserve** – £0.050m added to reserve from the external training budget underspend. The reserve is considered to be at the right level to deal with the training backlog following the reduction in training due to COVID during 2020-2021 and 2021-2022.

**Uplift Reserve** – the Home Office strongly advised that any uncommitted Uplift funding should be put to one side to fund future recruitment, training of probationers, and infrastructure. £2.826m contribution as planned.

**Emergency Service Network (ESN) Reserve** – planned contribution of £0.750m to fund the ESN implementation.

**COVID reserve** – an un-hypothecated grant of £0.597m was announced at the end of February 2021 towards additional cost of policing during the pandemic. As funding for these costs had already been identified by this point in the year, the amount was to be set aside for potential COVID and COVID recovery related costs in 2021-2022. £0.313m of the reserve was used.

**Police Education Qualification Framework (PEQF)** – probationers commenced with the PEQF qualifications from September 2020. As the numbers of Probationers increase due to Operation Uplift so too do the associated costs where there will be a peak in 2023-2024. By creating the reserve, this can be used to fund the peak in costs, so that a budget increase is not required. The £0.250m contribution to the reserve arises from income provided by Welsh Government/Home Office and under spend on the PEQF element of the Training budget.

**Energy Reserve** – a new reserve set up to mitigate the risk of volatility in energy prices. £0.800m has been contributed.

**Partnership balances** - a number of partnerships and regional collaborations where balances are held, which will be used to fund future expenditure.

**FCIN** – the Force has agreed to host the Forensic Collision Investigation Network in order to facilitate national accreditation of Forensic Collision Investigation work. contributions exceeded costs by £0.535m during the year, with this amount being set aside within the reserves to fund future FCIN costs governed by the FCIN Management Board.

**Minerva (a partnership between 26 UK police forces and Niche Technology)** – North Wales Police agreed to host the partnership from 2021-2022. The balance transferred was the net of £0.331m transferred from the previous host Sussex Police less £0.037m used during the year.

**Community Safety Fund** – contribution of £0.073m balancing the contributions and costs of the various commissioned work by the PCC.

**Checkpoint Reserve** - £0.014m added for future vehicle replacements.

**OPCC Legal Reserve** – no movements in 2021-2022.

**OPCC Reserve** – balance of £0.070m on the OPCC’s budget.

**Capital Receipts Reserve** - this can be used only to fund capital expenditure; Proceeds from the sale of Benllech and Gresford Police Stations were added, and £0.060m was used to fund capital expenditure.

Full details of the capital expenditure and financing are shown in Appendix A.

### Pensions impact on Reserves

The Police and Crime Commissioner has a negative reserve on the Balance Sheet arising from the treatment of IAS 19 Employee Benefits. This relates to the Police Officers’ Pension Schemes and the Police Staff Local Government Pension Scheme liabilities. This amounts to a deficit of £1.950 billion as at 31 March 2022. The Police Officer Pensions Schemes are unfunded and the amount shown in the reserve of -£1.888 billion represents the amount that would be required to have a fully funded scheme. This liability is underwritten by the Home Office. The Police Staff Local Government Scheme does have a fund to finance future liabilities, and the reserve shown of -£0.062 billion reflects the estimated deficit in the fund as at the end of March 2022. Further details are shown in Note 34 in the accounts. The Police Pension Scheme was subject to actuarial revaluation in March 2019 and the Police Staff Local Government Scheme subject to actuarial revaluation in March 2020, the results of these have been incorporated within the Statement of Accounts.

### Capital Balances & Reserves:

The following table provides a summary of the capital balances and reserves held by the Police and Crime Commissioner:

CAPITAL BALANCES AND RESERVES	OPENING BALANCE 01/04/2021 £'000	MOVEMENT £'000	CLOSING BALANCE 31/03/2022 £'000
<b><u>USABLE CAPITAL RESERVES</u></b>			
Capital Receipts Reserve	2,084	266	2,350
<b><u>UNUSABLE CAPITAL RESERVES</u></b>			
Revaluation Reserve	21,155	-642	20,513
Capital Adjustment Account	19,330	225	19,555

During the year the Police and Crime Commissioner reviewed asset valuations of 7 properties within the portfolio.

## Provisions

PROVISIONS	OPENING BALANCE £'000	MOVEMENT £'000	CLOSING BALANCE £'000
INSURANCE FUND	771	-117	654

Further breakdown is shown in Note 18. The amounts shown are for known liability claims.

## Sources of Income

The Comprehensive Income and Expenditure account shows where the Police and Crime Commissioner's money comes from and what it is spent on. The majority of his income was received from Government Grants and the precept, which is raised locally and is collected by the Unitary Authorities along with their council tax.

The following are the levels of the Police share of the Council Tax that were set during the 2020-2021 and 2021-2022 financial years:

Band	A	B	C	D	E	F	G	H	I
2020-2021	193.74	226.03	258.32	290.61	355.19	419.77	484.35	581.22	678.09
2021-2022	203.70	237.65	271.60	305.55	373.45	441.35	509.25	611.10	712.95

## Borrowing

No long-term or short-term borrowing was taken out in 2021-2022. The total of loans outstanding at the end of the financial year was £8.908 million (2020-2021 £9.410 million).

## FUTURE OUTLOOK

Uncertainty surrounding the level and potential impact of the future funding settlements in the Police Service mandates the need to continue to ensure that we maintain a stable financial platform and continue to review and transform our services. The war in Ukraine, impacts of COVID, the current high levels of inflation and a potential future review of the Police Funding Formula heighten the current levels of uncertainty further.

The Medium Term Financial Plan sets out the financial requirements over the 2021-2026 period. It links the Police and Crime Plan priorities to the financial strategy and can be found on the Police and Crime Commissioner's Website.

The Police and Crime Commissioner and Chief Constable are committed to ensuring that the police service in North Wales is fit for purpose and provides value for money to the people of North Wales. An essential part of this is the requirement for adequate reserves, in order to meet forthcoming challenges and ultimately protect front line services. Having a sustainable financial platform is vitally important for future service delivery. The Strategic planning process has a critical role to play in ensuring that resources are allocated to the areas that matter most to meeting the demands that the organisation faces, in an effective way that delivers Value for Money in the process.

The 2022-2023 Budget was set by the Police and Crime Commissioner, and approved by the Police and Crime Panel on 31 January 2022, at £182.268 million. This represented a 3.68% Council Tax increase and an overall net increase of 5.14% compared to the 2021-2022 budget of £173.365 million. The increase includes an allocation of 82 additional Police Officers from phase 3 of the Government's Operation Uplift which will increase officer numbers by 20,000 nationally. Significant investments have been made in delivering safer neighbourhoods, supporting victims and communities, and a fair and effective criminal justice system. In addition to this there was a significant increase due to inflationary and other unavoidable structural costs. The Chief Finance Officer delivered a presentation and report to the Police and Crime Panel outlining the precept proposal, which was subject to scrutiny in the meeting. The precept proposal was approved unanimously.

During the last quarter of 2019-2020 Coronavirus spread internationally resulting in the UK entering lockdown on 23 March 2020. The impact on the 2020-2021 accounts was significant; however, the effect on the overall financial position was minimal due to government support and reallocation of existing budgets. The pandemic had a significant effect in 2021-2022; additional costs were kept to a minimum but the various waves led to in force resources and impacts on the force's supply chain, especially in the final quarter of the year. Whilst also only impacting the final quarter of 2021-22 the Ukraine crisis also had a bearing on pricing and supply chains (with more significant impacts anticipated in 2022-23 and beyond). The overall impact for 2021-22 was lower than expected expenditure. Additional disclosures are included where appropriate. The long-term effect on costs of policing relating to the pandemic is being monitored and managed within the 2022-2023 budgets and reserves. It is uncertain at this time what medium or long term impact the pandemic will have operationally or financially. The Force set up a Recovery Group to manage any issues and to ensure implications are incorporated into the planning cycle. Longer term opportunities from changes in working practices, such as home working, are being implemented.

### **ACCOUNTING POLICIES**

Changes in accounting policies are made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the financial position or financial performance. Minor changes have been made to update the policies; these have had no material effect on the accounts and so have not required re-statement of the previous year's accounts.

### **COLLABORATION with OTHER BODIES**

Police and Crime Commissioners are encouraged to explore areas where they might collaborate on the delivery of services, either with other police forces or on a local level with other public bodies.

To that end the Police and Crime Commissioner is working closely with the other Welsh Forces and the North West Region to explore areas for collaboration.

The Force has been hosting the national Forensic Collision Investigation Network (FCIN) since 2020-2021, this is a significant collaboration between all policing areas in Wales and England with an aim to attain accreditation and ensure the highest standards in collision investigation nationally. The FCIN was a significant area of work for the Force in its host force capacity during 2021-2022.

On the 1<sup>st</sup> April 2021 lead responsibility for Minerva, a collaboration made up of 27 Minerva member forces based upon their common use of the Niche Records Management System (NicheRMS365), was passed to the Police and Crime Commissioner for North Wales.

Details of all current collaboration arrangements are shown in Note 39.

### **EVENTS AFTER THE REPORTING PERIOD**

At the time that the Statement of Accounts were submitted to the Police and Crime Commissioner on the 31<sup>st</sup> May 2022, all material adjusting or non-adjusting events which would be required to be included in the Statement of Accounts have been reflected under Note 6.

### **GROUP STATEMENT OF ACCOUNTS**

The group accounts present a detailed picture of the financial affairs of the group, Police and Crime Commissioner and Chief Constable and comprise:

- **Group Statement of Responsibilities** (Page 18).

This sets out the responsibilities of the Police and Crime Commissioner and the Chief Finance Officer in respect of the Statement of Accounts and confirms that the accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting.



- **Expenditure and Funding Analysis** (Page 19).

This shows how annual expenditure is used and funded from resources (government grants, council tax precept and business rates) by the Police and Crime Commissioner and the Group in comparison with those resources consumed or earned by the Police and Crime Commissioner and the Group in accordance with generally accepted accounting practice. It also shows how this expenditure is allocated for management accounting purposes. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

- **Comprehensive Income and Expenditure Statement** (Page 21).

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice rather than the amount to be funded from taxation. The Police and Crime Commissioner raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

- **Group Movement in Reserves Statement** (Page 22).

This statement shows the movement in the year on the different reserves held by the Police and Crime Commissioner, analysed into usable reserves (those that can be applied to fund expenditure) and other (principally technical accounting) unusable reserves.

- **Group Balance Sheet** (Page 23).

This shows the carrying values as at the Balance Sheet date of the assets and liabilities recognised by the Police and Crime Commissioner. The net assets of the Police and Crime Commissioner (assets less liabilities) are matched by the reserves held by the Police and Crime Commissioner.

- **Group Cash Flow Statement** (Page 24).

This statement shows the changes in cash and cash equivalents of the Police and Crime Commissioner during the year.

- **Group Notes to the Statements** (Pages 25 to 62).

These are all the explanatory notes which explain in more detail a number of items relating to the primary statements.

- **Police Pension Fund Account** (Page 63).

This details the transactions relating to Police Pension income and expenditure.

- **Group Statement of Accounting Policies** (Page 64).

This statement supports the accounts and details the specific principles, rules and practices applied by the Police and Crime Commissioner in preparing and presenting the financial statements.

These have been produced in accordance with the accounting standards which currently apply to local policing bodies. Where this produces a conflict with the underlying legal requirement to produce accounts showing taxpayers' funds, relevant adjustments have been made in accordance with the CIPFA code of practice. A schedule of these adjustments can be found in Note 7 "Adjustments between Accounting Basis and Funding Basis under Regulations".

## Statement of Responsibilities for the Group Statement of Accounts

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

### **The Police and Crime Commissioner's Responsibilities**

The Police and Crime Commissioner is required:-

- \* to make arrangements for the proper administration of his financial affairs and to secure that one of his officers has the responsibility for the administration of those affairs. In this organisation, that officer is the Chief Finance Officer.
- \* to manage his affairs to secure economic, efficient and effective use of resources and safeguard his assets.
- \* approve the group statement of accounts.

I approve this Statement of Accounts for the year ended 31 March 2022.

**Andy Dunbobbin Police and Crime Commissioner for North Wales**

Date: xxxxxxx

### **The Chief Finance Officer's Responsibilities**

The Chief Finance Officer is responsible for the preparation of the Group Statement of Accounts in accordance with proper practice 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 judgments and estimates that were reasonable and prudent.
- \* complied with the Code of Practice.

The Chief Finance Officer has also:

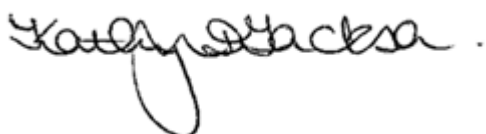
- \* kept proper accounting records which were up to date.
- \* taken reasonable steps for the prevention and detection of fraud and other irregularities.

### **CHIEF FINANCE OFFICER'S CERTIFICATE**

The statement of accounts has been prepared in accordance with the requirements of the Local Government Accounts and Audit (Wales) Regulations 2014 and reflects the format and content of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2021-2022 and the Service Reporting Code of Practice.

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Police and Crime Commissioner and the Group at the reporting date and of its income and expenditure for the year ended 31 March 2022.

The audit certificate appears on pages 101 to 102.



**Kate Jackson (Chief Finance Officer)**

Date: 31<sup>st</sup> May 2022

### Group Expenditure and Funding Analysis 2021-2022

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the Police and Crime Commissioner (i.e. government grants and council tax) for the year has been used in providing services in comparison with those resources consumed or earned by the Police and Crime Commissioner in accordance with generally accepted accounting practice. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

2021-2022	GROUP			PCC			CC		
	Net Expenditure chargeable to the General Fund	Adjustments between accounting and funding basis (Note 24)	Net Expenditure in the Comprehensive Income & Expenditure Statement	Net Expenditure chargeable to the General Fund	Adjustments between accounting and funding basis (Note 24)	Net Expenditure in the Comprehensive Income & Expenditure Statement	Net Expenditure chargeable to the General Fund	Adjustments between accounting and funding basis (Note 24)	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Policing Services	185,873	13,912	199,785	-19,544	53	-19,491	205,417	13,859	219,276
<b>Net Cost of Services before intra group transfer</b>	<b>185,873</b>	<b>13,912</b>	<b>199,785</b>	<b>-19,544</b>	<b>53</b>	<b>-19,491</b>	<b>205,417</b>	<b>13,859</b>	<b>219,276</b>
Intra Group Transfer	0	0	0	205,417	0	205,417	-205,417	0	-205,417
<b>Net Cost of Services</b>	<b>185,873</b>	<b>13,912</b>	<b>199,785</b>	<b>185,873</b>	<b>53</b>	<b>185,926</b>	<b>0</b>	<b>13,859</b>	<b>13,859</b>
Other Income and Expenditure	-194,201	39,306	-154,895	-194,201	-130	-194,331	0	39,436	39,436
<b>SURPLUS(-)/DEFICIT(+) ON PROVISION OF SERVICES</b>	<b>-8,328</b>	<b>53,218</b>	<b>44,890</b>	<b>-8,328</b>	<b>-77</b>	<b>-8,405</b>	<b>0</b>	<b>53,295</b>	<b>53,295</b>
Opening General Fund Balance *	-30,877								
Add surplus(-)/deficit(+) on General Fund balance in year	-8,328								
<b>CLOSING GENERAL FUND BALANCE *</b>	<b>-39,205</b>								

\* Usable Revenue Reserves

### Group Expenditure and Funding Analysis 2020-2021

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the Police and Crime Commissioner (i.e. government grants and council tax) for the year has been used in providing services in comparison with those resources consumed or earned by Police and Crime Commissioners in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020-2021	GROUP			PCC			CC		
	Net Expenditure chargeable to the General Fund	Adjustments between accounting and funding basis (Note 24)	Net Expenditure in the Comprehensive Income & Expenditure Statement	Net Expenditure chargeable to the General Fund	Adjustments between accounting and funding basis (Note 24)	Net Expenditure in the Comprehensive Income & Expenditure Statement	Net Expenditure chargeable to the General Fund	Adjustments between accounting and funding basis (Note 24)	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Policing Services	175,962	6,456	182,418	-19,089	-89	-19,178	195,051	6,545	201,596
<b>Net Cost of Services before intra group transfer</b>	<b>175,962</b>	<b>6,456</b>	<b>182,418</b>	<b>-19,089</b>	<b>-89</b>	<b>-19,178</b>	<b>195,051</b>	<b>6,545</b>	<b>201,596</b>
Intra Group Transfer	0	0	0	195,051	0	195,051	-195,051	0	-195,051
<b>Net Cost of Services</b>	<b>175,962</b>	<b>6,456</b>	<b>182,418</b>	<b>175,962</b>	<b>-89</b>	<b>175,873</b>	<b>0</b>	<b>6,545</b>	<b>6,545</b>
Other Income and Expenditure	-181,676	38,979	-142,697	-181,676	-192	-181,868	0	39,171	39,171
<b>SURPLUS(-)/DEFICIT(+) ON PROVISION OF SERVICES</b>	<b>-5,714</b>	<b>45,435</b>	<b>39,721</b>	<b>-5,714</b>	<b>-281</b>	<b>-5,995</b>	<b>0</b>	<b>45,716</b>	<b>45,716</b>
Opening General Fund Balance *	-25,163								
Add surplus(-)/deficit(+) on General Fund balance in year	-5,714								
<b>CLOSING GENERAL FUND BALANCE *</b>	<b>-30,877</b>								

\* Usable Revenue Reserves

## Group Comprehensive Income and Expenditure Statement

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. The Police and Crime Commissioner raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020-2021				2021-2022		
GROUP	PCC	CC		GROUP	PCC	CC
£000	£000	£000		£000	£000	£000
59,854	0	59,854	Police Officers	63,030	0	63,030
40,621	516	40,105	Support Staff	41,382	532	40,850
61,590	88	61,502	Pensions	75,906	93	75,813
1,208	0	1,208	Allowances	1,240	0	1,240
1,095	7	1,088	Indirect Employees Expenses	1,778	5	1,773
6,388	0	6,388	Premises	6,580	1	6,579
2,422	3	2,419	Transport Expenses	2,575	4	2,571
22,647	172	22,475	Supplies and Services	23,506	183	23,323
8,756	0	8,756	Third Party Payments	9,623	0	9,623
238	62	176	Support Services	170	72	98
5,386	5,386	0	Depreciation, amortisation and impairment	6,074	6,074	0
0	5,506	-5,506	PCC expenditure on grants and initiatives	0	5,553	-5,553
3,131	0	3,131	Uncompensated absences accrual	-71	0	-71
<b>213,336</b>	<b>11,740</b>	<b>201,596</b>	<b>Gross Operating Expenditure</b>	<b>231,793</b>	<b>12,517</b>	<b>219,276</b>
-30,918	-30,918	0	Income	-32,008	-32,008	0
<b>182,418</b>	<b>-19,178</b>	<b>201,596</b>	<b>COST OF SERVICES</b>	<b>199,785</b>	<b>-19,491</b>	<b>219,276</b>
0	195,051	-195,051	Commissioning Cost (intra group transfer)	0	205,417	-205,417
<b>182,418</b>	<b>175,873</b>	<b>6,545</b>	<b>NET COST OF SERVICES</b>	<b>199,785</b>	<b>185,926</b>	<b>13,859</b>
-69	-69	0	Other Operating Expenditure (Note 9)	-6	-6	0
40,191	1,020	39,171	Financing & investment income and expenditure (Note 10)	40,363	927	39,436
-18,991	-18,991	0	Home Office Grant Payable towards the cost of retirement benefit	-21,763	-21,763	0
-163,828	-163,828	0	Taxation & Non-specific grant income (Note 11)	-173,489	-173,489	0
<b>39,721</b>	<b>-5,995</b>	<b>45,716</b>	<b>SURPLUS(-)/DEFICIT(+) ON PROVISION OF SERVICES</b>	<b>44,890</b>	<b>-8,405</b>	<b>53,295</b>
-793	-793	0	(Surplus) or deficit on revaluation of PPE	227	227	0
181,762	0	181,762	Actuarial (gains) / losses on pension assets / liabilities	-65,673	0	-65,673
<b>180,969</b>	<b>-793</b>	<b>181,762</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>-65,446</b>	<b>227</b>	<b>-65,673</b>
<b>220,690</b>	<b>-6,788</b>	<b>227,478</b>	<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>	<b>-20,556</b>	<b>-8,178</b>	<b>-12,378</b>

### Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Movement in Reserves Statement shows how the movements in year of the Police and Crime Commissioner's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practice, and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/(Decrease) line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Police and Crime Commissioner Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2020</b>	<b>25,163</b>	<b>54</b>	<b>0</b>	<b>25,217</b>	<b>-1,701,883</b>	<b>-1,676,666</b>
<u>Movement in reserves during 2020-2021</u>						
Total Comprehensive Expenditure and Income	-39,721	0	0	-39,721	-180,969	-220,690
Adjustments between accounting basis & funding basis under regulations (Note 7)	45,435	2,030	0	47,465	-47,465	0
Net increase (+)/decrease (-) in 2020-2021	5,714	2,030	0	7,744	-228,434	-220,690
<b>Balance at 31 March 2021 carried forward</b>	<b>30,877</b>	<b>2,084</b>	<b>0</b>	<b>32,961</b>	<b>-1,930,317</b>	<b>-1,897,356</b>
<u>Movement in reserves during 2021-2022</u>						
Total Comprehensive Expenditure and Income	-44,890	0	0	-44,890	65,446	20,556
Adjustments between accounting basis & funding basis under regulations (Note 7)	53,218	266	0	53,484	-53,484	0
Net increase (+)/decrease (-) in 2021-2022	8,328	266	0	8,594	11,962	20,556
<b>Balance at 31 March 2022 carried forward</b>	<b>39,205</b>	<b>2,350</b>	<b>0</b>	<b>41,555</b>	<b>-1,918,355</b>	<b>-1,876,800</b>

1: The general fund balance includes those reserves that are specifically earmarked as set out in Note 8.

## Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Police and Crime Commissioner. The net assets of the Police and Crime Commissioner (assets less liabilities) are matched by the reserves held by the Police and Crime Commissioner. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Police and Crime Commissioner may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may be used only to fund capital expenditure or repay debt). The second category of reserves are those that the Police and Crime Commissioner is not able to use to provide services. This category of reserves includes reserves that record unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that record timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Chief Constable	Police & Crime Commissioner	Group		Chief Constable	Police & Crime Commissioner	Group
<b>2020-2021</b>				<b>2021-2022</b>		
<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
0	58,434	58,434	Land & Properties	0	57,149	57,149
0	10,882	10,882	Vehicles, Plant, Furniture and Equipment		9,783	9,783
1,962,371	0	0	Long-term Debtors to PCC (note 34)	1,950,063	0	0
<b>1,962,371</b>	<b>69,316</b>	<b>69,316</b>	<b>Long Term Assets (note 12)</b>	<b>1,950,063</b>	<b>66,932</b>	<b>66,932</b>
0	6,000	6,000	Short Term Investments (note 36)	0	19,856	19,856
0	1,135	1,135	Assets Held for Sale (note 16)	0	1,135	1,135
534	0	534	Inventories (note 13)	394	0	394
1,158	8,961	10,119	Short Term Debtors (note 14)	1,332	11,646	12,978
7,988	0	0	Intra Group Transfer	9,657	0	0
0	15,868	15,868	Cash and Cash Equivalents (note 15)	0	10,280	10,280
<b>9,680</b>	<b>31,964</b>	<b>33,656</b>	<b>Current Assets</b>	<b>11,383</b>	<b>42,917</b>	<b>44,643</b>
0	-535	-535	Short Term Borrowing (note 36)	0	-533	-533
-16,419	-2,254	-18,673	Short Term Creditors and Deferred Income (note 17)	-18,017	-2,507	-20,524
0	-877	-877	Short Term Finance Lease (note 31)	0	-951	-951
-1,692	-6,296	0	Intra Group Transfer	-1,726	-7,931	0
0	-44	-44	Provisions (note 18)	0	-31	-31
<b>-18,111</b>	<b>-10,006</b>	<b>-20,129</b>	<b>Current Liabilities</b>	<b>-19,743</b>	<b>-11,953</b>	<b>-22,039</b>
0	-727	-727	Provisions (note 18)	0	-623	-623
0	-1,962,371	0	Long Term Creditor	0	-1,950,063	0
0	-8,875	-8,875	Long Term Borrowing (note 36)	0	-8,375	-8,375
0	-8,226	-8,226	Long Term Finance Lease (note 31)	0	-7,275	-7,275
-1,962,371	0	0	Other long-term liabilities (note 34)	-1,950,063	0	0
0	0	-1,962,371	Liability Related to Defined Pension Scheme (note 34)	0	0	-1,950,063
<b>-1,962,371</b>	<b>-1,980,199</b>	<b>-1,980,199</b>	<b>Long Term Liabilities</b>	<b>-1,950,063</b>	<b>-1,966,336</b>	<b>-1,966,336</b>
<b>-8,431</b>	<b>-1,888,925</b>	<b>-1,897,356</b>	<b>Net Assets</b>	<b>-8,360</b>	<b>-1,868,440</b>	<b>-1,876,800</b>
			<b>Financed By:</b>			
0	32,961	32,961	Usable Reserves (notes 7 & 8)	0	41,555	41,555
-8,431	-1,921,886	-1,930,317	Unusable Reserves (note 20)	-8,360	-1,909,995	-1,918,355
<b>-8,431</b>	<b>-1,888,925</b>	<b>-1,897,356</b>	<b>Total Reserves</b>	<b>-8,360</b>	<b>-1,868,440</b>	<b>-1,876,800</b>

### Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Police and Crime Commissioner during the reporting period. The statement shows how the Police and Crime Commissioner 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 of the Police and Crime Commissioner are funded by way of taxation and grant income or from the recipients of services provided by the Police and Crime Commissioner. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Police and Crime Commissioner's 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) to the Police and Crime Commissioner.

<b>2020-2021 £000</b>		<b>2021-2022 £000</b>
39,721	Net surplus (-) or deficit (+) on the provision of services	44,890
-57,646	Adjust net surplus (-) or deficit (+) on the provision of services for non-cash movements (Note 21)	-58,775
2,242	Adjust for items included in the net surplus (-) or deficit (+) on the provision of services that are investing and financing activities	450
-15,683	Net cash flows from Operating Activities (Note 21)	-13,435
9,016	Investing activities (Note 22)	17,644
6,313	Financing Activities (Note 23)	1,379
<b>-354</b>	<b>Net increase (-) or decrease (+) in cash and cash equivalents</b>	<b>5,588</b>
15,514	Cash and cash equivalents at the beginning of the reporting period (note 15)	15,868
<b>15,868</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 15)</b>	<b>10,280</b>



## Notes to the Group Statement of Accounts

### 1. Restatement of previous years Statements

There are no changes that require the restatement of the previous year's Statements.

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

The Code requires the Police and Crime Commissioner to disclose information relating to the impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code. The following changes will be required from 1 April 2022 :-

Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards (IFRS 1, IAS 37, IFRS 16 and IAS 41). None of these amendments will have a significant effect on the Statement of Accounts.

### 3. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in the Statements, the Police and Crime 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 are:-

There remains uncertainty around proposed changes to the Police funding in the medium term. There are plans in place to balance the budget in future years as set out in the medium-term financial plan; however, it is not certain whether the current levels of funding will be sufficient in order to meet the resources required over the period of the medium-term financial plan (MTEP) and therefore annual cycles of organisational planning will take place in line with the Financial Strategy contained in the MTEP.

### 4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner where the exact amount is not yet known. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Items within the Group Balance Sheet as at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming year are as follows:

Item	Uncertainties	Effect if Actual results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension funds' assets. A firm of consulting actuaries is engaged to provide the Police and Crime Commissioner with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. The impact of increase or decrease in the assumptions e.g. increase or decrease in the discount rate is set out in Note 34.

## 5. Material Items of Income and Expenditure

All applicable material items of income and expenditure are shown on the face of the Comprehensive Income and Expenditure Statement.

## 6. Events after the Balance Sheet Date

Material events taking place after the reporting date but prior to the financial statements being authorised for issue are reflected in the financial statements and notes. Where events taking place provided information about conditions existing at 31 March 2022 the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 7. Adjustment between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Police and Crime Commissioner in the year to reflect the difference between General Accepted Accounting Practice (GAAP) and statutory provisions.

### **General Fund Balance:**

The General Fund Balance is the statutory fund into which all the receipts of a Police and Crime Commissioner are required to be paid, and out of which all liabilities of the Police and Crime Commissioner are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which the liabilities and payments should impact on the General Fund Balance which is not necessarily in accordance with proper accounting practice. The General Fund Balance, therefore, summarises the resources that the Police and Crime Commissioner is statutorily empowered to spend on services or capital investment (or the deficit of resources that the Police and Crime Commissioner 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 are yet to be applied for these purposes at the year end.

### **Capital Grants Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Police and Crime Commissioner has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or for the financial year in which this can take place.

2021-2022	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments to Revenue Resources:</b>				
Pensions costs (transferred to (or from) the pensions reserve)	53,366	0	0	-53,366
Charges for depreciation and impairment of non-current assets	6,074	0	0	-6,074
Revaluation losses on Property, plant and equipment	0	0	0	0
Capital grants and contributions applied	-124	0	0	124
Holiday Pay (transferred to the accumulated absences account)	-71	0	0	71
Financial Instruments (transferred to the FIAA)	0	0	0	0
Reversal of entries included in the SDPS in relation to capital expenditure (charged to the CAA).	320	0	0	-320
<b>Total Adjustments to Revenue Resources</b>	<b>59,565</b>	<b>0</b>	<b>0</b>	<b>-59,565</b>
<b>Adjustments between Revenue and Capital Resources:</b>				
Transfer of Non-Current Asset sale proceeds from revenue to the capital receipts reserve	-326	326	0	0
Statutory provision for repayment of debt	-2,737	0	0	2,737
Capital expenditure financed from revenue balances	-3,284	0	0	3,284
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-6,347</b>	<b>326</b>	<b>0</b>	<b>6,021</b>
<b>Adjustments to Capital Resources:</b>				
Application of capital grants to finance capital	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	-60	0	60
Cash payments in relation to deferred capital receipts	0	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>-60</b>	<b>0</b>	<b>60</b>
<b>Total Adjustments</b>	<b>53,218</b>	<b>266</b>	<b>0</b>	<b>-53,484</b>

2020-2021	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments to Revenue Resources:</b>				
Pensions costs (transferred to (or from) the pensions reserve)	42,585	0	0	-42,585
Charges for depreciation and impairment of non-current assets	5,386	0	0	-5,386
Revaluation losses on Property, plant and equipment	0	0	0	0
Capital grants and contributions applied	-124	0	0	124
Holiday Pay (transferred to the accumulated absences account)	3,131	0	0	-3,131
Financial Instruments (transferred to the FIAA)	0	0	0	0
Reversal of entries included in the SDPS in relation to capital expenditure (charged to the CAA).	2,050	0	0	-2,050
<b>Total Adjustments to Revenue Resources</b>	<b>53,028</b>	<b>0</b>	<b>0</b>	<b>-53,028</b>

2020-2021 continued	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments between Revenue and Capital Resources:</b>				
Transfer of Non-Current Asset sale proceeds from revenue to the capital receipts reserve	-2,118	2,118	0	0
Statutory provision for repayment of debt	-2,629	0	0	2,629
Capital expenditure financed from revenue balances	-2,846	0	0	2,846
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-7,593</b>	<b>2,118</b>	<b>0</b>	<b>5,475</b>
<b>Adjustments to Capital Resources:</b>				
Application of capital grants to finance capital	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	-88	0	88
Cash payments in relation to deferred capital receipts	0	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>-88</b>	<b>0</b>	<b>88</b>
<b>Total Adjustments</b>	<b>45,435</b>	<b>2,030</b>	<b>0</b>	<b>-47,465</b>

## 8. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2021-2022. The net movement in 2021-2022 was £7.739m increase.

Reserve:	Balance at 31 March 2020 £'000	Transfers Out 2020-2021 £'000	Transfers In 2020-2021 £'000	Balance at 31 March 2021 £'000	Transfers Out 2021-2022 £'000	Transfers In 2021-2022 £'000	Balance at 31 March 2022 £'000
Capital Reserve	3,002	0	0	3,002	-192	1,000	3,810
Pensions ill health reserve	1,115	-140	0	975	0	0	975
PFI Reserve	3,177	-71	0	3,106	-188	0	2,918
Major Incident Reserve	2,435	0	0	2,435	0	0	2,435
Insurance Reserve	1,173	0	0	1,173	0	388	1,561
Estates Security and Maintenance	2,279	-490	103	1,892	-288	0	1,604
Management of Change Reserve	5,290	-259	1,945	6,976	-653	2,104	8,427
Training Reserve	100	0	500	600	0	50	650
Uplift Reserve	0	0	1,577	1,577	0	2,826	4,403
Emergency Service Network	0	0	158	158	0	750	908
COVID and COVID Recovery	0	0	597	597	-313	0	284
PEQF	0	0	325	325	0	250	575
Energy Reserve	0	0	0	0	0	800	800
Partnerships Balances Reserve	674	-50	109	733	-24	243	952
FCIN	0	0	1,080	1,080	-101	636	1,615
Minerva	0	0	0	0	0	294	294
Commissioners Community Safety Fund	510	-89	87	508	0	73	581
Checkpoint (OPCC/LPS)	0	0	16	16	0	14	30
Legal Reserve (OPCC)	56	0	50	106	0	0	106
Office of the Police & Crime Commissioner Reserve	163	0	38	201	0	70	271
	<b>19,974</b>	<b>-1,099</b>	<b>6,585</b>	<b>25,460</b>	<b>-1,759</b>	<b>9,498</b>	<b>33,199</b>

## 9. Other Operating Expenditure

	2021-2022 £000	2020-2021 £000
Gains (-)/losses(+) on the disposal of non-current assets	-6	-69
	-6	-69

## 10. Financing and Investment Income and Expenditure

	2021-2022 £000	2020-2021 £000
Interest payable and similar charges	943	1,027
Pension interest cost and expected return on pensions assets	39,436	39,171
Interest receivable and similar income	-16	-7
	<b>40,363</b>	<b>40,191</b>

## 11. Taxation and Non-Specific Grant Incomes

	2021-2022 £000	2020-2021 £000
<b>Council Tax Income:</b>		
Denbighshire County Council	-12,387	-11,704
Wrexham County Borough Council	-16,363	-15,540
Isle of Anglesey County Council	-9,639	-9,164
Gwynedd Council	-15,854	-15,088
Conwy County Borough Council	-15,576	-14,734
Flintshire County Council	-19,869	-18,760
Non-Domestic Rates Income	-12,235	-11,548
Non-ringfenced government grants	-71,442	-67,166
Capital Grants and contributions	-124	-124
	<b>-173,489</b>	<b>-163,828</b>

## 12. Property, Plant and Equipment

<b>Movements in 2021-2022</b>	<b>Land &amp; Building Inc. PFI</b>	<b>Masts &amp; Sites</b>	<b>Plant &amp; Equipment</b>	<b>Vehicles</b>	<b>Total Operational Assets</b>	<b>Surplus Assets (Non- Operational) *</b>	<b>Assets under construction</b>	<b>Total Non- Operational</b>	<b>Total Non- Current Assets</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>Cost or Valuation</u></b>									
At 1 April 2021	78,554	100	22,319	9,868	110,841	711	3,311	4,022	114,863
Additions	24	0	1,112	650	1,786	0	2,452	2,452	4,238
Revaluation Increases (+)/decreases (-) recognised in the Revaluation Reserve	-661	0	0	0	-661	0	0	0	-661
Revaluation Increases (+)/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	-1,381	0	0	0	-1,381	0	0	0	-1,381
Derecognition - disposals	0	0	-43	-1,055	-1,098	-311		-311	-1,409
Derecognition - other	-3	0	0	0	-3	0	0	0	-3
Other movements in cost or valuation	1,014	0	0	572	1,586	0	-1,586	-1,586	0
Assets reclassified (to)/from held for sale	0	0	0	0	0	0	0	0	0
<b>At 31 March 2022</b>	<b>77,547</b>	<b>100</b>	<b>23,388</b>	<b>10,035</b>	<b>111,070</b>	<b>400</b>	<b>4,177</b>	<b>4,577</b>	<b>115,647</b>
<b><u>Accumulated Depreciation and Impairment</u></b>									
At 1 April 2021	-22,390	-100	-16,600	-6,457	-45,547	0	0	0	-45,547
Depreciation Charge	-932	0	-2,855	-1,338	-5,125	0	0	0	-5,125
Depreciation written out to the Revaluation Reserve	436	0	0	0	436	0	0	0	436
Impairment losses (-)/reversals (+) recognised in the Surplus/Deficit in the Provision of Services	432	0	0	0	432	0	0	0	432
Derecognition - disposals	4	0	43	1,042	1,089	0	0	0	1,089
<b>At 31 March 2022</b>	<b>-22,450</b>	<b>-100</b>	<b>-19,412</b>	<b>-6,753</b>	<b>-48,715</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-48,715</b>
<b><u>Net Book Value</u></b>									
<b>At 31 March 2022</b>	<b>55,097</b>	<b>0</b>	<b>3,976</b>	<b>3,282</b>	<b>62,355</b>	<b>400</b>	<b>4,177</b>	<b>4,577</b>	<b>66,932</b>
<b>At 31 March 2021</b>	<b>56,164</b>	<b>0</b>	<b>5,719</b>	<b>3,411</b>	<b>65,294</b>	<b>711</b>	<b>3,311</b>	<b>4,022</b>	<b>69,316</b>

\* these include 2 small Police Stations which are no longer operational, but which do not reach the specific criteria for Assets Held for Sale (Note 16).

<b>Movements in 2020-2021</b>	<b>Land &amp; Building Inc. PFI</b>	<b>Masts &amp; Sites</b>	<b>Plant &amp; Equipment</b>	<b>Vehicles</b>	<b>Total Operational Assets</b>	<b>Surplus Assets (Non- Operational) *</b>	<b>Assets under construction</b>	<b>Total Non- Operational</b>	<b>Total Non- Current Assets</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>Cost or Valuation</u></b>									
At 1 April 2020	80,098	100	21,627	10,209	112,034	0	100	100	112,134
Additions	209	0	1,424	1,146	2,779	0	2,479	2,479	5,258
Revaluation Increases (+)/decreases (-) recognised in the Revaluation Reserve	-1,166	0	0	0	-1,166	1,345	0	1,345	179
Revaluation Increases (+)/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	-86	0	0	0	-86	0	0	0	-86
Derecognition - disposals	0	0	0	-1,487	-1,487	0	0	0	-1,487
Other movements in cost or valuation	-501	0	-732	0	-1,233	501	732	1,233	0
Assets reclassified (to)/from held for sale	0	0	0	0	0	-1,135	0	-1,135	-1,135
<b>At 31 March 2021</b>	<b>78,554</b>	<b>100</b>	<b>22,319</b>	<b>9,868</b>	<b>110,841</b>	<b>711</b>	<b>3,311</b>	<b>4,022</b>	<b>114,863</b>

<b>Movements in 2020-2021</b>	<b>Land &amp; Building Inc. PFI</b>	<b>Masts &amp; Sites</b>	<b>Plant &amp; Equipment</b>	<b>Vehicles</b>	<b>Total Operational Assets</b>	<b>Surplus Assets (Non- Operational) *</b>	<b>Assets under construction</b>	<b>Total Non- Operational</b>	<b>Total Non- Current Assets</b>
<b>continued</b>									
<b><u>Accumulated Depreciation and Impairment</u></b>									
At 1 April 2020	-22,024	-100	-13,593	-6,545	-42,262	0	0	0	-42,262
Depreciation Charge	-978	0	-3,007	-1,312	-5,297	0	0	0	-5,297
Depreciation written out to the Revaluation Reserve	612	0	0	0	612	0	0	0	612
Derecognition - disposals	0	0	0	1,400	1,400	0	0	0	1,400
<b>At 31 March 2021</b>	<b>-22,390</b>	<b>-100</b>	<b>-16,600</b>	<b>-6,457</b>	<b>-45,547</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-45,547</b>
<b><u>Net Book Value</u></b>									
<b>At 31 March 2021</b>	<b>56,164</b>	<b>0</b>	<b>5,719</b>	<b>3,411</b>	<b>65,294</b>	<b>711</b>	<b>3,311</b>	<b>4,022</b>	<b>69,316</b>
<b>At 31 March 2020</b>	<b>58,074</b>	<b>0</b>	<b>8,034</b>	<b>3,664</b>	<b>69,772</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>69,872</b>

## Depreciation

The following useful lives rates have been used in the calculation of depreciation:

Other Land and Buildings	35-60 years
Vehicles, Plant, Furniture and Equipment	3-10 years

## Capital Commitments

As at 31 March 2022, the Police and Crime Commissioner was contractually committed to capital works on Land and Buildings which amounted to £1.467million, which related to the refurbishment of the Vehicle Commissioning Centre. For the Command and Control System Upgrade (Plant and Equipment) there is an outstanding commitment of £0.725million. There are also 60 vehicles which have been individually ordered but not delivered at the Balance Sheet date.

## Effects of Changes in Estimates

There were no material changes to the method of estimation.

## Revaluations

All of the Police and Crime Commissioner's properties were revalued at 1st of April 2014. Subsequently a rolling programme of valuations is undertaken ensuring that all properties are revalued once within the statutory 5-year cycle, the first full cycle having been completed in 2020-2021, with 2021-2022 being the first year of the new 5-year cycle.

Operational properties were valued using Net Realisable Value in Existing Use and Depreciated Replacement Cost. Non-operational properties were valued using Fair Value where available. The valuation also included a review of the useful lives of the assets. The change in useful life has had no material financial effect on the accounts.

The valuation was undertaken by an independent valuer, Mr G.S.C. Harbord MA MRICS IRRV (Hons) of Wilks Head & Eve Chartered Surveyors. Both the 2020-2021 and 2021-2022 reports state that 'as at the commentary date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our commentary is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation –Global Standards'.

### 13. Inventories

	HQ Stores		Other Stores		Total 2021-2022 £000
	2021-2022	2020-2021	2021-2022	2020-2021	
	£000	£000	£000	£000	
<b>Balance held at start of year</b>	<b>254</b>	<b>263</b>	<b>280</b>	<b>371</b>	<b>534</b>
Purchases	529	497	224	292	753
Recognised as an expense in the year	-510	-504	-383	-383	-893
Written off balances	0	-2	0	0	0
<b>Balance held at year end</b>	<b>273</b>	<b>254</b>	<b>121</b>	<b>280</b>	<b>394</b>

### 14. Debtors and Payments in Advance

	2021-2022 £000	2020-2021 £000
<b>Amounts falling due in one year -</b>		
Trade Receivables	7,562	7,526
Prepayments	1,332	1,158
Other receivable amounts	4,084	1,435
	<b>12,978</b>	<b>10,119</b>

### 15. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	2021-2022 £000	2020-2021 £000
Bank Current Accounts	-6	-1,220
Cash held by the Police and Crime Commissioner	40	40
Short Term Deposits with Banks /Building Societies	10,246	17,048
	<b>10,280</b>	<b>15,868</b>

### 16. Assets Held for Sale

The assets which are held for sale by the Police and Crime Commissioner are surplus police properties. The balance brought forward from 2020-2021 relates to the impending sale of land at the Llay Police facility site.

	Current		Non-Current	
	2021-2022	2020-2021	2021-2022	2020-2021
	£000	£000	£000	£000
<b>Balance outstanding at start of year</b>	<b>1,135</b>	<b>1,963</b>	<b>0</b>	<b>0</b>
Assets newly classified as held for sale:				
Property, Plant and Equipment	0	1,135	0	0
Revaluation gains	0	0	0	0
Assets sold	0	-1,963	0	0
<b>Balance outstanding at year-end</b>	<b>1,135</b>	<b>1,135</b>	<b>0</b>	<b>0</b>



## 17. Creditors and Deferred Income

	2021-2022 £'000	2020-2021 £'000
<b>Amounts falling due in one year -</b>		
Trade payables	7,819	5,320
Other payables	11,423	12,071
<b>Short Term Creditors</b>	<b>19,242</b>	<b>17,391</b>
Deferred Income	1,282	1,282
	<b>20,524</b>	<b>18,673</b>

## 18. Provisions

The Police and Crime Commissioner has made provision in the accounts for two purposes:

### a) Injury and Damage Compensation Claims Provision

The injury compensation claims relate to personal injuries sustained where the Police and Crime Commissioner is alleged to be at fault. Provision is made for those claims where it is deemed probable that the Police and Crime Commissioner will have to make a settlement, based on past experience of court decisions about liability and the amount of damages payable. The Police and Crime Commissioner may be reimbursed by its insurers, but until claims are actually settled, no income is recognised as the insurers will reimburse amounts only above the excess amounts, which are £100,000 for incidents prior to 1 April 2018, £150,000 for incidents between 1 April 2018 to 31 March 2019, £250,000 for incidents between 1 April 2019 to 31 March 2021 From 1<sup>st</sup> April 2021 onwards the excess is £400,000.

### b) Other Provisions

The Other Provisions are in respect of employment cases and other managed risks. During 2021-22 £200,000 has been transferred via revenue from the managed risks provision to the insurance reserve, leaving a balance of £38,000 to cover employment cases.

	Injury and Damage Compensation Claims £000	Other Provisions £000	Total £000
<b>Balance at 1 April 2021</b>	<b>438</b>	<b>333</b>	<b>771</b>
Additional Provisions made in 2021-2022	386	21	407
Amounts Used in 2021-2022	-134	0	-134
Unused Amounts Reversed in 2021-2022	-74	-316	-390
<b>Balance at 31 March 2022</b>	<b>616</b>	<b>38</b>	<b>654</b>

Within the total of £0.654 million, £0.031 million relates to short term provisions and £0.623 million relates to long-term provisions.

## 19. Usable Reserves

Movements in the Police and Crime Commissioner's usable reserves are detailed in the Movement in Reserves Statement and Notes 7 and 8.

## 20. Unusable Reserves

	2021-2022	2020-2021
	£000	£000
Revaluation Reserve	20,513	21,155
Capital Adjustment Account	19,555	19,330
Pensions Reserve	-1,950,063	-1,962,371
Accumulated Absences Account	-8,360	-8,431
<b>Total Unusable Reserves</b>	<b>-1,918,355</b>	<b>-1,930,317</b>

### Revaluation Reserve

The Revaluation Reserve contains the unrealised gains recorded by the Police and Crime Commissioner arising from increases in the value of its Property, Plant and Equipment. 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.

	2021-2022	2020-2021
	£000	£000
<b>Balance at 1 April</b>	<b>21,155</b>	<b>21,449</b>
Upward revaluation of assets	249	1,627
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-475	-836
	20,929	22,240
Surplus (-) or deficit (+) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	0	0
Difference between fair value depreciation and historical cost depreciation	-198	-220
Accumulated gains on assets sold or scrapped	-218	-862
Amount written off to the Capital Adjustment Account	0	-3
<b>Balance at 31 March</b>	<b>20,513</b>	<b>21,155</b>

## 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 is debited with the cost of acquisition, construction or enhancement; as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Police and Crime 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 that have yet to be consumed by the Police and Crime Commissioner.

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 7 provides details of the source of all the transactions posted to the Account, except for those involving the Revaluation Reserve.

	2021-2022 £000	2020-2021 £000
<b>Balance at 1 April</b>	<b>19,329</b>	<b>19,992</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>		
Charges for depreciation and impairment of non-current assets	-6,074	-5,386
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	-320	-2,049
	-6,394	-7,435
Adjusting amount written out of the Revaluation Reserve	415	1,085
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	60	88
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	124	124
Capital Expenditure charged in year to the General Fund	3,284	2,846
Statutory provision for the financing of capital investment charged against the General Fund balances	2,737	2,629
	6,620	6,772
<b>Balance at 31 March</b>	<b>19,555</b>	<b>19,329</b>

## 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. The Police and Crime 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 the Police and Crime 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 show a substantial shortfall in the benefits earned by past and current employees and the resources the Police and Crime 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.

	2021-2022 £000	2020-2021 £000
<b>Balance at 1 April</b>	<b>-1,962,371</b>	<b>-1,738,023</b>
Remeasurements of the net defined benefit liability(-)/asset (+)	65,674	-181,762
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-82,655	-71,205
Employer's pension contributions and direct payments to pensioners payable in the year	29,289	28,619
<b>Balance at 31 March</b>	<b>-1,950,063</b>	<b>-1,962,371</b>

### Deferred Capital Receipts Reserve

The Police and Crime Commissioner has no deferred capital receipts.

### Accumulated Absences Account

The Accumulated Absences Account absorbs the difference that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March 2022. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2021-2022 £'000	2020-2021 £'000
<b>Balance at 1 April</b>	<b>-8,431</b>	<b>-5,301</b>
Settlement or cancellation of accrual made at the end of the preceding year	71	0
Amounts accrued at the end of the current year	0	-3,130
	-8,360	-8,431
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	0	0
<b>Balance at 31 March</b>	<b>-8,360</b>	<b>-8,431</b>

## 21. Cash Flow Statements - Adjustment on Provision of Services for Non-cash movement, investing and financing activities and total Cash Flow from Operating Activities

### Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2021-2022 £000	2020-2021 £000
Interest received	-9	-6
Interest paid	908	986
<b>Total</b>	<b>899</b>	<b>980</b>

<b>Adjustments on the Provision of Services for Non-cash movements:</b>	<b>2021-2022 £000</b>	<b>2020-2021 £000</b>
Depreciation, impairments and downward valuations	-6,074	-5,386
Net increase (-)/decrease (+) in revenue creditors	-1,851	-4,240
Net increase (+)/decrease(-) in revenue debtors	2,859	-3,353
Net increase (+)/decrease(-) in inventories	-140	-99
Pension liability	-53,366	-42,585
Contributions to(-)/from (+) provisions	117	67
Carrying amount of non-current assets sold (PPE, Inv. Prop, Intangibles)	-320	-2,050
<b>Total Non-Cash Movement</b>	<b>-58,775</b>	<b>-57,646</b>

<b>Adjustments on the Provision of Services for items that are investing and financing activities:</b>	<b>2021-2022 £000</b>	<b>2020-2021 £000</b>
Capital Grants credited to surplus(-)/deficit (+) on provision of services	124	124
Proceeds on sale of PPE and investment and intangibles	326	2,118
<b>Total</b>	<b>450</b>	<b>2,242</b>

<b>Net Cash Flow from Operating Activities Total</b>	<b>-13,435</b>	<b>-15,683</b>
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## 22. Cash Flow Statement - Investing Activities

	<b>2021-2022 £000</b>	<b>2020-2021 £000</b>
Purchase of PPE, Investment Property and Intangible Assets	4,238	5,258
Proceeds from sale of PPE, Investment Property and Intangible Assets	-326	-2,118
Proceeds from short-term and long-term investments	0	0
Purchase of short-term investments	13,856	6,000
Capital Grants	-124	-124
<b>Net Cash Flows from Investing Activities</b>	<b>17,644</b>	<b>9,016</b>

## 23. Cash Flow Statement - Financing Activities

	<b>2021-2022 £000</b>	<b>2020-2021 £000</b>
Cash receipts of short-term and long-term borrowing	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	877	810
Repayment of short-term and long-term borrowing	502	5,503
<b>Net Cash Flows from Financing Activities</b>	<b>1,379</b>	<b>6,313</b>

## 24. Notes to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2021-2022				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note a) £'000	Net change for the Pensions Adjustments (Note b) £'000	Other Adjustments (Note c) £'000	Total Adjustments £'000
Police & Crime Commissioner	53	0	0	53
Chief Constable	0	13,930	-71	13,859
<b>Net Cost of Service</b>	<b>53</b>	<b>13,930</b>	<b>-71</b>	<b>13,912</b>
Other income and expenditure from the Expenditure Funding Analysis	-130	39,436	0	39,306
<b>Difference between the General Fund surplus/deficit and the Comprehensive Income and Expenditure Statement surplus/deficit on the provision of services</b>	<b>-77</b>	<b>53,366</b>	<b>-71</b>	<b>53,218</b>

Adjustments between Funding and Accounting Basis 2020-2021				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note a) £'000	Net change for the Pensions Adjustments (Note b) £'000	Other Adjustments (Note c) £'000	Total Adjustments £'000
Police & Crime Commissioner	-89	0	0	-89
Chief Constable	0	3,414	3,131	6,545
<b>Net Cost of Service</b>	<b>-89</b>	<b>3,414</b>	<b>3,131</b>	<b>6,456</b>
Other income and expenditure from the Expenditure Funding Analysis	-192	39,171	0	38,979
<b>Difference between the General Fund surplus/deficit and the Comprehensive Income and Expenditure Statement surplus/deficit on the provision of services</b>	<b>-281</b>	<b>42,585</b>	<b>3,131</b>	<b>45,435</b>

### Note a: Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

**Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets;

**Financing and investment income and expenditure** – 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;

**Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## Note b: Net change for pension adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For **services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs;

For **Financing and investment income and expenditure** — the net interest on the defined benefit liability is charged to the CIES.

## Note c: Other adjustments

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts;

The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, and any difference will be brought forward in future Surpluses or Deficits on the General Fund.

## 25. Members' Allowances

Audit Committee's costs have been shared equally between the Police and Crime Commissioner and the Chief Constable.

As at the end of March 2022 there were a total of 5 members.

	2021-2022		2020-2021	
	£000	Number of Members	£000	Number of Members
Allowances	12	5	10	4
Expenses	0		0	
	<b>12</b>		<b>10</b>	

Further information on members' paid allowances can be found at [www.northwales-pcc.gov.uk](http://www.northwales-pcc.gov.uk).

## 26. Officers' Remuneration

The following table set out the remuneration disclosures for Relevant Police Officers (defined as the Chief Constable and any Senior Police Officers and staff with a full-time salary of more than £150,000 per year or other relevant officers with a salary above £60,000). Within the tables below the Chief Constable, Deputy Chief Constable, Assistant Chief Constable, Director of Finance and Resources and the Force Medical Officer costs are charged to the Chief Constable's Accounts. The Police and Crime Commissioner, Deputy Police and Crime Commissioner, Chief Executive Officer and Chief Finance Officer costs are charged to the Police and Crime Commissioner's Accounts. Other Senior Police Officers (above the rank of Superintendent) and Senior Employees (designated office holder of a local government body) are included Remuneration Banding table.

2021-2022								
Post Holder:	Notes:	Salary (including fees & allowances)	Expense Allowance	Other Expenses	Benefits in kind	Total remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
		£	£	£	£	£	£	£
Chief Constable - C. Foulkes		157,409	0	0	6,940*	164,349	48,797	213,146
Deputy Chief Constable		126,080	0	0	5,814*	131,894	38,331	170,225
Assistant Chief Constable	1	60,232	40	0	4,443*	64,715	18,068	82,783
Assistant Chief Constable	2	48,169	0	0	1,950	50,119	12,003	62,122
Assistant Chief Constable	3	13,514	0	0	729	14,243	4,189	18,432
Director of Finance & Resources		102,961	297	0	8,607*	111,865	19,563	131,428
Police & Crime Commissioner	4	8,253	529	0	0	8,782	1,568	10,350
Police & Crime Commissioner	5	63,147	0	0	0	63,147	11,998	75,145
Deputy Police and Crime Commissioner	6	21,727	28	0	0	21,755	4,128	25,883
Chief Executive Officer of the Police & Crime Commissioner		87,914	30	0	0	87,944	16,704	104,648
Chief Finance Officer of the Police & Crime Commissioner	7	44,325	0	0	0	44,325	8,422	52,747

Note 1: The post holder held this post from 01/04/2021 to 26/09/2021

Note 2: The post holder held this post from 13/09/2021 to 13/02/2022

Note 3: The post holder held this post from 14/02/2022 to 31/03/2022

Note 4: The post holder held this post from 01/04/2021 to 12/05/2021

Note 5: The post holder held this post from 13/05/2021 to 31/03/2022

Note 6: The post holder held this post from 27/09/2021 to 31/03/2022

Note 7: The Chief Finance Officer works part time, full time equivalent salary is £73,875

\* Benefits in kind include estimates for P11D cost – will be updated for final audited statements



2020-2021								
Post Holder:	Notes:	Salary (including fees & allowances)	Expense Allowance	Other Expenses	Benefits in kind	Total remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
		£	£	£	£	£	£	£
Chief Constable - C. Foulkes		155,809	5,168	6,469	6,940	174,386	48,301	222,687
Deputy Chief Constable		124,824	0	0	6,726	131,550	37,941	169,491
Assistant Chief Constable		118,009	20	0	5,858	123,887	36,583	160,470
Assistant Chief Constable	1	83,181	0	0	5,780	88,961	22,342	111,303
Director of Finance & Resources		101,915	0	0	8,396	110,311	19,364	129,675
Police & Crime Commissioner		71,400	0	0	0	71,400	13,566	84,966
Deputy Police and Crime Commissioner	2	6,156	371	6,228	0	12,755	1,103	13,858
Chief Executive Officer of the Police & Crime Commissioner		87,021	428	0	0	87,449	16,534	103,983
Chief Finance Officer of the Police & Crime Commissioner	3	42,925	0	0	0	42,925	8,156	51,081
Force Medical Officer - Dr. A. Lister	4,5	18,069	0	0	0	18,069	2820	20,889

Note 1: The post holder held this post from 01/04/2020 to 17/01/2021 (Collaboration ACC – see Note 39)

Note 2: The post holder held this post from 01/04/2020 to 14/05/2020

Note 3: The Chief Finance Officer works part time, full time equivalent salary is £73,875

Note 4: The post holder held this post from 01/04/2020 to 28/08/2020

Note 5: The Force Medical Officer works the equivalent of 1 day per week. The full-time equivalent salary is £181,614

## 2021-2022

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

Remuneration Bands	Number of Employees 2021-2022 #	Number of Employees 2020-2021
£60,000 - £64,999	24	25
£65,000 - £69,999	16	9
£70,000 - £74,999	6	7
£75,000 - £79,999	7	4
£80,000 - £84,999	5	4
£85,000 - £89,999	5	6
£90,000 - £94,999	2	1
£95,000 - £99,999	0	2
£100,000 - £104,999	0	1

# to be finalised with outturn P11D adjustments

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the table below:

Exit packages cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020-2021 No.	2021-2022 No.	2020-2021 No.	2021-2022 No.	2020-2021 No.	2021-2022 No.	2020-2021 £000	2021-2022 £000
£ 0 - £20,000	2	2	6	11	8	13	45	64
£ 20,001 - £40,000	0	2	0	0	0	2	0	50
£ 40,001 - £60,000	1	0	0	0	1	0	53	0
£ 60,001 - £80,000	0	0	1	3	1	3	75	220
£ 80,001 and above	0	0	8	4	8	4	707	371

### Median Pay Ratio

The median pay ratio for the Police and Crime Commissioner compares the full-time equivalent remuneration of the Chief Executive to the full time equivalent median remuneration of the staff employed by the Police and Crime Commissioner. The median pay ratio for the Chief Constable compares the remuneration of the Chief Constable to the full time equivalent median remuneration of the staff employed by the Chief Constable.

	2021-2022	2020-2021
Chief Executive's pay	87,914	87,021
Median pay of the Police & Crime Commissioner's staff	36,369	35,999
Median pay ratio:	2.4	2.4
Chief Constable's pay	157,409	169,218
Median pay of the Chief Constable's staff	33,611	33,388
Median pay ratio:	4.7	5.1

### 27. External Audit Costs

The Police and Crime Commissioner has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims:

	2021-2022			2020-2021		
	Group	PCC	CC	Group	PCC	CC
	£000	£000	£000	£000	£000	£000
Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor	83	41.5	41.5	84	42	42
<b>Total</b>	<b>83</b>	<b>41.5</b>	<b>41.5</b>	<b>84</b>	<b>42</b>	<b>42</b>

The above represents payments made within the financial year 2021-2022. The agreed strategy fee for the audit year November 2021 to October 2022 was £86,933 for 2021-2022.

## 28. Grant Income

The Police and Crime Commissioner credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021-2022.

	2021-2022	2020-2021
<b>Credited to Taxation and Non-specific Grant Income</b>	<b>£000</b>	<b>£000</b>
Home Office Capital Grant	124	124
Home Office Police Grant and Floor Grant	61,154	56,100
Revenue Support Grant	10,288	11,066
Share of Non-domestic Rates Grant	12,235	11,548
<b>Total</b>	<b>83,801</b>	<b>78,838</b>

	2021-2022	2020-2021
<b>Credited to Services</b>	<b>£000</b>	<b>£000</b>
CRB Criminal Records	761	698
Speed Reduction	1,338	1,014
Community Support Officers Welsh Government	3,891	3,530
School Liaison Programme	397	389
PFI Grant	1,192	1,245
Cyber Grant	158	180
Proceeds of Crime Acts	306	154
Security Grants	2,323	2,424
PCC Safer Streets Grant	1,065	993
Drug Intervention Programme (DIP)	478	511
Victims Commissioning/Services	2,815	2,410
Officer Uplift Grant	1,114	1,731
Pension Grant	1,582	1,582
Police Apprenticeship Grant	204	205
Covid PPE Grant	0	422
Covid Surge Grant OT	0	309
Income Loss Recovery Scheme	0	140
Covid Surge Grant	0	598
ESN HO Grant	0	158
Taser Grant	0	103
Other Grants	266	224
<b>Within cost of services in Comprehensive Income &amp; Expenditure Statement</b>	<b>17,890</b>	<b>19,020</b>

## 29. Related Parties

There are no material interests or relationships of the Chief Officers or their direct families, which could influence or control the decision making, policies or financial transactions of North Wales Police/Police and Crime Commissioner. A robust process is also in place to approve and register the business interests of both police staff and officers.

The son of the Chief Finance Officer is employed as an Audit Apprentice by Audit Wales. Audit Wales has made arrangements to ensure this does not present a conflict of interest for either the Office of the Police and Crime Commissioner or Audit Wales.

The Police and Crime Commissioner charges Denbighshire County Council, Abergele Town Council, North Wales Joint Branch Board, Tunnel and Network Services and Victim Support in respect of joint occupancy of buildings.

The Chief Constable is a trustee of both PACT (North Wales Police and Community Trust) and DangerPoint. The Force allocates funding from income received via the Police Property Fund Account in support of PACT projects whose objectives are to raise the profile of community safety, significantly minimise the fear of crime and thus enhance the quality of life throughout North Wales. For 2021-2022 this equated to £45,500 donated from the fund to PACT contributing towards meeting the costs of the Fund administration of £47,259.39.

The Police and Crime Commissioner and Chief Constable participate in a partnership with HMPPS and provide funding to support the 'Dechrau Newydd' project in North Wales. This dual partnership is to reduce drug related offending and deaths through community provision and support.

Members of the Joint Audit Committee declared all their financial interests relating to contracts and businesses on appointment and signed an agreement to abide by the Seven Nolan Principles of Life and declare any revised interests to the Chief Executive. Joint Audit Committee members' declarations of interests can be found on the Office of the Police and Crime Commissioner's website [www.northwales-pcc.gov.uk](http://www.northwales-pcc.gov.uk)

### 30. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and the PFI contract), 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 held by the Police and Crime Commissioner, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Police and Crime Commissioner that has yet to be financed. The CFR is analysed in the second part of this note.

	2021-2022 £000	2020-2021 £000
<b>Opening Capital Financing Requirement</b>	<b>29,966</b>	<b>30,395</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	4,239	5,258
Intangible Assets	0	0
Revenue Expenditure funded from Capital under Statute	0	0
<b>Sources of Finance</b>		
Capital Receipts	-60	-88
Government Grants and other contributions	-124	-123
Sums set aside from revenue	-564	0
Direct revenue contributions	-2,720	-2,846
MRP Principal	-2,737	-2,630
<b>Closing Capital Financing Requirement</b>	<b>28,000</b>	<b>29,966</b>

#### Explanation of Movements in year

	2021-2022 £000	2020-2021 £000
Increase (+)/decrease (-) in underlying need to borrow (unsupported by government financial assistance)	-1,089	381
Assets acquired under finance leases	0	0
Assets acquired under PFI/PPP contracts	-877	-810
<b>Increase (+)/decrease(-) in Capital Financing Requirement</b>	<b>-1,966</b>	<b>-429</b>

### 31. Leases

#### Finance Lease including Private Finance Initiative (PFI)

The PFI contract was signed in September 2002. The contract provides a serviced facility comprising a Divisional Headquarters, Police Station, Custody Block and a Scientific Support and Major Incident block in the St Asaph Business Park. The facility became operational in March 2004. The contract lasts for 25 years, and there are options available to take ownership of the building when the contract expires for a nominal sum. The contract provides for a review of pricing in relation to the service charge element to be carried out at 5 yearly intervals. Negotiations have resulted in an agreed reduction of £0.113 million in service charge from 1 April 2019. The Force was awarded notional credit approval of £19.623 million for the scheme, which results in £36.7 million of additional revenue funding over the life of the contract. The contracted commitment on the remaining life of the contract is £20.738 million (2020-2021 £21.407 million).

#### Value of asset held for PFI

The PFI Asset has been assessed under current accounting requirements and is included as part of the Police and Crime Commissioner's Asset portfolio on the Balance Sheet (see Note 12). The asset was revalued as at 31 March 2019 as part of the Asset Portfolio. The table below summarises the movement in the PFI asset value.

PFI	£000
<b>Gross Value as at 31 of March 2021</b>	<b>18,454</b>
Cumulative Depreciation to 31.3.2021	-2,669
Depreciation 2021-2022	-335
Total Depreciation to 31.3.2022	-3,004
<b>Net Book Value as at 31 of March 2022</b>	<b>15,450</b>

#### Value of Liability

PFI	£000
Value as at 31 of March 2021	<b>9,103</b>
Capital Repayment	-877
<b>Net Value as at 31 of March 2022</b>	<b>8,226</b>

#### Total payments to be made over the life of the contract

PFI	£000
Amount due within 1 year	3,009
Due within 2 to 5 years	12,252
Due within 6 to 10 years	5,477
<b>Total</b>	<b>20,738</b>

#### Operating Leases

Rentals paid under agreements for rental properties totalled £0.280m in 2021-22. The future minimum lease payments due under non-cancellable leases in future years are:

Rental Agreements	£000
Amount due within 1 year	112
Due within 2 to 5 years	217
Due within 6 to 10 years	7
<b>Total</b>	<b>336</b>

### 32. Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and Other Comprehensive Income and Expenditure. These disclosures are consolidated in Note 12 reconciling the movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

### 33. Termination Benefits

The Police and Crime Commissioner utilised the following regulations in respect of termination benefits:

- the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended) and
- the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended)

and terminated the contracts of a number of employees in 2021-2022 incurring costs of £0.705 million (2020-2021 £0.880 million) as disclosed in note 26.

### 34. Defined Benefits Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Police and Crime Commissioner offers retirement benefits. Although these benefits will not actually be payable until employees retire the Police and Crime Commissioner has a commitment to make the payments (for those benefits) and to disclose them at the time employees receive their future entitlement.

The Police and Crime Commissioner participates in two pension schemes:

- The Local Government Pension Scheme for Police Staff and the Office of the Police and Crime Commissioner is administered by Gwynedd Council. This is a funded defined benefit final salary scheme, meaning that the Police and Crime Commissioner and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities to investment assets. The Police and Crime Commissioner and Chief Constable are one scheduled body within the LGPS and are not split in the accounts.

The Gwynedd Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Gwynedd Council. Policy is determined in accordance with the Pensions Fund regulations. The investment managers of the fund are appointed by the committee.

The principal risks to the Police and Crime Commissioner of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (e.g. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute as described in the accounting policies note.

Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which the liabilities are recognised when awards are made.

- The Police Pension Scheme for Police Officers. This is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pension fund for the year is less than the amounts payable, the Police and Crime Commissioner must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Police and Crime Commissioner who then must repay the amount to central government.

## Transactions Relating to Post-Employment Benefits:

The Police and Crime Commissioner recognises 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. 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 employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The Chief Constable of North Wales, 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. These claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management hearing 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. The Home Office has since accepted liability for all successful claims.

The impact of a change in scheme liabilities arising from the McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023-2024, although this timetable is subject to change.

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

With regard to the LGPS, when the benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

For the purposes of the 31 March 2020 IAS19 balance sheet figures, an estimated adjustment to the liabilities for McCloud was captured from the 2019 valuation data and was recorded separately as a Past Service Cost in the 2019-2020 Profit and Loss statement. No further adjustment has been made within both this year and last year's accounts. The previous amount within the balance sheet has simply been rolled forward and therefore included within the closing position at the balance sheet date. No explicit additional adjustment for McCloud has been added to the current service cost for 2021-2022.

The following transactions have been made in the Comprehensive Income and Expenditure Account and the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Police Pension Scheme		Total
	2021-2022 £000	2020-2021 £000	2021-2022 £000	2020-2021 £000	2021-2022 £000
<b>Comprehensive Income and Expenditure Statement</b>					
<i>Cost of Services:</i>					
<i>Service cost comprising:</i>					
Current Service Cost	-19,680	-11,900	-45,070	-38,710	-64,750
Unfunded Benefits Contributions	110	116	0	0	110
Past Service Gains (-)/Losses (+)	-2	-1	0	0	-2
Transfers In		0	-340	-530	-340
Police Pension top-up grant receivable		0	21,763	18,992	21,763
<i>Financing and investment income and expenditure</i>					
Net interest expense	-2,146	-1,291	-37,290	-37,880	-39,436
<b>Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>-21,718</b>	<b>-13,076</b>	<b>-60,937</b>	<b>-58,128</b>	<b>-82,655</b>

	Local Government Pension Scheme		Police Pension Scheme		Total
	2021-2022 £000	2020-2021 £000	2021-2022 £000	2020-2021 £000	2021-2022 £000
<i>Other Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</i>					
<i>Remeasurement of the net defined benefit liability comprising:</i>					
Return on plan assets (excluding the amount included in the net interest expense)	18,579	53,820	0	0	18,579
Actuarial gains(+) and losses (-) arising on changes in demographic assumptions	1,834	-4,831	0	0	1,834
Actuarial gains (+) and losses (-) arising on changes in financial assumptions	31,383	-89,898	24,410	-197,930	55,793
Other experience gains (+) and losses (-)	-653	2,297	-9,880	54,780	-10,533
<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Account</b>	<b>29,425</b>	<b>-51,688</b>	<b>-46,407</b>	<b>-201,278</b>	<b>-16,982</b>

	Local Government Pension Scheme		Police Pension Scheme		Total
	2021-2022 £000	2020-2021 £000	2021-2022 £000	2020-2021 £000	2021-2022 £000
<b>Movement in Reserves Statement</b>					
Reversal of net charges made to the Surplus or Deficit for the Provision of post-employment benefits in accordance with the code	-21,718	-13,076	-60,937	-58,128	-82,655
<i>Actual amount charged against the General Fund balance for pensions in the year:</i>					
Employer's contributions payable to scheme	7,102	6,810	0	0	7,102
Retirement benefits payable to pensioners	0	0	22,187	21,809	22,187

### Pensions Assets and Liabilities Recognised in the Balance Sheet.

The amount included in the balance sheet arising from the Police and Crime Commissioner's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme		Police Pension Scheme		Total
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000
Present value of the defined benefit obligation	352,010	359,671	1,888,020	1,863,800	2,240,030
Fair value of plan assets	-289,967	-261,100	0	0	-289,967
Sub-total	62,043	98,571	1,888,020	1,863,800	1,950,063
Other movement in the liability (+)/asset (-) (if applicable)	0	0	0	0	0
<b>Net Liability arising from the defined benefit obligation</b>	<b>62,043</b>	<b>98,571</b>	<b>1,888,020</b>	<b>1,863,800</b>	<b>1,950,063</b>

### Reconciliation of the Movement in the Fair Value of the Scheme (Plan) Assets

	Local Government Pension Scheme	
	31 March 2022 £000	31 March 2021 £000
Opening fair value of the scheme assets	261,100	197,812
Interest income	5,399	4,602
Remeasurement gain (+)/loss (-):		
- the return on plan assets, excluding the amount included in the net interest expense	18,579	53,820
Contribution from employers	7,102	6,810
Contributions from employees	2,478	2,375
Benefits paid	-4,691	-4,319
<b>Closing fair value of the scheme assets</b>	<b>289,967</b>	<b>261,100</b>



## Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£000	£000	£000	£000
Opening balance at 1 April	359,671	251,505	1,863,800	1,684,330
Current service cost	19,680	11,900	45,070	38,710
Interest cost	7,545	5,893	37,290	37,880
Contributions from scheme participants	2,478	2,375	7,960	7,770
Remeasurement gains (-) and losses (+):				
- Actuarial gains/losses arising from changes in demographic assumptions	-1,834	4,831	0	0
- Actuarial gains/losses arising from changes in financial assumptions	-31,383	89,898	-24,410	197,930
- Other experience gains/losses	652	-2,297	9,880	-54,780
Past service costs	2	1	0	0
Transfers In	0	0	340	530
Benefits paid	-4,691	-4,319	-51,910	-48,570
Liabilities extinguished on settlements (where applicable)	-110	-116	0	0
<b>Closing balance at the 31 March</b>	<b>352,010</b>	<b>359,671</b>	<b>1,888,020</b>	<b>1,863,800</b>

## Local Government Pension Scheme assets comprised:

	Local Government Pension Scheme 2021-2022			Local Government Pension Scheme 2020-2021		
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total
	£000	£000	£000	£000	£000	£000
Cash and cash equivalents	904	0	904	1,507	0	1,507
<b>Sub-total</b>	904	0	904	1,507	0	1,507
Equity Securities:						
Other	0	0	0	0	0	0
<b>Sub-total</b>	0	0	0	0	0	0
Debt Securities:						
Other	0	0	0	0	0	0
<b>Sub-total</b>	0	0	0	0	0	0
Property:						
<i>By type:</i>						
UK Property	0	24,869	24,869	0	20,708	20,708
Overseas Property	0	0	0	0	0	0
<b>Sub-total</b>	0	24,869	24,869	0	20,708	20,708
Private Equity:						
UK and overseas	0	16,341	16,341	0	16,235	16,235
<b>Sub-total</b>	0	16,341	16,341	0	16,235	16,235
Other Investment Funds and unit trusts:						
Equities	0	184,282	184,282	0	167,288	167,288
Infrastructure	0	5,668	5,668	0	4,603	4,603
Other	0	57,903	57,903	0	50,759	50,759
<b>Sub-total</b>	0	247,853	247,853	0	222,650	222,650
<b>Totals</b>	<b>904</b>	<b>289,063</b>	<b>289,967</b>	<b>1,507</b>	<b>259,593</b>	<b>261,100</b>

## Basis for estimating Assets and Liabilities

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

The Local Government Pension Scheme liabilities have been estimated by Hymans Robertson and the Police Pension Scheme liabilities have been estimated by the Government Actuary's Department. These are both independent actuary organisations, estimates for the Local Government Pension Scheme being based on the latest full valuation of the scheme as at 31 March 2019.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions used. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period. This assumes if one assumption changes, all the other assumptions will remain constant. The estimation in the sensitivity analysis has followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

2021-2022	Local Government Pension Scheme		Police Pension Scheme	
	Increase in assumption £000	Decrease in assumption £000	Increase in assumption £000	Decrease in assumption £000
Longevity (increase (+) or decrease (-) in 1 year)	14,080	-14,080	63,000	-63,000
Rate of inflation (increase (+) or decrease (-) by 0.5%)	36,880	-36,880	182,000	-182,000
Rate of increase in salaries (increase (+) or decrease (-) by 0.5%)	5,545	-5,545	16,000	-16,000
Rate of increase in pensions (increase (+) or decrease (-) by 0.5%)	36,880	-36,880	167,000	-167,000
Rate for discounting scheme liabilities (increase (-) or decrease (+) by 0.5%)	-42,725	42,725	-182,000	182,000

## Asset and Liability Matching (ALM) Strategy

The pensions committee of Gwynedd Council does not have an asset and liability matching strategy (ALM). Responsibility for the Fund's risk management strategy rests with the pensions committee. The Pension Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to pay pensions. The Administering Authority has produced a Funding Strategy Statement in conjunction with the Fund's Actuaries, which states how solvency and risk will be managed in relation to liabilities. The Strategy was reviewed and updated following the actuarial valuation in 2019 and has taken an overall view of the level of risk inherent in the investment policy set out in the Investment Strategy Statement published under Regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, (the investment regulations) and the funding policy set out in the Statement. These documents continue to be reviewed to ensure that the overall risk profile remains appropriate.

## Impact on the Police and Crime Commissioner's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Gwynedd Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation will be completed during 2022-2023 to be implemented from April 2023.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pensions Scheme in England and Wales and the other main existing public service schemes change the benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to

be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Police and Crime Commissioner anticipates paying £7.083 million contributions to the scheme in 2022-2023.

The weighted average duration of the defined benefit obligation for the Local Government Pension Scheme is 26.0 years, 2021-2022, (26.0 years 2020-2021). The weighted average for the Police Pension Scheme is 21.0 years, 2021-2022, (20.0 years 2020-2021).

### 35. Contingent Liabilities

The amount held in the Insurance Reserve (£1.561m Note 8), together with the Insurance Provisions (£0.654m Note 18), was independently reviewed during 2021-2022. The Police and Crime Commissioner has the sum of £2.215 million reserved for insurance (previously £1.944m). £0.117 million relates to the potential additional liabilities in relation to the Scheme of Arrangement for Municipal Mutual Assurance and £1.444 million for additional areas of insurance in relation to claims 'Incurred but not reported' (IBNR), 'Incurred but not enough reported reserves (provisions)' IBNER and recommended additional sums.

There are no other known contingent liabilities as at 31.3.2022.

### 36. Financial Instruments including Nature and Extent of Risks Arising

#### (a) Financial Instruments - Classifications

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

#### Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Police and Crime Commissioner represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Police and Crime Commissioner. All of the Police and Crime Commissioner's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- short-term loans from other local authorities,
- overdraft with HSBC bank,
- lease payables including Private Finance Initiative contracts detailed in note 31, and
- trade payables for goods and services received.

#### Financial Assets

A financial asset is a right to future economic benefits controlled by the Police and Crime Commissioner that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Police and Crime Commissioner. All financial assets held by the Police and Crime Commissioner during the year are measured at amortised cost (where cash flows are solely payments of principal and interest, and the Police and Crime Commissioner's business model is to collect those cash flows) comprising:

- cash in hand,
- bank current and deposit accounts with HSBC bank,
- fixed term deposits with banks and building societies, and
- trade receivables for goods and services provided.

Financial assets held at amortised cost are shown net of a loss allowance (where material) reflecting the statistical likelihood that the counterparty will be unable to meet their contractual commitments to the Police and Crime Commissioner.

### (b) Financial Instruments - Balances

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

Financial Liabilities	Long Term		Short Term	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	£000	£000	£000	£000
Loans at amortised cost:				
- Principal sum borrowed	8,375	8,875	500	500
- Accrued interest	0	0	33	35
<b>Total Borrowing *</b>	<b>8,375</b>	<b>8,875</b>	<b>533</b>	<b>535</b>
Loans at amortised cost:				
- Bank overdraft	0	0	0	0
<b>Total Cash Overdrawn</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Liabilities at amortised cost:				
- PFI arrangements	7,275	8,226	951	877
<b>Total Other Long-term Liabilities</b>	<b>7,275</b>	<b>8,226</b>	<b>951</b>	<b>877</b>
Liabilities at amortised cost:				
- Trade payables	0	0	20,524	18,673
<b>Included in Creditors</b>	<b>0</b>	<b>0</b>	<b>20,524</b>	<b>18,673</b>
<b>Total Financial Liabilities</b>	<b>15,650</b>	<b>17,101</b>	<b>22,008</b>	<b>20,085</b>

\* The total short-term borrowing includes principal repayments due within 12 months on long-term borrowing.

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

Financial Assets	Long Term		Short Term	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	£000	£000	£000	£000
<i>At amortised cost:</i>				
- Principal	0	0	19,856	6,000
- Accrued interest	0	0	0	0
- Loss allowance	0	0	0	0
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>19,856</b>	<b>6,000</b>
<i>At amortised cost:</i>				
- Principal	0	0	10,280	15,868
- Accrued interest	0	0	0	0
- Loss allowance	0	0	0	0
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>10,280</b>	<b>15,868</b>
<i>At amortised cost:</i>				
- Trade receivables	0	0	12,993	10,132
- Loss allowance	0	0	-15	-13
<b>Included in Debtors</b>	<b>0</b>	<b>0</b>	<b>12,978</b>	<b>10,119</b>
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>43,114</b>	<b>31,987</b>

### Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset against each other where the Police and Crime Commissioner has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The table below shows those instruments that have been offset on the balance sheet.

	31.3.2022			31.3.2021		
	Gross assets	(Liabilities) assets set off	Net position on balance sheet	Gross assets	(Liabilities) assets set off	Net position on balance sheet
	(liabilities) £000	£000	£000	(liabilities) £000	£000	£000
Trade receivables	12,978	0	12,978	10,119	0	10,119
Bank accounts in credit	10,287	-7	10,280	17,088	-1,220	15,868
<b>Total financial assets</b>	<b>23,265</b>	<b>-7</b>	<b>23,258</b>	<b>27,207</b>	<b>-1,220</b>	<b>25,987</b>
Trade payables	-20,524	0	-20,524	-18,673	0	-18,673
Bank accounts in debit	-7	7	0	-1,220	1,220	0
Borrowings	-8,908	0	-8,908	-9,410	0	-9,410
PFI arrangements	-8,226	0	-8,226	-9,103	0	-9,103
<b>Total financial liabilities</b>	<b>-37,665</b>	<b>7</b>	<b>-37,658</b>	<b>-38,406</b>	<b>1,220</b>	<b>-37,186</b>

### (c) Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	Financial Liabilities	Financial Assets		
	Amortised Cost £000	Amortised Cost £000	2021-2022 Total £000	2020-2021 Total £000
Interest expense	940	0	940	1,021
Impairment losses	3	0	3	6
Losses from changes in fair value	39,436	0	39,436	37,830
Fees paid	0	0	0	0
<b>Interest payable and similar charges</b>	<b>40,379</b>	<b>0</b>	<b>40,379</b>	<b>38,857</b>
Interest income	0	-16	-16	-7
<b>Interest and investment income</b>	<b>0</b>	<b>-16</b>	<b>-16</b>	<b>-7</b>
<b>Net impact on surplus/deficit on provision of services</b>	<b>40,379</b>	<b>-16</b>	<b>40,363</b>	<b>38,850</b>

### (d) Financial Instruments - Fair Values

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31<sup>st</sup> March 2022, using the following methods and assumptions:

- Loans borrowed by the Police and Crime Commissioner have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31<sup>st</sup> March.
- The fair values of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service and interest charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

	Fair Value Level	Balance		Balance	
		Sheet 31.3.2022 £000	Fair Value 31.3.2022 £000	Sheet 31.3.2021 £000	Fair Value 31.3.2021 £000
<b>Financial liabilities held at amortised cost:</b>					
Long-term loans from PWLB	2	8,875	7,963	9,375	9,141
Lease payables and PFI liabilities	2	8,226	7,452	9,103	8,699
<b>Total</b>		<b>17,101</b>	<b>15,415</b>	<b>18,478</b>	<b>17,840</b>
Liabilities for which fair value is not disclosed *		20,557		18,708	
<b>Total Financial Liabilities</b>		<b>37,658</b>		<b>37,186</b>	
<i>Recorded on balance sheet as:</i>					
Short-term creditors		20,524		18,673	
Short-term borrowing		533		535	
Other short-term liabilities		951		877	
Long-term borrowing		8,375		8,875	
Other long-term liabilities		7,275		8,226	
<b>Total Financial Liabilities</b>		<b>37,658</b>		<b>37,186</b>	

\* The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is lower than their balance sheet carrying amount because the inherent interest rate within the PFI unitary charge is higher than the current market rates available as at the Balance Sheet date.

	Fair Value Level	Balance		Balance	
		Sheet 31.3.2022 £000	Fair Value 31.3.2022 £000	Sheet 31.3.2021 £000	Fair Value 31.3.2021 £000
<b>Financial assets held at amortised cost:</b>					
Corporate Bond	1	0	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Assets for which fair value is not disclosed *		43,114		31,987	
<b>Total Financial Assets</b>		<b>43,114</b>		<b>31,987</b>	
<i>Recorded on balance sheet as:</i>					
Short-term debtors		12,978		10,119	
Short-term investments		19,856		0	
Cash and cash equivalents		10,280		21,868	
<b>Total Financial Assets</b>		<b>43,114</b>		<b>31,987</b>	

\* The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

## e) Financial Instruments - Risks

The Police and Crime Commissioner complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Police and Crime Commissioner approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Police and Crime Commissioner also approves Treasury Management Practices specifying the practical arrangements to be followed to manage these risks. The Treasury Management Strategy includes an Investment Strategy in compliance with the Welsh Government's Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield.

The main risks covered are:

- *Credit Risk:* The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Police and Crime Commissioner.
- *Liquidity Risk:* The possibility that the Police and Crime Commissioner might not have the cash available to make contracted payments on time.
- *Market Risk:* The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

### Credit Risk: Treasury Investments

The Police and Crime Commissioner manages credit risk by ensuring that treasury investments are placed only with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Police and Crime Commissioner has received independent investment advice.

A limit of £10m of the total portfolio can be invested with the HSBC as the Police and Crime Commissioner's contracted bankers, and £4m limit is placed on the amount of money that can be invested with other single counterparties (other than the UK government). No more than £5m in total can be invested for a period longer than one year.

The table below summarises the credit risk exposures of the Police and Crime Commissioner's treasury investment portfolio by credit rating and remaining time to maturity:

Credit Rating *	31.3.2022		31.3.2021	
	Long-term £000	Short-term £000	Long-term £000	Short-term £000
UK Government	0	19,850	0	6,000
AAA	0	0	0	0
AA+	0	0	0	0
AA	0	0	0	0
AA-	0	5,387	0	9,048
A+	0	4,858	0	8,000
A	0	0	0	0
A-	0	0	0	0
<b>Total Investments</b>	<b>0</b>	<b>30,095</b>	<b>0</b>	<b>23,048</b>

\* as per Fitch published long-term rating @ 31.3.2022

The current account is held with HSBC who are rated AA-.

## Credit Risk: Trade Receivables

The following analysis summarises the Police and Crime Commissioner's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

	31.3.2022		31.3.2021	
	Trade receivables	Lease receivables	Trade receivables	Lease receivables
	£000	£000	£000	£000
Neither past due nor impaired	6,161	0	6,623	0
Past due < 3 months	1,144	0	775	0
Past due > 3 months	241	0	115	0
Individually impaired	16	0	13	0
<b>Total Receivables</b>	<b>7,562</b>	<b>0</b>	<b>7,526</b>	<b>0</b>

Loss allowances on trade receivables have been calculated by reference to the Police and Crime Commissioner's historic experience of default. Receivables are determined to be credit-impaired where they are 90 or more days past due. Loss allowances are eventually written off to the Surplus or Deficit on the Provision of Services.

## Liquidity Risk

The Police and Crime Commissioner has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Police and Crime Commissioner will be unable to raise finance to meet its commitments. There is however the risk of the need to refinance a significant proportion of borrowing at a time of unfavourably high interest rates.

The maturity analysis of financial instruments is as follows:

Time to maturity (years)	31.3.2022			31.3.2021		
	Liabilities	Assets	Net	Liabilities	Assets	Net
	£000	£000	£000	£000	£000	£000
Not over 1	-22,008	43,114	21,106	-20,085	31,987	11,902
Over 1 but not over 2	-1,531	0	-1,531	-1,451	0	-1,451
Over 2 but not over 5	-5,149	0	-5,149	-4,863	0	-4,863
Over 5 but not over 10	-5,095	0	-5,095	-6,412	0	-6,412
Over 10 but not over 20	-3,875	0	-3,875	-4,375	0	-4,375
<b>Total</b>	<b>-37,658</b>	<b>43,114</b>	<b>5,456</b>	<b>-37,186</b>	<b>31,987</b>	<b>-5,199</b>

## Market Risks: Interest Rate Risk

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

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. 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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31 March 2022, 100% (2021: 100%) of net principal borrowed (i.e. borrowing net of investments) was exposed to fixed rates and 0% (2021: 0%) to variable rates.

#### Market Risks: Price Risk

The Police and Crime Commissioner does not invest in equity shares and therefore is not subject to any price risk (i.e. the risk that the Police and Crime Commissioner will suffer a loss as a result of adverse movements in the price of the financial instrument).

#### Market Risks: Foreign Exchange Risk

The Police and Crime Commissioner has no financial assets or liabilities denominated in foreign currency therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

### 37. Partnership Schemes

The Police and Crime Commissioner is involved in partnership work with DangerPoint Ltd and Police and Community Trust (PACT). Details of PACT and DangerPoint accounts are available upon request.

### 38. Funds

The Police and Crime Commissioner administers the following funds for the purposes stated –

	31.3.2022 £000	31.3.2021 £000
Police Property Act Fund (Proceeds from confiscated property for distribution to charities)	10	1
Misuse of Drugs Fund (Seized monies from Drugs enquiries used to finance expenditure in combating drugs)	134	134
	<b>144</b>	<b>135</b>

### 39. Jointly Controlled Operations/Collaboration

The Police and Crime Commissioner was party to a number of collaborations (both regional and national) during 2021-22. CIPFA guidance on accounting for collaboration has been considered in determining the nature of the relationships and, as most arrangements have joint control through a strategic management board, it is considered that most are correctly classified as joint operations. Some arrangements are of a collaborative nature but are classified as third-party payments. Others involve officers from individual forces carrying out duties on a regional basis but funded by a lead force from grants made by the Home Office, other agencies or are self-funded from fees and charges.

The following collates the arrangements into:

- a) Collaboration – Joint Operations
- b) Collaboration – Third Party payments
- c) Collaboration – Grant/self-funded

## a) Collaboration – Joint Operations

### Minerva

The Minerva Programme was created in 2013 as a collaboration of 10 UK police forces based upon their common use of the Niche Records Management System (NicheRMS365). It had been identified that the RMS was highly configurable locally and as such, there were no common data standards for its use. In addition, UK forces were often making opposing requests for change to the system, activity that created silos of data with massively reduced opportunities for data sharing both between forces and with national systems such as PND and others. The initial aims of the Minerva Programme were to promote best practice between member forces and to create an agreed approach to the use of the RMS.

In 2017, the then 23 Minerva members forces approved an increase in the resource level and committed to a new strategy to develop/manage new NicheRMS365 functionality and to further drive convergence to enable data sharing. The new Minerva Delivery Team (MDT – 10 staff seconded from member forces) commenced this work in 2018.

There are now 27 Minerva member forces as every force in England, Wales and Northern Ireland using NicheRMS365 has chosen to become a Minerva member. At the Minerva Annual General Meeting in September 2021, the Minerva Strategic Plan 2021-26 was approved by member forces. That strategy fully supports agreed national drivers (e.g. the National Policing Digital Strategy 2020-2030) and aims to ensure the ability to effectively share data as Minerva forces consider migration to cloud services.

Responsibility for Minerva was passed from PCC for Sussex to PCC for North Wales on 1 April 2021. As part of the handover a reserve of £0.331m was transferred across.

The budgeted expenditure agreed for 2021-22 by the Minerva Management Board was £0.620m with the funding met by a combination of forces contribution of £0.575m for those forces party to the Section 22a Collaboration Agreement with an amount of £0.049m to be drawn from reserves. The budget was inclusive of costs such as staff, consultants, travel, IT costs, other non-staff costs.

Actual expenditure has come in slightly below at £0.609m versus the overall budget, mainly due to lower staff costs than anticipated, which necessitates a movement of £0.037m from reserves. As a result, the reserve balance has reduced to £0.294m. The program is committed to running down the reserve over the next 3 years. Force contributions are to remain constant while increased costs are forecast for the next financial year due to additional staff and an anticipated increase in staff costs.

All the expenditure and income relating to Minerva activities are coded separately on our ledger which have been derecognised reflecting our share of income and expenditure, with the North Wales Police funding contribution for 2021-22 being £0.020m (2020-21 being £0.020m).

2020-21		2021-22		
Net Expenditure	Functions	Expenditure	Income	Net Expenditure
£'000		£'000	£'000	£'000
20	Minerva	20	0	20
<b>20</b>	<b>Total</b>	<b>20</b>	<b>0</b>	<b>20</b>

## Forensic Collision Investigation Network (FCIN)

Forensic Collision Investigation is a highly specialist area of policing, involving a small number of scientific and technical staff who provide a significant public service through the investigation of death and serious, often life changing, injuries on our roads.

In 2020-2021 the responsibility for the Forensic Collision Investigation Network (FCIN) was transferred from West Mercia Police to North Wales Police. The FCIN moved out of the Specialist Capabilities Programme to the 'Host Force' model with the primary objective being that all collision investigation activities comply with national forensic standards. The police service decided that this should be delivered through a networked approach underpinned by a Section 22a Collaboration Agreement.

As at the end of the Financial Year 2020-21 the Force held a total of £1,080k in earmarked reserve on behalf of FCIN.

The budgeted expenditure agreed for 2021-2022 by the FCIN Management Board was £4.305m with the funding met by a combination of forces contribution of £3.288m for those forces party to the Section 22a Collaboration Agreement with an amount of £1.017m to be drawn from reserves. The budget was set to meet the cost of scientific development and roll out of the FCIN network to meet the accreditation deadline as set by the Forensic Science Regulator. The budget was inclusive of costs such as staff, consultants, scientific validation, competency testing and other non-staff costs.

The Covid-19 pandemic continues to impact upon both the activities and timelines of the scientific development and roll out of the network. The FCIN team have worked extensively to understand, unpick, and design validation experiments around the variable components within the investigation. Even in a group of representatives with approximately 140 years of collective experience between them, the difficulty in the validation of multi-disciplinary and largely interpretive scientific activities deployed in the dynamic scenarios within this field of work was not fully anticipated.

These factors have contributed to an underspend of £1.552m versus the overall budget which did not necessitate a movement of £1.017m from reserves. There is £0.535m underspend based on the force contributions alone primarily made up of staff and staff related costs together with the timeline for Validation and Field Events being impacted by a combination of the Covid-19 pandemic and complexity involved in achieving accreditation in a nexus of physics, mathematics, infrastructure, technology, mechanics, and human factors through a networked approach.

Given the complexities highlighted the programme is undergoing a period of re-evaluation with the proposal that the £0.535m underspend be set aside in earmarked reserves as per Note 8 Transfers to/from Earmarked Reserves taking the overall level of reserves to £1.615m. This earmarked reserve is in place to meet the requirement of the FCIN to achieve the accreditation deadline and more specifically around costs such as resource costs, accreditation activities and competency testing.

All the expenditure and income relating to the FCIN activities are coded separately on our ledger which have been derecognised reflecting our share of income and expenditure, with the North Wales Police funding contribution for 2021-2022 being £0.042m (2020-21 being £0.027m).

2020-2021		2021-2022		
Net Expenditure	Functions	Expenditure	Income	Net Expenditure
£'000		£'000	£'000	£'000
27	Forensic Collision Investigation Network	42	0	42
27	<b>Total</b>	<b>42</b>	<b>0</b>	<b>42</b>

## North West Collaborative Arrangements

The North West Regional Organised Crime Unit (NWROCU) was established in April 2009 bringing together the six regional police forces in collaboration to tackle serious and organised crime across the North West. It encompasses the work of a number of teams with Merseyside as the lead force. The amount reflected in North Wales Police accounts in 2021-2022 is £0.893m (£0.851m in 2020-21) with the breakdown by function as follows:

2020-2021 Net Expenditure £'000	Functions	2021-2022		
		Expenditure £'000	Income £'000	Net Expenditure £'000
223	Regional Crime Unit	209	0	209
38	Prisoner Intelligence	80	-31	49
16	Regional Intelligence Unit	29	-16	13
204	Technical Surveillance Unit	215	-18	197
168	Confidential Unit	174	-4	170
7	Operational Security Officer	13	-7	6
117	UCA	238	-120	118
0	Uplift Year 1	56	0	56
78	Business Support	104	-29	75
<b>851</b>	<b>Total</b>	<b>1,118</b>	<b>-225</b>	<b>893</b>

### The following joint operations have Cheshire as lead force:

The North West Joint Underwater Search Unit serves the areas of Cheshire, Greater Manchester, Merseyside, Lancashire, Cumbria and North Wales with the overall expenditure being met by those forces.

The NW Armed Policing Collaboration was formed in 2012 with six member forces. Since this time the region has been operating under a single interim College of Policing (CoP) Firearms Training Licence having previously operated under six full training licences. Lancashire left the Collaboration on 31 March 2018.

The Armed Policing Alliance provides armed officers to both Cheshire and North Wales in a fully integrated joint force team since its inception in 2014. It is an armed policing alliance that serves the areas of Cheshire and North Wales and is staffed by police officers and support staff from the two constituent police forces with the overall expenditure being met by those forces.

The Dog Alliance provides dog handlers to both Cheshire and North Wales. The pilot went live operationally in April 2016 and provides a range of police dogs skills to both Cheshire and North Wales and is staffed by police officers and support staff from the two constituent police forces with the overall expenditure being met by those forces

2020-2021 Net Expenditure £'000	Functions	2021-2022		
		Expenditure £'000	Income £'000	Net Expenditure £'000
74	Joint Underwater Search Unit	74	-6	68
60	North West Armed Policing	108	-49	59
3,145	Armed Policing Alliance	3,333	-77	3,256
689	Dogs Alliance	715	-2	713
10	ANPR	0	0	0
<b>3,978</b>	<b>Total</b>	<b>4,230</b>	<b>-134</b>	<b>4,096</b>

### Telecommunication Single Point of Contact (Telecomm SPOC) Collaboration

Telecomm SPOC collaboration agreement between North Wales Police and Cheshire Constabulary for a 24/7 telecommunications single point of contact service for the acquisition of communications data under the Investigatory Powers Act 2016. North Wales Police is the Lead Force.

On the 1<sup>st</sup> October 2021 the Telecommunications SPOC Collaboration progressed to phase three with the setting up of a single unit across the respective forces with parity on the pay grades.

2020-2021 Net Expenditure £'000	Function	2021-2022		
		Expenditure £'000	Income £'000	Net Expenditure £'000
0	Telecomm SPOC	147	0	147
<b>0</b>	<b>Total</b>	<b>147</b>	<b>0</b>	<b>147</b>

### All Wales Collaborative Arrangements

The following operations are collaborations with other forces in Wales. The notional share of the expenditure and income has been reflected in the Comprehensive Income and Expenditure Statement allocated by population percentage across Wales.

SHARE OF SERVICE COLLABORATION 2021-2022		Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors
Gross Expenditure	Population %	£000	£000
South Wales	42.44%	3,114	241
Dyfed-Powys	16.49%	1,210	94
Gwent	18.87%	1,385	107
North Wales	22.19%	1,628	126
<b>Total:</b>	<b>100.00%</b>	<b>7,337</b>	<b>568</b>
Total Income & Grants	Population %	£000	£000
South Wales	42.44%	-3,114	-241
Dyfed-Powys	16.49%	-1,210	-94
Gwent	18.87%	-1,385	-107
North Wales	22.19%	-1,628	-126
<b>Total:</b>	<b>100.00%</b>	<b>-7,337</b>	<b>-568</b>

SHARE OF SERVICE COLLABORATION 2020-2021		Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors
Gross Expenditure	Population %	£000	£000
South Wales	42.48%	2,839	229
Dyfed-Powys	16.48%	1,102	89
Gwent	18.85%	1,260	101
North Wales	22.19%	1,483	120
<b>Total:</b>	<b>100.00%</b>	<b>6,684</b>	<b>539</b>
Total Income & Grants	Population %	£000	£000
South Wales	42.48%	-2,839	-229
Dyfed-Powys	16.48%	-1,102	-89
Gwent	18.85%	-1,260	-101
North Wales	22.19%	-1,483	-120
<b>Total:</b>	<b>100.00%</b>	<b>-6,684</b>	<b>-539</b>

In 2017-2018 an All-Wales Collaboration Team was established to coordinate existing activities and identify new opportunities for collaboration across the four Forces in Wales. During 2019-2020 it was agreed that the team would be led by an Assistant Chief Constable with the costs of this lead role fully met by the home force. The total costs of the team in 2021-22 were £0.110m (2020-21 – £0.161m) and Police and Crime Commissioner for North Wales' contribution to these costs was £0.028m in 2021-22 (2020-21 – £0.040m).

During 2020-21 an Assistant Chief Constable from North Wales Police was the lead for the All Wales Collaboration Team, covering the period of 1<sup>st</sup> April 2020 until 17<sup>th</sup> January 21 which resulted in a remuneration of £110,147 as per Note 26 Officers' Remuneration, with the costs fully met by the Police and Crime Commissioner for North Wales.

Debtors and creditors in respect of the above arrangements have remained in the balance sheets of the lead forces by mutual agreement on the basis of materiality.

#### **b) Collaboration – Third Party Payments**

The only significant arrangement of this kind is the payment made towards the National Police Air Service (NPAS) which was £0.384m in 2021-2022 (£0.561m in 2020-2021).

#### **c) Collaboration – Grant/Self-funding**

In a small number of collaboration arrangements North Wales provided seconded officers to support the arrangements and was reimbursed by other forces or agencies who received grant funding from the Home Office or Welsh Government to cover expenditure costs.

### Police Pension Fund Account

As from 2006-2007 Police Officer Pensions are paid separately from the main revenue account. Employer and Employee contributions and other pension income are paid into the Police Pension Fund account and all the Police Pension expenditure is paid out of the account. The Police Pension Scheme is an unfunded scheme and as such has no investment assets. Each individual Police and Crime Commissioner is required by legislation to operate a Pension Fund and the amounts to be paid into and out of the Pension Fund are specified by regulation. The Police Pension Fund Regulations 2007 provide that any deficit on the account is transferred to the Police and Crime Commissioner accounts to balance the fund to nil. This deficit is reimbursed by the Home Office and is accounted for within the Police and Crime Commissioner accounts. Similarly, any surplus arising from the expenditure being less than the income is required to be repaid to the Home Office by the Police and Crime Commissioner. Employees' and employers' contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. Long term pension obligations are detailed within note 34 Retirement Benefits.

The Pension account is designed to discharge liabilities to pay pensions as they fall due and takes no account of pensions and other liabilities after the period end. All fund transactions are treated in accordance with the Police and Crime Commissioner's Accounting Policies as set out on pages 64 to 78. Administration of the Pension Fund is carried out through a third-party contract agreement.

2020-2021 £000	Fund Account	2021-2022 £000
	<b>Contributions receivable</b>	
	From Employer:-	
17,980	- Normal	18,361
0	- Early retirements	0
673	- Capital Charge for Ill Health Retirement	545
7,776	Members Contributions	7,956
529	Transfer Values received	353
<b>26,958</b>	<b>Total Income</b>	<b>27,215</b>
	<b>Benefits Payable</b>	
38,841	Pensions	39,611
6,930	Commuted and lump sum retirement benefits	9,328
168	Lump Sum Death Benefits	0
	<b>Payments to and on account of leavers</b>	
0	Transfer out to other schemes	2
11	Refund of Contributions	37
<b>45,950</b>	<b>Total amounts Payable</b>	<b>48,978</b>
	Net Amount Payable for the year before transfer from the Police Fund	
18,991		21,763
-18,991	Additional Contribution from the Police Fund (by grant)	-21,763
<b>0</b>	<b>Net amount payable/receivable for the year</b>	<b>0</b>
	<b>Net Asset Statement:</b>	
60	Contributions due from employer	60
3	Unpaid pension benefits	3
-63	Other current assets and liabilities (other than liabilities to pay pensions and other benefits in the future)	-63
<b>0</b>	<b>Total Liabilities</b>	<b>0</b>

## Group Statement of Accounting Policies

### 1. General

The Group Statement of Accounts summarises the Police and Crime Commissioner's transactions for the 2021-2022 financial year and the position at the year-end of 31 March 2022. The Police and Crime Commissioner is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014. The Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021-2022, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003. The code specifies the principles and practices of accounting required to prepare a Group Statement of Accounts which presents a 'true and fair' view of the financial position, financial performance and cash flows of the Police and Crime Commissioner, including group financial statements.

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

### 2. Accruals of Income and Expenditure

Activity is accounted for in the year it occurs, not simply when cash payments are made and received. In particular:

- Revenue from sale of goods is recognised when the Police and Crime Commissioner transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Police and Crime Commissioner.
- Revenue from the provision of services to the Police and Crime Commissioner is recognised when the Police and Crime Commissioner can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Police and Crime Commissioner.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date that supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services rendered (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. A de minimus level of £3k is set for these transactions. 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.

### 3. 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. Cash equivalents are investments that can mature immediately from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Police and Crime Commissioner's cash management.



#### 4. **Exceptional items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to understanding the Police and Crime Commissioner's financial performance.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in the 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 made only when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Police and Crime Commissioner's financial position or financial performance. Where a change is made, unless stated otherwise it is applied retrospectively by adjusting opening balances and the 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.

#### 6. **Charges to Revenue for Non-Current Assets**

The Police and Crime Commissioner does not charge depreciation, revaluation and impairment or amortisation separately to services, support services or trading accounts.

The Police and Crime Commissioner is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, he is required to make an annual contribution from revenue towards the reduction in his overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Police and Crime Commissioner in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Revenue Provision), and by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### 7. **Employee Benefits**

##### **Benefits Payable During Employment**

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

## Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Police and Crime Commissioner to terminate an employee's employment before the normal retirement date or an employee'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 at the earlier of: when the Police and Crime Commissioner can no longer withdraw the offer of those benefits; or when the Police and Crime Commissioner recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Police and Crime Commissioner to the pension fund or pensioner in the year, not the amount calculated in accordance to the relevant accounting standards. In the Movement of 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 the debits for the cash paid to the pension fund and pensioners together with any such amounts payable but unpaid at the year-end.

## Post-Employment Benefits

The Police and Crime Commissioner participates in two different pension schemes. Both schemes provide members with defined benefits related to pay and services.

### *Staff employed in the Office of the Police and Crime Commissioner and Police Staff*

These employees are eligible to join the Local Government Pension Scheme, which is administered by Gwynedd Council. The triennial actuarial assessment carried out in 2016 stated that the employer's contribution needed to be set at a minimum of 16.3% per annum plus a lump sum of £0.8m to meet the liabilities of the fund. The triennial assessment carried out in 2019 set a minimum rate of 19% from April 2020 with no lump sum.

### *Police Officers*

Until 2005-2006 the cost of the police pensions scheme, which was an unfunded, defined benefits scheme, was met from the preceding Police Authority's Income and Expenditure Account. In 2006-2007 there was a change in the way that police pensions were accounted for, and a central fund was created by the Home Office to meet the cost of pensions and commutation payments. Police and Crime Commissioners pay a percentage of officers' salaries into the fund (currently 31.0%). Injury pensions continue to be the responsibility of the Police and Crime Commissioner and are met from the Police and Crime Commissioner's Income and Expenditure Account.

## The Local Government Pension Scheme

The Local Government Pension Scheme is a defined benefits scheme:

- the liabilities of the Gwynedd Pension Fund attributable to the Police and Crime Commissioner are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and estimates of projected earnings for current employees.
- the liabilities are discounted to their value at current prices, using a discount rate based on an indicative rate of return on Government bonds adjusted for additional yield from high quality corporate bonds (iBoxx Sterling Corporates AA).
- the assets of the Gwynedd Pension Fund attributable to the Police and Crime Commissioner are included in the Balance Sheet at their fair value:
  - Quoted securities at current bid price
  - Unquoted securities at professional estimate

Unitised securities at current bid price

Property at market value.

- the change in the net pensions' liability is analysed into the following components:

Service cost comprising:

- (i) Current Service Cost – the increase in the present value of the defined benefit obligation resulting from employee service in the current period which is allocated to the Comprehensive Income and Expenditure Statement.
- (ii) Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years and which are debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- (iii) Net interest on the net defined benefit liability (asset) – the net interest expense for the Police and Crime Commissioner from the change during the period in the net defined liability (asset) that arises from the passage of time and is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit liability obligation at the beginning of the period to the net defined benefit liability (asset) at the end of the period by taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- (i) The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) and is charged the Pensions Reserve as Other Comprehensive Income and Expenditure.
- (ii) Actuarial gains or losses – changes in the net pensions' liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions which are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Gwynedd Pension Fund – cash paid as employers' contributions to the pension fund in settlement of liabilities; this is not accounted for as an expense.

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

### **Discretionary Benefits**

The Police and Crime Commissioner has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same

policies as are applied to the Local Government Pensions Scheme and in accordance with the Police and Crime Commissioner's early retirement process.

## 8. **Events after the Reporting Period**

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

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

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

## 9. **Financial Instruments**

### Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the Police and Crime Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are subsequently 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 interest rate is the rate that exactly discounts the estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The amount presented in the balance sheet with respect to long- and short-term borrowing is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable in the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums or discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Police and Crime Commissioner's policy is to spread the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by the transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### Financial Assets

Financial assets are classified into two types:

- loans and receivables which are assets that have a fixed or determinable repayments but are not quoted in an active market
- available-for-sale assets which are assets that have a quoted market price and/or do not have fixed or determinable payments

### Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Police and Crime Commissioner 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 to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 loans that the Police and Crime Commissioner has made, this means that 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.

Where assets are identified as impaired because the likelihood arising from a past event that payments due under a contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains or losses that arise in the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### Available-for-sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Police and Crime Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Police and Crime Commissioner.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Police and Crime Commissioner can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation). Financial assets held at amortised cost are shown net of a loss allowance (where material) reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Police and Crime Commissioner.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

#### 10. **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grant and third-party contributions and donations are recognised as due by the Police and Crime Commissioner when there is reasonable assurance that:

- the Police and Crime Commissioner will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Police and Crime Commissioner are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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 (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.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is transferred to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

#### 11. **Interest in other entities**

The Police and Crime Commissioner has material interests in other entities that have the nature of a subsidiary, associate and jointly controlled entities and is required to prepare group accounts. In the Police and Crime Commissioner's single entity accounts interests in other entities are recorded in accordance with proper

accounting practice. In respect of the North Wales Police and the Police and Crime Commissioner's group accounts, the Chief Constable of North Wales is deemed to be a 100% wholly owned subsidiary of the Police and Crime Commissioner.

## 12. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the first in first out (FIFO) costing formula. 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 or services received under the contract during the financial year.

## 13. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Police and Crime Commissioner in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Police and Crime Commissioner recognises on the Balance Sheet the assets that the Commissioner controls including his share of any assets held jointly and the liabilities that the Commissioner incurs including his share of any liabilities incurred jointly and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure and any share of expenditure incurred jointly and the share of income that is earned from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Police and Crime Commissioner and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Police and Crime Commissioner accounts for only his share of the jointly controlled assets, the liabilities and expenses that he incurs on his own behalf or jointly with others in respect of his interest in the joint venture and income that is earned from the venture. Details of any jointly controlled operations can be seen in Note 39 to the Accounts.

## 14. Leases

Finance leases transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey the right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### **The Police and Crime Commissioner as a Lessee**

#### Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by the liability for the obligation to pay the lessor. Initial direct costs to the Police and Crime Commissioner are added to the carrying amount of the asset. Premiums paid on entry into the lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment which is applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Police and Crime Commissioner at the end of the lease period).

The Police and Crime Commissioner is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense for the use of leased property, plant and equipment. Charges are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

#### **The Police and Crime Commissioner as a Lessor**

A lessor lets property, plant or equipment under a lease arrangement to others.

#### Finance Leases

Where the Police and Crime Commissioner grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the balance sheet as a disposal. At the commencement of the lease the carrying amount of the asset in the balance sheet, (whether property, plant or equipment or assets held for sale) is written off to the other operating expenditure line in the comprehensive income and expenditure statement as part of the gain or loss on disposal. A gain representing the Police and Crime Commissioner's net investment in the lease, is credited to the same line in the comprehensive income and expenditure statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset on the balance sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).

The gain credited to the comprehensive income and expenditure statement on disposal is not permitted by statute to increase the general fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the general fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the general fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement.



When the future rentals are received the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the capital receipts reserve. The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements under capital financing. Amounts are therefore appropriated to the capital adjustment account from the general fund balance through the Movement in Reserves Statement.

### Operating Leases

Where the Police and Crime Commissioner grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the other operating expenditure line in the comprehensive income and expenditure statement. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating or arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

#### 15. **Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Police and Crime Commissioner's arrangements for accountability and financial performance

#### 16. **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 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 to the Police and Crime Commissioner 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.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- 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
- if applicable, the initial estimate of costs of dismantling and removing the item and then restoring the site on which it is located.

The Police and Crime Commissioner does not capitalise borrowing costs incurred whilst the assets are under construction.

The cost of an asset other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows to the Police and Crime Commissioner). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Police and Crime Commissioner.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, (unless the donation has been made conditionally); until conditions are satisfied the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction - depreciated historical cost
- Dwellings and all other assets – fair value determined as the amount that would be paid for the asset in its existing use (i.e. existing use value or EUV).

Where there is no market-based evidence of current value because of the specialist nature of the asset, depreciated replacement cost is used as a substitute for fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a substitute for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure their carrying amount is not materially different from their fair value at the year-end, as a minimum every five years. Increases in the valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains may be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged.

Where decreases in value are identified, they are accounted for as follows:

- 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 the balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down 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 this date have been consolidated into the Capital Adjustment Account.

### 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 as follows:

- 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 gain)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Depreciation

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

Where an asset has major components with significant value, the components are depreciated separately. The Police and Crime Commissioner has applied the following de-minimus limits and components will be recognised separately only where:

- (i) Remaining life of component is between 0 and 10 years and value of component is over £500k
- (ii) Remaining life of component is between 10 and 15 years and value of component is over £750k
- (iii) Remaining life of component is between 15 and 20 years and value of component is over £1000k
- (iv) Remaining life of component is between 20 and 30 years and value of component is over £1250k
- (v) Remaining life of component is between 30 and 40 years and value of component is over £1500k
- (vi) Remaining life of component is between 40 and 50 years and value of component is over £2000k
- (vii) Remaining life of component is between 50 and 60 years and value of component is over £4000k

Asset Type:	Depreciation Policy:
Buildings	Depreciated over the life expectancy as stated by the valuer on a straight-line method and revalued at least every 5 years
Computer Equipment	Straight line over 3 to 5 years commencing in the year following purchase.
General Equipment, Furniture and Fittings and Radio Equipment	Straight line over 7-10 years commencing in the year following purchase.
Vehicles	Straight line over 3-8 years commencing in the year following purchase.
Land	Undeveloped sites are not depreciated.

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.

## Disposals and Non-Current Assets held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is 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 the 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.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale

(adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale), and their recoverable amount at the date of the decision not to sell.

Details of any properties classified as Assets Held for Sale are disclosed in the Balance Sheet and relevant notes.

Assets that are to be abandoned or scrapped are not classified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and then can be used only for new capital investment (or set aside to reduce the Police and Crime Commissioner's underlying need to borrow - the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The value of disposals written out is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

#### **17. Private Finance Initiative**

The Police and Crime Commissioner has entered into one long term contractual agreement under PFI where the contractor is responsible for design, construction, finance and maintenance of the Custody Suite, Major Incident facility, Scientific Support facility and office space at St. Asaph. As the Police and Crime Commissioner is deemed to control the services that are provided under its PFI scheme and as ownership of the fixed assets will pass to the Police and Crime Commissioner at the end of the contract for no additional charge, the Police and Crime Commissioner carries the fixed assets used under the contracts on the Balance Sheet.

The original recognition of these fixed assets has been balanced by a corresponding liability for the amounts due to the scheme operator.

#### **18. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are made where an event has taken place that gives the Police and Crime Commissioner a legal or constructive obligation that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense in the Comprehensive Income and Expenditure Statement in the year that the Police and Crime Commissioner becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is recognised as income for the relevant service only when it is virtually certain that reimbursement will be received if the Police and Crime Commissioner settles the obligation.

The insurance provision covers insurance liability for those risks not covered externally and also covers any excess on external insurance policies. The provision covers public and employer's risk. There are contingent liabilities to be met from this provision.

The provision for doubtful debts, now called loss allowances, is included within Debtors in Current Assets.

Carbon Reduction Commitment (CRC) Energy Efficiency Scheme – this is a mandatory scheme for large public and private sector organisations and is designed to improve energy efficiency and cut emissions. Organisations that qualify are required to purchase and surrender carbon allowances on the basis of their emissions and reflect any liabilities within their accounts. The Police and Crime Commissioner is currently not required to participate in the scheme due to current emissions being below the qualification threshold.

#### Contingent Liabilities

A contingent liability arises when an event has taken place that gives the Police and Crime Commissioner 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 Police and Crime Commissioner. They can 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 when an event has taken place that gives the Police and Crime Commissioner 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 Police and Crime Commissioner.

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.

### 19. **Reserves**

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

Unusable Reserves - certain reserves are maintained to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Police and Crime Commissioner. Reserves are explained in the relevant policies within the Medium-Term Financial Plan.

### 20. **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure in the Comprehensive Income and Expenditure Statement in the year. Where the Police and Crime Commissioner has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves

Statement from the General Fund Balance to the Capital Adjustment Account reverses the amounts charged so that there is no impact on the level of revenue expenditure.

## 21. **Recognition of Revenue from Non-Exchange Transactions**

Assets and revenue arising from non-exchange transactions are recognised in accordance with the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, except where interpreted or adapted to fit the public sector are detailed in the Code and/or IPSAS 23, "Revenue from Non- Exchange Transactions (Taxes and Transfers)."

**Taxation transactions** - Assets and revenue arising from taxation transactions are recognised in the period in which the taxable event occurs, provided that the assets satisfy the definition of an asset and meet the criteria for recognition as an asset.

**Non-taxation transactions** - Assets and revenue arising from transfer transactions are recognised in the period in which the transfer arrangement becomes binding. Services in-kind are not recognised. Where a transfer is subject to conditions that, if unfulfilled, require the return of the transferred resources, the Police and Crime Commissioner recognises a liability until the condition is fulfilled.

**Basis of Measurement of Major Classes of Revenue from Non-Exchange Transactions** - Taxation revenue is measured at the nominal value of cash, and cash equivalents. Assets and revenue recognised as a consequence of a transfer are measured at the fair value of the assets recognised as at the date of recognition:

- Monetary assets are measured at their nominal value unless the time value of money is material, in which case present value is used, calculated using a discount rate that reflects the risk inherent in holding the asset; and
- Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession. Receivables are recognised when a binding transfer arrangement is in place, but cash or other assets have not been received.

## 22. **VAT**

Generally, the Comprehensive Income and Expenditure Statement excludes VAT as any collected is paid to HM Revenues and Customs and any VAT paid is recoverable from them. Value added tax is included in the Comprehensive Income and Expenditure Statement only if it is irrecoverable.

## 23. **Fair Value**

The Police and Crime Commissioner measures some of his financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The Police and Crime Commissioner measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

## Glossary of Terms

### **Accounting Policies**

These are the set of rules and codes of practice we use when preparing the accounts.

### **Accrual and Pre payment**

A sum included in the final accounts to cover income and expenditure attributable to the accounting period, but for which payment has been or will be made/ received in a different accounting period.

### **Budget**

A statement of the Police and Crime Commissioner's plans in financial terms. A budget is prepared and approved by the Police and Crime Commissioner before the start of each financial year and is used to monitor actual expenditure throughout the year.

### **Capital Expenditure**

Expenditure on new assets or on the enhancement of existing assets so as to prolong their useful life or enhance market value.

### **Capital Receipts**

Proceeds of not less than £10,000 from the sale of fixed assets. They may be used to finance new capital expenditure or repay debt. They cannot be used to finance normal day to day revenue spending.

### **Contingent Liabilities/Assets**

These arise from a past event which is dependent upon future uncertain events and timing prior to being recognised in the accounts.

### **Creditors**

Amounts owed by the Police and Crime Commissioner at 31 March for goods received or services rendered but not yet paid for.

### **Debtors**

Amounts owed to the Police and Crime Commissioner which are collectable or outstanding at 31 March.

### **Depreciation**

The loss in value of an asset due to age, wear and tear, deterioration and obsolescence.

### **Direct Revenue Funding of Capital**

Contributions from revenue to finance capital expenditure and thus reduce the requirement to borrow.

### **Earmarked Reserves**

Amounts set aside for a specific purpose to meet future commitments or liabilities.

### **Fair Value**

The amount for which asset could be exchanged, or a liability settled, between market participants at a specified date.

### **Financial Instruments**

Any contract that gives rise to a financial asset of one entity and a financial liability, or equity instrument of another entity.

### **International Accounting Standard (IAS)**

Standards for the preparation and presentation of financial statements created by the International Accounting Standards Committee.

### **International Financial Reporting Standards (IFRS)**

International Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board. These include Statements of Standards Accounting Practice (SSAPs).

### **Impairment**

A reduction in the carrying value of a fixed asset below what it is currently recognised within the balance sheet (see accounting policies).

### **Liquid Resources**

Current asset investments that are readily disposable by the Police and Crime Commissioner without disrupting business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

### **Minimum Revenue Provision**

The prudent amount provided to offset against borrowing under the prudential framework.

### **Net Debt**

The Police and Crime Commissioner's borrowings less cash and liquid resources.

### **Non-Current Assets**

Assets that yield benefits to the Police and Crime Commissioner and the services it provides for a period of more than one year.

### **Non-Domestic Rates (NDR)**

This is the charge levied on occupiers of business premises to finance a proportion of local Police and Crime Commissioner and police revenue expenditure. The amount of NDR 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 the central government.

### **Non-operational Assets**

Fixed assets held by the Police and Crime Commissioner but not directly occupied, used or consumed in the delivery of services.

### **Operational Assets**

Fixed assets held and occupied, used or consumed by the Police and Crime Commissioner in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

### **Outturn**

The actual income and expenditure during the financial period (as opposed to that budgeted).

### **Private Finance Initiative (PFI)**

A contract involving the private sector and public sector jointly to deliver public services.

### **Precept**

A levy which the Police and Crime Commissioner makes through the council tax to pay for services.

### **Provision**

A liability for which monies are set aside when it is recognised that there is an obligation to pay but the timing or amount may be uncertain.

### **Public Works Loan Board (PWLB) (part of the UK Debt Management Office)**

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.



**Remuneration**

All amounts paid to or receivable by a person and includes sums by way of expenses allowances (so far as these are subject to UK income tax) and the estimated money value of any other benefits received by an employee otherwise than in cash.

**Reserves**

Amounts set aside to cover general expenditure needs in the future. These can be usable or unusable (which are reserves held in conjunction with accounting treatments).

**Revaluation**

Carried out to ensure assets are accurately reflected in the accounts at fair value.

**Revenue Expenditure**

Spending on day-to-day items, including salaries, premises costs, transport and supplies and services.

**Revenue Support Grant**

A grant paid by central government in support of a Police and Crime Commissioner's revenue expenditure.

**Slippage**

Delayed capital expenditure not incurred within the original time frame.

**Supported Borrowing**

An approval issued by the Government that enables a Police and Crime Commissioner to borrow up to a specific amount in order to finance capital expenditure.

**Unsupported Borrowing**

Borrowing arranged under the prudential code regime which is funded from the Police and Crime Commissioner's general resources.

**Usable Capital Receipts**

Income from the sale of assets that is available for use to finance only capital expenditure.

## Annual Governance Statement 2021-2022

- 1.1. The Police and Crime Commissioner and the Chief Constable have joint governance arrangements. Therefore, many of the controls are common to both corporations sole. The Police and Crime Commissioner and Chief Constable have a Joint Governance Board to ensure that they fulfil their corporate governance responsibilities. The Board is chaired by the Police and Crime Commissioner's Chief Finance Officer and attended by senior officers of both Police and Crime Commissioner and Chief Constable. The purpose of the Joint Governance Board, therefore, is to enable the Police & Crime Commissioner and Chief Constable to fulfil these responsibilities by ensuring the corporate governance structures, processes and procedures of the OPCC and Force are robust, efficient and effective; comply with all relevant legislation, regulations and guidance; and reflect best practice. The Board also collates and documents the evidence to produce this Annual Governance Statement. The Board met four times during 2021-2022. During 2019-2020, a separate review of governance was undertaken, and actions arising from the review were begun immediately, and were completed by the end of March 2021. During 2021-22 these arrangements were assessed, and minor changes made in order to ensure they remain fit for purpose with a further review being undertaken in early 2022-23. The current view of the Chief Constable and the Police and Crime Commissioner remains one that joint oversight of organisational governance remains the most efficient and effective model.
- 1.2. The Police and Crime Commissioner and the Chief Constable have Manual of Governance which includes a Scheme of Consent, which has been in place since 1 April 2014 and has been reviewed periodically, and most recently revised in August 2021 and in April 2022. The aim of the Scheme is to provide for proper arrangements for the management of activities on behalf of the Commissioner and the Chief Constable. The Commissioner has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the Chief Constable to account on behalf of the public. The Commissioner is responsible for the totality of policing. The Chief Constable is charged with the impartial direction and control of all police officers and staff within the police force that they lead and is responsible for maintaining the Queen's Peace. The Chief Constable holds office under the Crown but is appointed by the Commissioner. A Scheme was in effect throughout the financial year and was been agreed by all the named Senior Officers within the Scheme and the Chief Constable and Police and Crime Commissioner for North Wales. Following the appointment of the new PCC, the Manual of Governance (including the Scheme of Consent) were reviewed and approved by him having also been endorsed by the Chief Constable. The decision was recorded as part of the Strategic Executive Board August 2021 minutes. As part of the arrangements to review and revise policies on a regular basis, the Manual of Governance was further updated during 2021-2022, and the new version approved by the Chief Constable and Police and Crime Commissioner in April 2022 (decision notice DM2022.19 refers).
- 1.3. Both the Police and Crime Commissioner and the Chief Constable are required to have a Chief Financial Officer to undertake the statutory section 151 responsibilities. There is an established Joint Audit Committee; the purpose of the Committee is to provide independent advice and recommendation to the Police and Crime Commissioner and the Chief Constable regarding the adequacy of the governance and risk management framework, the internal control environment and financial reporting. The Joint Audit Committee (JAC) had an ongoing remit tracking progress of the Governance review as it progressed in 2021-2022 with updates from the Joint Governance Board a consistent feature of the JAC work programme.
- 1.4. Each force area has a Police and Crime Panel to support the effective exercise of the functions of the Police and Crime Commissioner, and to review or scrutinise decisions made, or other actions taken, by the Police and Crime Commissioner in connection with the discharge of the commissioner's functions. The Commissioner will also be required to consult with the Panel on his plans and budget for policing, as well as the level of council tax and the appointment of a Chief Constable, Chief Executive Officer, Chief Finance Officer and Deputy Police and Crime Commissioner. The panel is made up of ten local councillors and two co-opted independent members, however in September 2016 the Panel appointed a third co-opted independent member following a recruitment campaign. The increase was sanctioned by the Home Secretary. Conwy County Borough Council is the 'Host Authority' for the North Wales Police and Crime Panel and provides the required support services for the effective operation and discharge of duties of the Police and Crime Panel. The Police and Crime Panels occurring over the year provided effective scrutiny with the meetings being held publicly either online or in person or as a 'hybrid' meeting due to social

distancing requirements.

- 1.5. Governance is about how the Police and Crime Commissioner and the Chief Constable ensure they are doing the right things, in the right way for the right people, in a timely, inclusive, open and accountable manner. It comprises the systems, processes, culture, behaviour and values, by which the organisation is directed and controlled and also the activities by which it is held to account and engages with the community it serves. This Annual Governance Statement (AGS) for the Police and Crime Commissioner and the Chief Constable describes how the organisation can show it has discharged its two overarching statutory duties during 2021-2022:
- To secure an effective and efficient police service and
  - To be accountable for the exercise of their functions and those of people under their direction and control.
- 1.6 The Covid-19 pandemic was described as a “Public Health Emergency of International Concern” on 31 January 2020. Restrictions aimed at reducing the spread of Covid-19 were announced by the government on 23 March 2020 with the Coronavirus Act receiving Royal Assent on 25 March 2020. The impact on the governance process is reflected where appropriate throughout this report and the Governance structures have operated in this Covid environment throughout 2021-22.
- 1.7 A Covid-19 Gold, Silver, Bronze response command structure was set up within the Force and established regionally as part of the North Wales Local Resilience Forum (LRF) with the Strategic Co-ordination Group (which was responsible for leading on the multi-agency response to Covid-19) being chaired by a Police Gold Commander. It also featured formally within the Force’s risk management framework and was a key factor in operational decisions considering the implications for capacity and capability for various functions within the Force. The Police and Crime Commissioner also published a [Covid-19 Response Plan](#). Over the course of the year the Covid-19 risks have reduced with the position at year end being one where there are no risks held on the Covid risk register. This reflects in part the transition from emergency response to one of policing in a Covid environment.
- a. During 2021-2022, Covid-19 has continued to have a significant bearing on the organisation’s working practices transforming them for both the Office of the Police and Crime Commissioner and North Wales Police to accommodate social distancing and other public health measures. In addition, operational decision making within the police service has continued to be led by the governance structures established towards the end of 2019-2020, providing a clear line of sight for related decision-making including oversight of demand, capability and capacity pressures created by Covid-19. To ensure clarity around governance arrangements was retained during Covid-19 the Police and Crime Commissioner published a 2020-2021 Covid-19 response plan in May 2020 ensuring that clear accountability remained in place. The Strategic Planning and Recovery board was established to manage the impact of Covid-19 on the long-term strategic planning of the force. Having been agreed in the Force governance forums, it was noted at the March 22 Joint Governance Board that the board could be decommissioned as the work had been subsumed into ‘Business as usual’ elements of the Governance structure. This would appear to indicate that the Governance structure remains subject to scrutiny and challenge and where it no longer meets the needs of the organisation it will be decommissioned where appropriate.
- b. More recently HMICFRS inspections exploring the effectiveness of decision making during Covid-19 have been announced along with a number of other more focussed reviews that will explore the effectiveness of the Governance and decision making in other areas. HMICFRS plays a key role in informing the Chief Constable, the Commissioner and the public on the efficiency and effectiveness of their forces and, in so doing, facilitate the accountability of the PCC to the public. Whilst Covid-19 has had a disruptive impact on the work undertaken by HMICFRS the force has remained focussed on the areas for improvement identified in earlier inspections. HMICFRS undertook some inspection work during 2021-22 with the outputs reported to the appropriate internal governance forums and to JAC for independent review. A full review is anticipated to take place in June 2022 with the published report in September/October 2022.(To be updated with review conclusions)

- c. 2020-21 marked the first year that the force undertook a self-assessment against the CIPFA Financial Management (FM) Code of practice. During 2021-22 the Force undertook a further follow up self-assessment. The assessment concluded that both the Police and Crime Commissioner and the Chief Constable were compliant with the FM Code, further reference is made in the sections to follow. Whilst the assessment was one of compliance, any areas for continuous improvement identified are being progressed incidentally to the process. Internal Control activity – primarily in the form of TIAA’s Internal Audit programme – was also able to progress albeit primarily through a remote delivery model with remote or hybrid audits appearing to be operating effectively for both TIAA and the Force itself.
- d. During 2021-22 work has been undertaken around Business Continuity Planning and Resilience beyond the specific impact of Covid-19 with this work continuing to be progressed across the Force.

## **2. Purpose and scope of responsibility for the Governance Framework**

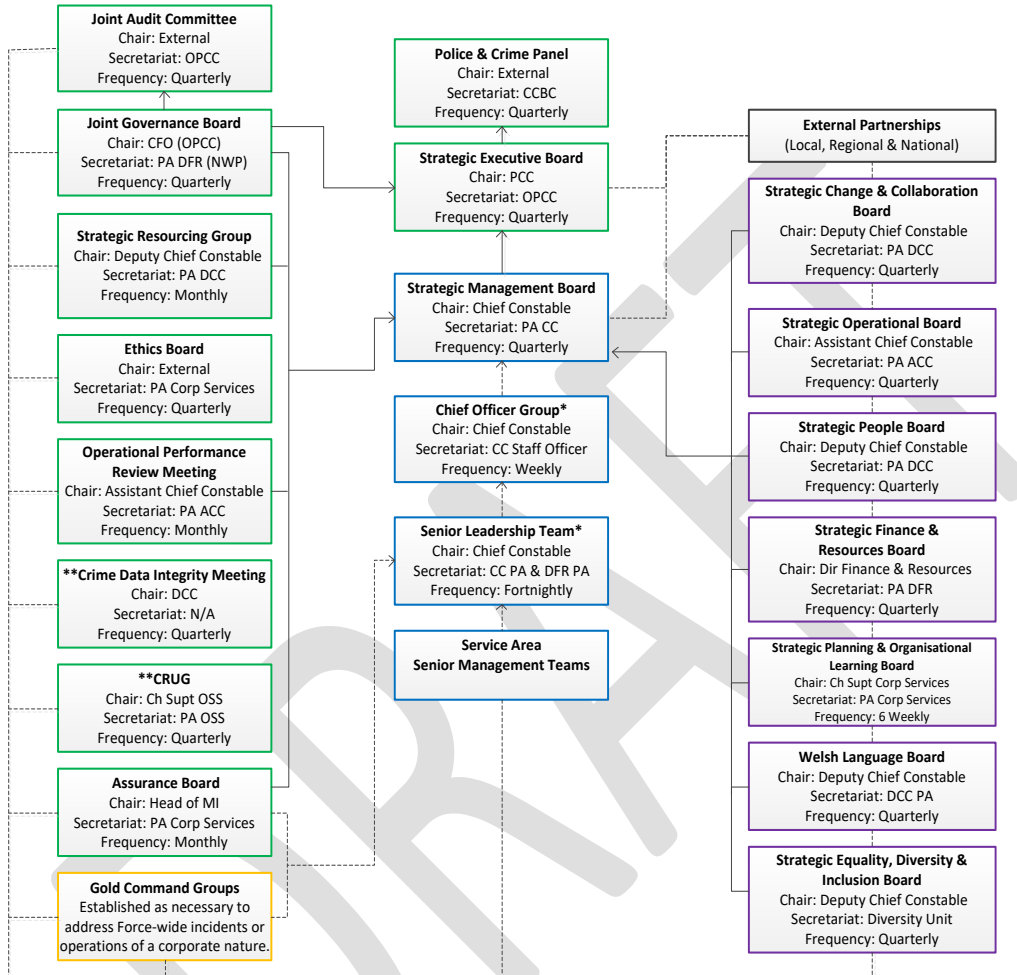
- 2.1. The Police and Crime Commissioner and the Chief Constable are responsible for ensuring their business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used effectively, efficiently and economically. They also have a duty to make arrangements to secure continuous improvement in the way in which their functions are exercised.
- 2.2. In discharging their overall responsibility, the Police and Crime Commissioner and the Chief Constable are also responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of their functions, which includes ensuring a sound system of internal control is maintained throughout the year and that arrangements are in place for the management of risk. The financial management arrangements conform principally with the governance requirements of the CIPFA publication [the Role of Chief Financial Officers in Policing](#) and the [Home Office Financial Management Code of Practice](#) for the Police Forces of England and Wales, and Fire and Rescue Authorities created under Section 4A of the Fire and Rescue Services Act 2004 (revised 2018).
- 2.3. This statement explains how the Police and Crime Commissioner and the Chief Constable have complied with the Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government updated in 2016 and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014 as amended, in relation to the statement of internal control and the publication of the Annual Governance Statement.
- 2.4. The governance framework comprises the systems and processes, culture and values by which the Police and Crime Commissioner and the Chief Constable are directed and controlled and its activities through which it accounts to, engages with and leads its communities. The framework enables the Police and Crime Commissioner and the Chief Constable to monitor the achievement of their strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services and the achievement of value for money.
- 2.5. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot prevent all risk of failure to achieve policies, aims and objectives; it can provide only reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the organisation’s aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, to manage them efficiently, effectively and economically.
- 2.6. The governance framework has been in place throughout the year ended 31 March 2022 and up to the approval of the Statement of Accounts. A more formal self-assessment of its efficiency and effectiveness is being progressed under the oversight of the Joint Governance Board with Internal Audit providing a written confirmation of the adequacy of the Governance arrangements as part of their annual audit opinion. However, the areas of both

Corporate Governance and Risk Management were subject to continued scrutiny and challenge via the Joint Governance Board and the Joint Audit Committee over the course of 2021-2022. As a result, the approach in both areas has developed with further work planned for 2022-2023 and subsequently being progressed and monitored. The high-level Governance structure of the force is outlined schematically below:

### North Wales Police Governance Structure – High Level Meetings

The structure below represents our current position as agreed through consultation with Chief Officers and Senior Leads.

The Governance structure will be kept under periodic review so that future governance changes are considered and where appropriate, progressed via the Governance commissioning and decommissioning process.



**Board Type**

Boards and Sub-groups are categorised according to their primary function in relation to the governance and management of the Force. However, each Board and Sub-group performs all of the functions below to a degree.

**Decision Making Boards**

These Boards have the authority to make decisions relating to the finances and resources of the Force under their direction and control.

**Governance & Assurance Boards**

These Boards are largely concerned with ensuring the Force (and OPCC) have appropriate strategies, plans and policies in place as well as effective systems and processes to manage finance, performance and risk.

**Planning & Delivery Boards**

These Boards focus primarily on managing and overseeing the delivery of the Force's vision and priorities.

**Force-wide Command Groups**

These Groups are established as necessary to address Force-wide incidents or operations of a corporate nature.

**Reporting Arrangements**

Reports To

Escalates Decisions To

Information Sharing

\* Principal decision-making groups in the event of Force-wide incidents or operations

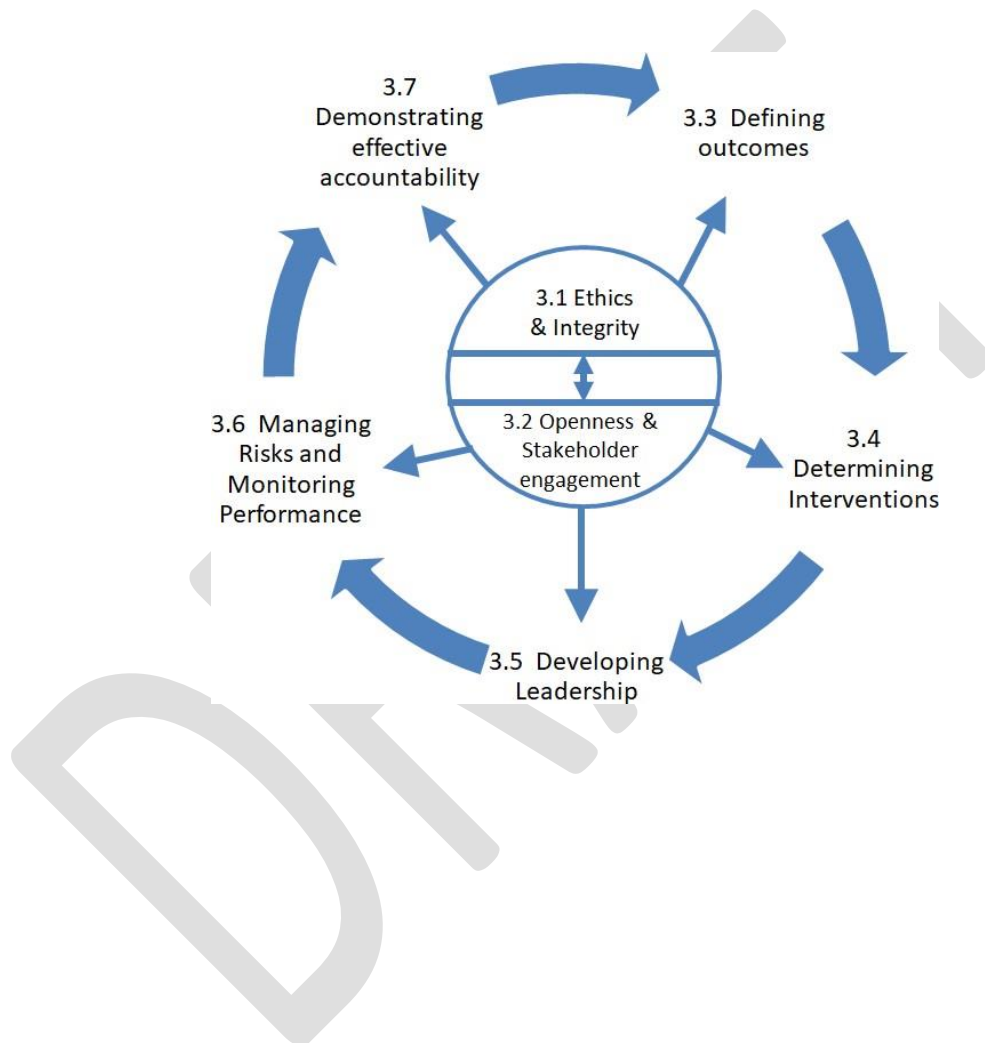
\*\* Report directly to DCC

North Wales Police Governance Structure, Corporate Services

### 3. CIPFA Principles of Good Governance and the Financial Management Code

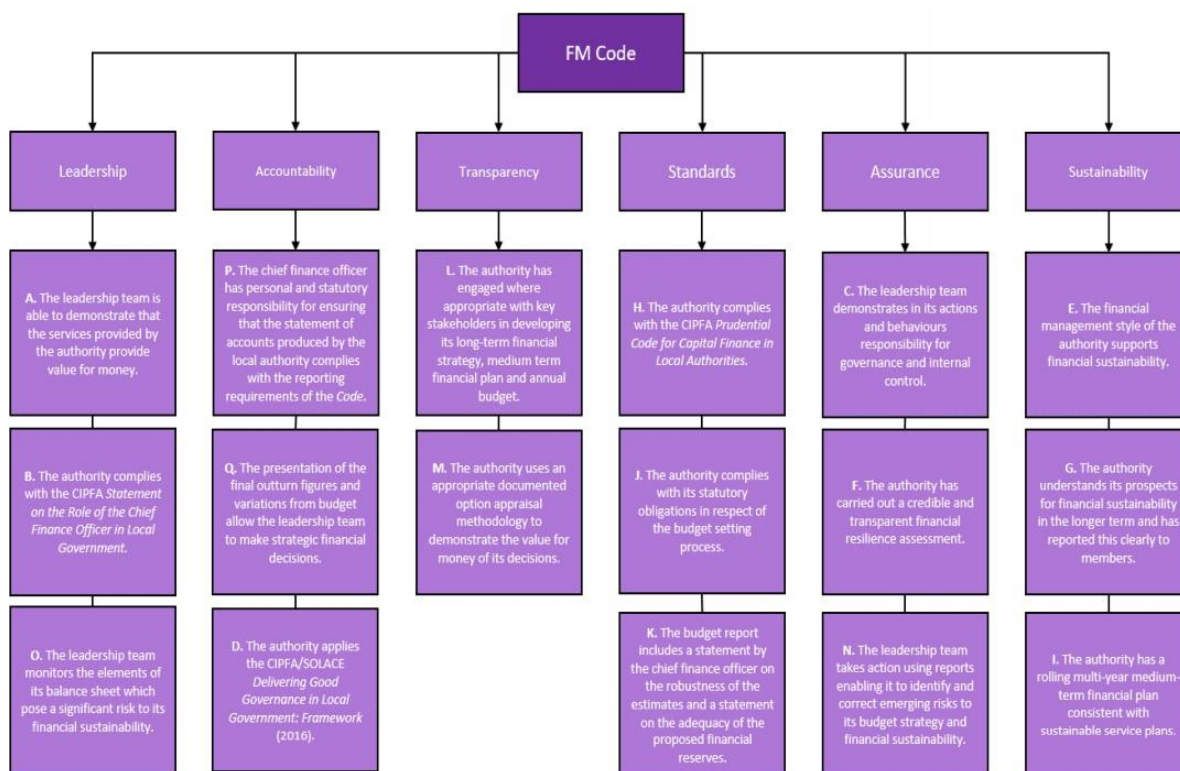
The CIPFA/SOLACE Framework: Delivering Good Governance in Local Government sets out seven principles of good governance which underpin effective governance arrangements to ensure that the intended outcomes for stakeholders are defined and achieved.

The arrangements specific to the Police and Crime Commissioner and Chief Constable are detailed within the seven principles below:



The sections that follow, review the arrangements in place across the force and their adequacy, cross referencing the sections outlined on the diagram above.

Furthermore (and in part discharging an action identified in the previous AGS action plan) during 2020-21, the Force undertook a self-assessment against the CIPFA Financial Management Code (FM Code) for the first time. The assessment was reviewed and updated during 2021-22 and reported to JAC on 8 December 2021. The code provides guidance to support good and sustainable financial management in local authorities (and other designated bodies such as policing) to support them to demonstrate their financial sustainability. The key elements of the code against which the Force’s position was assessed are outlined below.



The Financial Management Code: The Practicalities of Compliance, CIPFA

Findings from this assessment were reported initially to the Joint Governance Board and subsequently to the Joint Audit Committee with relevant findings relating to the arrangements in place also referenced in the sections to follow. Both self-assessments have concluded that the requirements of the FM Code were being met.

### 3.1. Ethics and Integrity

There are corporate processes in place to support the core principle of ethics and integrity such as the Policing Protocol 2011 which requires everyone in the organisation to abide by the seven principles of public life (the Nolan principles). Additionally, the Home Office Financial Management Code of Practice requires the Police and Crime Commissioner and Chief Constable to ensure that good governance is embedded within the organisations and the College of Policing Code of Ethics sets out the standards of behaviour expected for all people working in policing.

The Police and Crime Commissioner’s Code of Conduct and Chief Constable’s Code of Ethics underpin the standards of expected conduct and behaviour. The Police and Crime Commissioner and Chief Constable have policies and procedures and regulations in place that comply with law and conform to appropriate ethical standards and standards of professional behaviour. Ethical considerations are part of any business decisions taken and are set out within policies in operation within both organisations.



The Police and Crime Commissioner and Chief Constable have an Anti-Fraud and Corruption Policy and whistleblowing arrangements in place which manage effectively the risk of fraud and corruption. Processes for declaring interest and registers for gifts and hospitalities are maintained and updated as required. Both the Joint Audit Committee and the Police and Crime Panel discharged fully all the functions as identified in the relevant CIPFA publication for Audit Committees. The Joint Audit Committee's Terms of Reference may be found on the Police and Crime Commissioner's website.

The Police and Crime Commissioner has in place procedures for receiving feedback about policing in North Wales, and decisions made by or on behalf of the Police and Crime Commissioner and his officers. He also has procedures in place for the handling of complaints about the Chief Constable. Additionally, the Police and Crime Panel fulfils its responsibilities in relation to complaints made about the Police and Crime Commissioner as set out within the Police Reform and Social Responsibility Act.

To ensure ethical issues and dilemmas occurring at all levels are appropriately considered and discussed, the Force Governance Structure includes an Ethics Committee with an open invitation for the Office of the Police and Crime Commissioner to attend. Ethical dilemmas can be submitted anonymously via the Force Intranet site or by email and a summary of findings from the Committee are published on the Force Intranet site alongside being reported to Senior Management via the Governance structures for further consideration and reflection as required.

During 2021-22, in the pursuit of good practice, a new independent chair was appointed to the Ethics Committee and furthermore a governance framework to oversee and scrutinise the ethical implications associated with any use of Algorithms or Automated Decision Making was also established in Force with an appropriate reporting route through the Governance structures put in place.

2021-22 was also a year of significant public scrutiny regarding Ethics and Integrity for all Police forces in England & Wales with these issues regularly featuring on the agenda of strategic meetings within the force Governance structure. During the year the force also considered its levels of investment in its Professional Standards Department as part of the organisational planning round, allocating temporary resourcing in year and acknowledging a need for growth in 2022-23 financial plans. Furthermore, the force reviewed its Vetting procedures and continues to monitor these against national guidance on an ongoing basis.

### **3.2. Openness and Stakeholder Engagement**

The Police and Crime Commissioner and the Chief Constable promote an open and transparent culture throughout the organisations to ensure that services meet people's needs. All public meeting papers and minutes are published on the website along with any decisions taken by the Police and Crime Commissioner. The Police and Crime Commissioner received a CoPaCC (Comparing Police and Crime Commissioners) transparency award for five consecutive years with the last certificate awarded in August 2021. The most recent evaluation assesses not only whether the Police and Crime Commissioner publishes information on the website, but also whether it can be found and accessed easily.

The Police and Crime Commissioner is accountable to the people of North Wales to deliver an efficient and effective police service to the people of North Wales and the Chief Constable is accountable to the Police and Crime Commissioner to ensure that an effective police service is provided to the people of North Wales.

The Police and Crime Commissioner and the Chief Constable regularly publish information on the Commissioner's and Chief Constable's work and achievements and satisfaction of users, including the publication of a Police and Crime Plan and an Annual Report.



There is a consultation and engagement strategy in place to ensure that our services are responsive to issues raised. We regularly conduct surveys to inform our service delivery and assist in developing our priorities and objectives. Both the Police and Crime Commissioner and Chief Constable have internal and external consultation mechanisms in place which are used to inform and improve services. TIAA (the internal auditor) concluded a review of corporate communications for both the Police and Crime Commissioner and the Force in June 2020, which was assessed as “reasonable” assurance, and found that *comprehensive arrangements are found to be in place to ensure that Internal and External Communications strategies for the Force and Police and Crime Commissioner are effective.*

The Police and Crime Commissioner and Chief Constable work in partnership and collaboration with other organisations to achieve shared objectives and to ensure effective delivery of services which meet the needs of the organisations. Partnership and collaboration arrangements that are in place are monitored and kept under review to ensure that performance is achieved, and objectives are met and stakeholder engagement is also a feature of our recruitment process for senior roles.

We have an effective scrutiny function, supported by evidence and data analysis, to challenge decision makers constructively, including those who work in partnership with the Commissioner and Chief Constable. All key decisions taken include a financial impact, legal impact, equality impact and risk assessment with the Governance structures in place providing visibility around them and this continued to be the case during 2021-22. The Commissioner’s decisions are published on his website and are also reported to the Police and Crime Panel. The Police and Crime Commissioner frequently attends local authority scrutiny committees. Further scrutiny is provided by the Joint Audit Committee. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards with committee papers being published on the Commissioner’s website. During 2019-2020 work was undertaken to develop the relevance and appropriateness of information provided to the Joint Audit Committee and this progressed further during 2020-2021 and 2021-2022. Independent scrutiny and challenge has been provided by the audit committee in a number of areas including the understandability of our financial statements; scrutiny of key decisions taken in relation to key corporate risks (such as the Command & Control upgrade); and in relation to the Force’s ongoing Digital work streams including the work stream responsible for developing its future ICT target operating model. The audit committee consists of an open and closed session with the agenda setting meetings and JAC meetings themselves used to ensure that the appropriate transparency occurs at the meetings.

The post of Chief Executive to the Police and Crime Commissioner is the designated Monitoring Officer and there are arrangements to record any professional advice that is required for specialist areas.

Furthermore, the Chief Financial Officers for the Police and Crime Commissioner and the Chief Constable complied with the CIPFA statement ‘the Role of Chief Financial Officers in Policing’.

### **3.3. Defining Outcomes**

The Police and Crime Commissioner and Chief Constable will, as part of the strategic planning process, develop informed strategies and plans which are outcome focused, sustainable and take into account the level of resources required to adequately deliver them.

The Police and Crime Commissioner sets the police and crime objectives, and these are contained in the Police and Crime Plan. The Police and Crime Plan has been communicated to the public through the website and by various engagement activities and a brief summary of performance is included on the council tax leaflet sent to every household, either electronically or by post. A summary is given below:

## MY VISION

North Wales communities are safe, victims and vulnerable people feel supported, crime and reoffending are low, and people have confidence in policing and the criminal justice system

## MY PRIORITIES

### DELIVERING SAFER NEIGHBOURHOODS

- Tackle and prevent rural and wildlife crime
- Improve the efficiency and effectiveness of police officers and police staff
- Improve Road safety

### SUPPORTING VICTIMS AND COMMUNITIES

- Tackle and prevent domestic abuse and sexual violence
- Safeguard vulnerable people including children
- Tackle and prevent cybercrime
- Establish a victims panel
- Tackle and prevent Hate Crime

### FAIR AND EFFECTIVE CRIMINAL JUSTICE SYSTEM

- Introduce a North Wales Female Offender Strategy
- Increase the use of Restorative Justice
- Support and protect children and young people and divert them away from the Criminal Justice System
- Address the root causes of offending and support the rehabilitation of people who have offended

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The police and crime objectives, priorities and financial options were developed from the Police and Crime Commissioner's vision and a joint analysis of:

- Assessment of crime and the required level of service
- Consultation with local people
- Consultation with partners
- Consultation between the Police and Crime Commissioner and the Chief Constable
- The findings of external audit and reviews by Wales Audit Office and HMICFRS
- Risk assessment

Given the change in PCC over the course of 2021-22 the OPCC and Force worked together to ensure that the existing Police and Crime plan objectives were pursued whilst the Police and Crime Plan of the new commissioner was developed and ultimately issued. Having been scrutinized and endorsed at the Police and Crime Panel, this new plan now provides the strategic direction for the force.

The Police and Crime Commissioner's police and crime objectives are directed and delivered by the Chief Constable and, in turn, by the Strategic Management Board (SMB) during the year. Resources are allocated against the plan as part of the Force's annual strategic planning process which considers demand and resource requirements against each area taking account of detailed demand assessments (via the Force Management Statement) and then the Force monitors performance against its delivery utilising its Balanced Scorecard framework. The Commissioner's performance is monitored and reported within the Annual Report, Statement of Accounts and the Medium-Term Financial Plan.

The Strategic Executive Board (SEB) is the public forum for scrutiny of the Chief Constable by the Police and Crime Commissioner and action logs of each meeting are published. The additional functions of the Board include:

- To take such decisions as are required by the Scheme of Governance to be taken jointly by the Commissioner and the Chief Constable; and
- To develop proposals for the delivery of the Commissioner's police and crime objectives as set out in the Plan.

The Strategic Executive Board (SEB) and Strategic Management Board (SMB) scrutinise operational and financial performance, service delivery and the achievement of the police and crime objectives. A programmed approach to delivery of plans is in place via the Strategic Management Board (SMB). These boards have continued to meet at the usual frequency – despite Covid-19's impact – with meetings being held remotely using appropriate technology to ensure they take place.

### **3.4. Determining Interventions**

In order to optimise the achievement of our intended outcomes the Police and Crime Commissioner and Chief Constable will ensure that there are adequate arrangements in place to deliver services which demonstrate efficiency and value for money.

Detailed resource planning is carried out annually and published within the Medium-Term Financial Plan. This risk assesses resource requirements based on appropriate assumptions to enable the Police and Crime Commissioner and Chief Constable to prioritise competing demands for services.

The annual strategic and operational planning cycle takes into account the expected level of resources required and identifies where savings and reductions are required. This is also informed by the Priority Resource Planning process, which was introduced in 2019-2020 (for the 2020-2021 budget) as an enabler for informed decision-making. The resources, savings and growth are risk-assessed and achievement of all plans and work streams is monitored through the Strategic Management Board which is chaired by the Chief Constable. The impact of Covid meant that the approach to Strategic Planning for FY 2021-22 was adapted to accommodate the new ways of working, and a streamlined, yet robust, method was established, with the emphasis on business planning for each area. This was continued during 2021-2022 (planning for FY 2022-23) with the planning process well positioned to deal with the 3-year settlement announced in autumn 2021.

Programme and project boards are in place which monitor the implementation and achievement of agreed initiatives and plans. These are established to support robust decision making in order to achieve the required outcomes with programmes such as Digital Transformation and Workforce Transformation being critical to the overall delivery of organisational strategies. Decision making is devolved where appropriate to enable flexible and responsive action and better outcomes. Accountability is measured through the governance structure and processes in place with actions and decisions clearly recorded in meetings and progressed over the course of 2021-22.

The Covid-19 pandemic necessitated the rapid adoption of agile working arrangements, and many staff and officers have been able to work from home since the lockdown began. Work to allow agile working was already in progress, and processes and governance had already been considered during the planning phase. The first lockdown, therefore, required an acceleration of the project rather than a fundamental change to our plans, with governance arrangements largely working well during the transition and this continues on an ongoing basis with constant reviews of the arrangements put in place taking place as part of the Recovery work stream. During 2021-22 the Force's Agile working policy was issued, essentially embedding the efficiency and effectiveness of new working practices into business as usual. Agile working was also subject to a TIAA audit during the year, with the review providing Substantial assurance.

### **3.5. Developing Leadership**

The Police and Crime Commissioner and Chief Constable have defined structures and roles within the organisations to enable effective leadership. This is supported by the Manual of Governance which sets out the roles and responsibilities and is critical to enable delivery of the strategies and plans in place. As alluded to above, the current Manual of Governance was reviewed and endorsed by PCC and Chief Constable in August 2021 and April 2022.

The governance arrangements have been developed in line with the Police Reform and Social Responsibility Act 2011, statutory Policing Protocol Order 2012, Home Office Financial Management Code of Practice (FMCP) and existing guidance on financial and governance matters which continue to apply. The Force Governance structures have also been scrutinised in 2019-2020 as part of the Governance review, with that work being developed further in 2021-2022.

There is an approved scheme of consent in place which formalises the functions and delegation between the Commissioner and Chief Constable. The governance structure supports the implementation of planned activities and outcomes and there is a defined meeting structure in place to ensure that planned outputs are achieved in a timely manner.

Our people are our key investment, and we ensure that there are member and officer training and development programmes in place so that knowledge is kept up to date, including any professional development requirements. Our recruitment and succession planning processes are designed in order that we appoint the right people with the right skills into roles within the organisation. Focussing on our wellbeing, learning and development offer to our

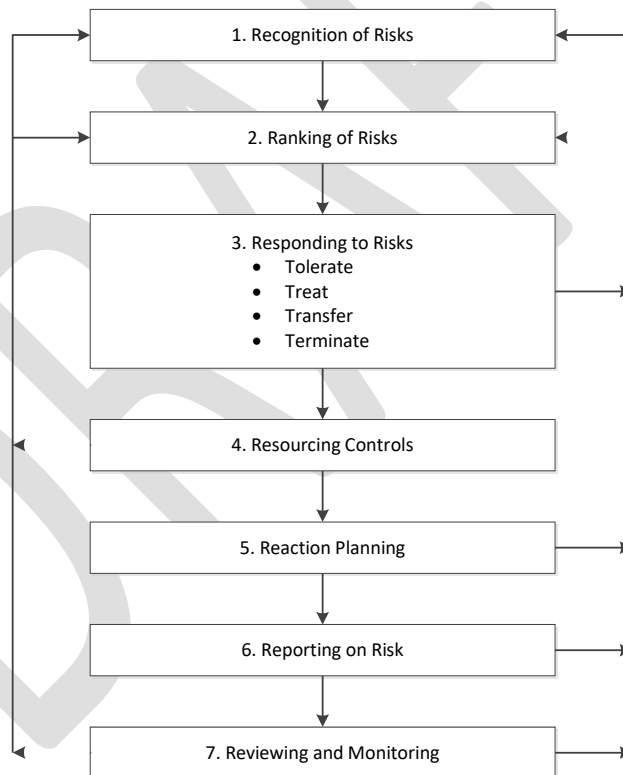
people remained a key area of focus during 2021-22 and the internal teams adapted their delivery models within the Force to ensure that the learning and development on offer wasn't compromised due to Covid-19.

Nationally set terms and conditions exist for officers and staff with agreed pay scales and a job evaluation system and we have a performance management framework which the Commissioner and Chief Constable use to assess performance and address any improvements required. Additionally, there is an annual self-assessment of effectiveness for the Joint Audit Committee.

### 3.6. Managing Risks and Monitoring Performance

Risk management and internal control is an integral part of the performance management system within both organisations. The risk management process underpins the financial management arrangements and governance processes and is fundamental to achieving our intended outcomes and supports our vision for a safer North Wales.

The below represents the 7R's and 4T's of risk management as noted in the ISO31000 and NWP risk arrangements follows this model.



There is an embedded risk management culture across the organisation and at all levels which continues to be developed and built upon. There are corporate and individual area risk registers which conform to approved national methodology and are regularly reviewed and updated and reported to committees and boards across the organisation. Risk management is a standing agenda item on all key boards across the Force. The Joint Audit Committee has continued to provide challenge and support to improve our risk management processes, with processes being developed over the course of 2019-2020 – including a Formal Risk Appetite document – and further development ongoing for 2020-2021 too which included further development of our Risk Assurance Framework which included the development of Assurance Mapping as a concept to enhance our risk management processes.

The Risk Appetite document was also reviewed and strengthened as part of its annual review in 2020-21. The next review of Risk Appetite is scheduled to report in early 2022-23.

Our plans, processes and policies are drawn up having due regard to the risks identified, with our Force Management Statement being informed through a MORILE assessment for all areas of the force. The area is overseen primarily by the Assurance Board. A partnership framework is in place to ensure that any partnerships are managed appropriately including risk management. The work programme featuring these risks is developed in conjunction with the audit committee to ensure that it provides the appropriate assurance required.

Strategic risks and the risk management process are overseen and monitored by the Joint Audit Committee. Members of the Joint Audit Committee are able to review all risks for transparency. During 2021-22 a number of risk deep dives have been undertaken exerting scrutiny around key decisions and management actions being taken in relation to the Force's corporate risks.

Internal Audit assesses the adequacy of our internal controls and reports fully to the independent Joint Audit Committee. Internal and external audit have examined and reported on compliance with applicable regulations and internal controls.

The Strategic Executive Board (SEB) chaired by the Police and Crime Commissioner and Strategic Management Board chaired by the Chief Constable scrutinise operational and financial performance, service delivery and the achievement of the police and crime objectives. A programmed approach to delivery of plans is in place via the Strategic Management Board.

Joint Audit Committee and Police and Crime Panel papers and minutes are available through the website of the Police and Crime Commissioner.

Effective arrangements are in place to ensure that data is safeguarded and appropriately collected, used, stored and shared. All data is subject to agreed retention policies and the security classification scheme in operation throughout the force. There is an established Information Security Board in place to monitor arrangements and effectiveness including ensuring that Strategy, Policy and Process are all clearly defined, and any issues of compliance are appropriately reported. Any significant issues of compliance are escalated upwards, initially to the Strategic Finance & Resources board.

The Commissioner and Chief Constable have data protection and information security policies in place which are regularly tested and supported with a training programme for all staff. Our Internal Audit function and HMICFRS provide further periodic scrutiny in this area.

There are information sharing protocols between the Commissioner and Chief Constable and also with our partners.

### **3.7. Demonstrating Effective Accountability**

The Police and Crime Commissioner and Chief Constable ensure that decision-makers involved in service delivery are accountable to them through the processes in place in both organisations. The Governance framework and the associated internal control framework provide a robust mechanism for retaining oversight of the key decisions being made. During 2020-21 the Force budget guidance document and associated financial delegation documentation was updated and developed with a view to ensure that the documents issued match up to the Force's changing environment and demands. These new documents were reviewed and updated as required again during 2021-22.

Standardised reporting templates are used to ensure that information is presented in an efficient but sufficient manner and to enable effective decision making and an annual report is prepared and published which assesses the performance against the Police and Crime Plan.

The Police and Crime Commissioner's and Chief Constable's websites publish information which is pertinent to the public and stakeholders, ensuring the transparency needed for external accountability to be effective, is in place. The internal audit service reports to the Joint Audit Committee and has direct access to the Police and Crime Commissioner, Chief Constable and members. Recommendations for service improvements are acted upon and reported to the committee.

Independent and external reviews and inspections are routinely carried out by regulatory bodies and the reports are published and any recommendations made are acted upon.

#### **4. Review of Effectiveness**

- 4.1. The Police and Crime Commissioner and the Chief Constable have responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness is informed by the work of the executive managers who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report and also by comments made by the external auditors, the Police and Crime Panel, Joint Audit Committee and other review agencies and inspectorates. The review of Governance in 2019-2020 has led to a number of recommendations, the implementation of which was reported as complete in August 2021.
- 4.2. Covid-19 has unquestionably impacted on the Governance arrangements of the Force, but not in a way that has been detrimental to its robustness during 2021-22. This demonstrated the need to change and adapt the governance structures to ensure that they continued to match up to the organisational requirements. Technology has been embraced to ensure that internal governance has continued to operate effectively across both Corporation sole organisations. Furthermore, with the exception of HMICFRS inspections the fundamental independent scrutiny forums of the Joint Audit Committee; the Police & Crime Panel; the Ethics Committee; the Internal Audit Programme and External Audit, have all been able to exert appropriate scrutiny, albeit, sometimes via a different delivery model. HMICFRS have recommenced their inspections during 2021-22, with North Wales Police currently undergoing PEEL insight visits, with a period of reality testing in force in June and July 2022.
- 4.3. In accordance with regulations, the Police and Crime Commissioner and Chief Constable have reviewed the effectiveness of its internal audit service. In conclusion, the service has complied fully with all public sector internal auditing standards (PSIAS).
- 4.4. As part of our governance framework and to ensure that we review our arrangements for effectiveness, we established a Joint Governance Board, charged with monitoring the arrangements for compliance and to make recommendations for the development of the governance arrangements as may be required. The remit of reviewing the efficiency & effectiveness of the Governance framework is ongoing but the full objectives of the Joint Governance Board are listed below with the terms of reference being reviewed and endorsed at the March22 meeting:
  - To ensure a continual review of the adequacy and appropriateness of the governance arrangements ensuring that they operate Efficiently and Effectively.
  - To oversee the production, management and review (as necessary) of the high-level corporate governance documents of the Office of the Police and Crime Commissioner and Force, specifically the Manual of Governance and its constituent parts.
  - To co-ordinate, oversee and review (as necessary) the corporate governance structures of the Office of the Police and Crime Commissioner and Force and their associated processes and procedures.
  - To review all recommendations relating to corporate governance arising from internal and external audits and

inspections and consider their implications for the corporate governance arrangements of the Office of the Police and Crime Commissioner and Force.

- To review any Client Briefing Notes issued by the Internal Auditor and consider their implications for the corporate governance arrangements of the Office of the Police and Crime Commissioner and Force.
- To oversee and co-ordinate the preparation of the Annual Governance Statements of the Police & Commissioner and Chief Constable.

To make any recommendations to the Police & Crime Commissioner and Chief Constable on any matter relating to the corporate governance arrangements of the Office of the Police and Crime Commissioner and Force, where action or improvement is required.

4.5 During 2021-22, the organisations have progressed the action plan identified as part of the last AGS. A full analysis of the position against these actions is included in section 5 below, but the progress made has strengthened the Governance arrangements in place further.

4.6 Internal Audit carried out their annual service review of our key financial systems in 2021-2022 and provided generally positive reports during the year as listed below with any Limited audits being given particular emphasis for scrutiny via the Joint Audit Committee:

Title	Assurance Level
Collaborative audit - Debtors	Substantial
Risk Management – Mitigating Controls	Substantial
HR/Workforce Management - Strategy	Substantial
Fixed Assets	Limited
Collaborative audit - General Ledger	Substantial
Collaborative audit - Budgetary Control	Substantial
Collaborative audit - Treasury Management	Substantial
Commissioner's Grants	Substantial
Governance - Yr 2 Performance management	Substantial
Collaborative audit - Safety Camera Partnership	Substantial
Collaborative audit - ANPR	Reasonable
Capital Programme	Substantial
ICT-Network Security	Reasonable
Pensions Cyber Security	Reasonable
Command Unit - Western Area	Reasonable
Governance - Yr 2 Health & Safety Management	Limited
Collaborative audit - Pensions All Wales Hub	Reasonable
Occupational Health unit	Reasonable
Governance - Yr 1 Strategic Resource Planning	Substantial
Agile Working	Substantial
OPCC - Review of Complaints	
Contract Management - XPS Contract	
Data Protection	
Collaborative audit - Counter Fraud	

Internal Audits delivered FY2021-22



The annual report concluded:

**HEAD OF INTERNAL AUDIT'S ANNUAL OPINION**

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

*This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on the ongoing financial viability or your ability to meet financial obligations which must be obtained by The Office of the Police and Crime Commissioner North Wales and the Chief Constable North Wales Police from its various sources of assurance. **(to be confirmed in Internal Audit Annual Report verbal assurance given at time of signing accounts)***

- 4.7 The Wales Audit Office annual audit letter for 2020-2021 gave an unqualified opinion on the accounts for the Police and Crime Commissioner and the Chief Constable and recorded that they had not identified any significant weaknesses in the overall framework. It also concluded that the Police and Crime Commissioner and Chief Constable had appropriate arrangements in place to secure economy, efficiency and effectiveness in the use of their resources.

**5. Governance Action Plan and Progress**

- 5.1. In assessing the governance arrangements that are in place, the Governance Board will also develop and monitor any action plans to address any governance issues identified or where improvement to current arrangements is required.
- 5.2. The action plan for 2021-2022 contained areas for improvement. These are detailed below with their progress and current status.

Recommendation	Action	Current Status -complete Y/N?
<b>Assurance Framework</b>	A pilot of an enhanced assurance framework will commence within the Finance & Resources Directorate. Subject to the outcome of the pilot a revised assurance framework will be rolled out across North Wales Police. Our Risk Appetite will be agreed and documented.	Yes – The pilot was completed and based on a post implementation review and best practice input from the Institute of Auditors a full scale roll out across the Force was not undertaken, rather a more focused and manageable risk-based approach was taken and agreed by the Force.  Yes – Risk Appetite has been agreed & documented.

<p><b>Risk Assurance Framework Development</b></p>	<p>Following the Finance &amp; Resources pilot in 2019-20 the timeline for rolling out the Risk assurance framework across the Force will be established against a context of Covid-19.</p> <p>The Risk Assurance Framework will be subsequently rolled out across the Force.</p>	<p>Yes – Assurance Mapping has now been embedded into our risk management processes with a clear process in place which outlines when and how an Assurance Map will be created.</p>
<p><b>COVID-19</b></p> <p>The coronavirus pandemic presents a number of challenges to the Police and Crime Commissioner and Chief Constable.</p> <p>There is a need to maintain governance throughout this period of uncertainty, in a way which does not impede the Force’s response to the situation and does not put officers, staff or the public at unnecessary risk.</p> <p>The Police and Crime Commissioner has published a <a href="#">Covid-19 Response Plan</a></p>	<p>Ensure that the ongoing impact of Covid-19 on Governance arrangements is reviewed and assessed.</p> <p>Ensure that the Strategic Recovery Board is embedded as a means of providing robust oversight of the organisation’s Recovery and Planning process.</p> <p>Embed the Strategic Recovery &amp; Planning Board.</p>	<p>Yes – While the Strategic Recovery and Planning Board has been decommissioned, the recovery from COVID 19 has very much become business as usual with, for example, Agility being managed by the Strategic Change and Collaboration Board and Strategic Planning implications being managed by the Strategies Planning and Organisational Learning Board.</p>
<p><b>Governance: Efficiency &amp; Effectiveness</b></p> <p>The Joint Governance Board has identified the need to formally review the Efficiency and Effectiveness of the new governance structure.</p>	<p>Undertake a review of the Efficiency and Effectiveness of the new governance structure, reporting findings to the Joint Governance Board</p>	<p>Yes – An efficiency and effectiveness review of our governance arrangements was conducted in July 2021 and reported to the Joint Governance Board in August 2021. The outcome of the review was positive with 8 recommendations being made, all of which have been progressed and completed during 2021/22 bar one which is dependent on the rollout of O365.</p>

## 6. Conclusion

- 6.1. No statement of internal control can provide absolute assurance against material loss; this statement is intended to provide reasonable assurance.
- 6.2. However, on the basis of the review of the sources of assurance set out in this statement, we are satisfied that the North Wales Police and Crime Commissioner had in place satisfactory governance arrangements, including appropriate systems of internal control and risk management which facilitate the effective exercise of his functions.

Signed:

**Andy Dunbobbin**

Police and Crime Commissioner

**Stephen Hughes**

Chief Executive Officer to the Police and Crime Commissioner

**Kate Jackson**

Chief Finance Officer to the Police and Crime Commissioner

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## ANNUAL GOVERNANCE STATEMENT - PLAN

The review of governance has recognised that our governance arrangements are satisfactory and meet our needs. The delivery of our vision will challenge our governance arrangements and attention to a number of issues will assist in strengthening those arrangements. The following areas are to be addressed in 2021-2022:

Plan currently being developed and updated following the completion of the Prior year.

Issue	Actions
In development	In development

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**The independent auditor's report of the Auditor General for Wales to the Police and Crime Commissioner for North Wales**

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**Summary Capital Expenditure and Funding 2021-2022**

<b>2020-2021</b>		<b>2021-2022</b>	
<b>Actual</b>	<b>Description</b>	<b>Revised Budget</b>	<b>2021-2022 Actual</b>
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
	<b><u>Building Works</u></b>		
673	Pwllheli Police Station Refurbishment	246	241
786	Vehicle Commissioning and Workshop	208	323
0	Armed Alliance Building	20	0
170	Force HQ Canteen	0	0
0	Sustainability Works	32	0
7	Retentions	26	26
33	Western Estates Area	170	141
0	Re locate/vacate – Conwy Police Station	55	56
0	Firearms Base works	354	346
0	Crime Services – SARC ISO Accreditation	48	0
1,669	<b>Total Building Works</b>	1,159	1,133
	<b><u>Vehicles and Other Equipment</u></b>		
1,724	Vehicle Purchase	800	650
3	Equipment	0	0
0	ANPR replacement	105	105
0	Collision Surveying Equipment	175	134
1,727	<b>Total Vehicles and Other Equipment</b>	1,080	889
	<b><u>Information Technology and Communication Equipment</u></b>		
1,103	Lap Tops and Desk Top Replacement	407	525
0	NEP Device Re-build	175	63
37	Lockers for charging and storage	20	19
59	Airwave Replacement units	0	0
0	Mobile Data Devices	150	133
413	National Enablement Programme	60	63
53	Wi-Fi	92	93
0	Digital Workplace Audio Visual	0	40
73	Digital Intelligence & Investigation	0	0
0	Nexus Upgrade	15	12
30	Backup upgrade	0	0
35	Command and Control Upgrade	1,552	1,198
0	LPS – Community Safety - Prevention	30	0
0	Emergency Services Network (ESN)	0	72
59	Body Worn Video	0	0
1,862	<b>Total Information Technology and Communication</b>	2,501	2,218
<b>5,258</b>	<b>Total Capital Expenditure</b>	<b>4,740</b>	<b>4,240</b>

2020-2021 Actual £'000	Description	2020-2021 Revised Budget £'000	2020-2021 Actual £'000
	<b><u>Funding of Capital Programme</u></b>		
123	Home Office General Capital Grants	171	123
2,846	Revenue Contribution	2,225	2,465
0	Earmarked Reserves	1,421	820
88	Capital Receipts	101	61
2,201	Borrowing funded in revenue	822	771
<b>5,258</b>	<b>Total Funding</b>	<b>4,740</b>	<b>4,240</b>

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