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Date :

To: ALL MEMBERS OF THE JOINT AUDIT COMMITTEE

- i. Katherine Crallan, Jude Ferguson (Chair), Shazia Riaz, Sue Warman
- ii. Chief Constable ("CC"), CFO for CC and Relevant Officers
- iii. The Police & Crime Commissioner ("PCC")
- iv. The CFO and CEO for the PCC
- v. External and Internal Auditors

Dear Member

NOTICE OF MEETING

You are invited to a meeting of the **Joint Audit Committee** to be held at **14:00** on **9**th **September 2016** in the **Conference Room, Police Headquarters, Portishead.**

Joint Audit Committee Members are invited to attend a pre-meeting at 13:00 in the Conference Room.

The agenda for the meeting is set out overleaf.

Yours sincerely

Alaina Davies Office of the Police and Crime Commissioner

Police and Crime Commissioner for Avon & Somerset Police Headquarters, Valley Road, Portishead, Bristol BS20 8JJ Website: <u>www.avonandsomerset-pcc.gov.uk</u> Tel: 01275 816377 email: pcc@avonandsomerset.pnn.police.uk

INFORMATION ABOUT THIS MEETING

(i) Car Parking Provision

Please ask the Gatehouse staff where to park, normally the South Car Park. Disabled parking is available.

(ii) Wheelchair Access

The Meeting Room has access for wheelchair users. There are disabled parking bays in the visitor's car park next to reception. A ramp will give you access to reception, a lift is available to the 1st floor.

(iii) Emergency Evacuation Procedure

The attention of Members, Officers and the public is drawn to the emergency evacuation procedure for the **Conference Room**: Follow the Green Fire Exit Signs to the large green Assembly Point A sign in the **Visitor's Car Park**.

- (iv) Please sign the register.
- (v) If you have any questions about this meeting, require special facilities to enable you to attend. If you wish to inspect Minutes, reports, or a list of the background papers relating to any item on this agenda, please contact:

Office of the Police and Crime Commissioner Valley Road Portishead BS20 8JJ

Telephone:01275 814677Facsimile:01275 816388Email:JAC@avonandsomerset.pnn.police.uk

(vi) REPORT NUMBERS CORRESPOND TO AGENDA NUMBER

<u>AGENDA</u>

9th September 2016, 14:00 Conference Room, Police Headquarters, Portishead

1. Apologies for Absence

2. Emergency Evacuation Procedure

The Chair will draw attention to the emergency evacuation procedure for the Conference Room: Follow the Green Fire Exit Signs to the large green Assembly Point A sign in the Visitors Car Park.

3. Declarations of Gifts/Offers of Hospitality

To remind Members of the need to record any personal interests or any prejudicial interest relating to the agenda and disclose any relevant receipt of offering of gifts or hospitality

4. Public Access

(maximum time allocated for this item is 30 minutes)

Statements and/or intentions to attend the Joint Audit Committee should be emailed to <u>JAC@avonandsomerset.pnn.police.uk</u>

Statements and/or intentions to attend must be received no later than 12.00 noon on the working day prior to the meeting.

- 5. Minutes of the Joint Audit Committee Meeting held on 15th July 2016 (Report 5)
- 6. Business from the Chair (Report 6):
 - a) Update on IPCC Investigations (Verbal Update)
 - b) Police and Crime Board Terms of Reference (Report 6b)

7. Internal Audit (Report 7):

- a) Progress Report
- b) Workforce Development Phase One
- c) HR Staff & Wellbeing
- d) Benefits of Change Portfolio
- e) Follow Up
- 8. External Audit: Joint Audit Findings (Report 8)
- 9. Public Sector Audit Appointments (Report 9)
- 10. Annual Accounts and Governance Statement (Report 10)
- 11. Integrated Offender Management (IOM) (Report 11)
- 12. Office of the Police and Crime Commissioner Strategic Risk Register

(Report 12)

13. Constabulary Strategic Risk Register (Report 13)

Part 2

Items for consideration without the press and public present

- 14. Exempt minutes of the Joint Audit Committee Meeting held 15th July 2016 (Report 14)
- 15. HMIC Update (Verbal Update)

POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET

MINUTES OF THE AUDIT COMMITTEE HELD ON FRIDAY 15TH JULY 2016 AT 11:00 IN THE CONFERENCE ROOM, POLICE HQ, VALLEY ROAD, PORTISHEAD

Members in Attendance

Katherine Crallan Jude Ferguson (Chair) Shazia Riaz Sue Warman

Officers of the Constabulary in Attendance

Julian Kern, Director of Finance ("OCC CFO") Nick Adams, Head of Finance and Business Services (part of the meeting) Sean Price, Head of Performance and Process Improvement Richard Corrigan, Head of Professional Standards Paul Underhill, Inspector, SSI Geoff Wessell, Chief Superintendent, Head of Prevent and Protect Leila Board, Digital Policing Programme Director

Officers of the Office of the Police and Crime Commissioner (OPCC)

Mark Simmonds, Chief Finance Officer ("OPCC CFO") Alaina Davies, Resources Officer

Also in Attendance

Sue Mountstevens, Police and Crime Commissioner Jackson Murray, Grant Thornton Mark Jones, RSM Vickie Gould, RSM

15. Apologies for Absence

Andy Marsh, Chief Constable Gareth Morgan, Deputy Chief Constable Karin Takel, Strategic Planning and Performance Officer Iain Murray, Grant Thornton

16. Emergency Evacuation Procedure

The emergency evacuation procedure for the Conference room was noted.

17. Declarations of Interest / Gifts / Offers of Hospitality

None.

18. Public Access

There were no requests for public access

19. Minutes of the Joint Audit Committee Meeting held on 10th March 2016 (Report 5)

RESOLVED THAT the minutes of the meeting held on 10th March 2016 were confirmed as a correct record and will be signed by the Chair subject to the following amendment:

Minute 8d, paragraph 5, Internal Audit: Safeguarding Follow Up – CSE crime is up 57.1% year on year.

Action update:

- Minute 51a The Constabulary have replicated the governance process which was put in place regarding recommendations from HMIC reports for internal audit. Action Closed
- Minute 8a The Constabulary and Internal Auditors are now ensuring that details of actions to be taken in response to recommendations are clear. Action Closed
- Minute 8b Proceeds of crime will be included on the Finance/ Police and Crime Board agenda on a 6 monthly basis. Action Closed
- Minute 8d Members now have the opportunity to comment on the scope of an audit prior to sign off. Action Closed
- Minute 8eThe Procurement Audit is being deferred until 2016 and
the pension scheme and legal claims audits have been
scoped and shared with members. Action Closed
- Minute 11 The wording of the description of Strategic Risk 7 has been changed from loss of reputation and public reputation to loss of legitimacy and public confidence. Risk 4 has been added in relation to delivery of the PCC's Police and Crime Plan. Action Closed

20. Business from the Chair

a) Joint Audit Committee (JAC) Membership (Verbal Update)

Lee O'Bryan has chosen not to continue on as a Joint Audit Committee Member. The Chair thanked him for his contribution and input to the work of the Joint Audit Committee.

b) PCC Re-election (Verbal Update)

The Chair congratulated the PCC on being re-elected and noted that she is now only one of three independent PCC's nationally.

c) 2015/16 Draft Statement of Accounts (Report 6c)

There are no significant changes to the format of accounting standards this year. Blackrock (shared PFI Firearms Facility) will be shown on the balance sheet for 2015/16 for the first time and the Constabulary have been working with Grant Thornton on the appropriate accounting entries.

The Constabulary confirmed that a conclusion has been reached regarding asset valuation – a full valuation exercise was completed inhouse in March 2016 and will be completed every other year going forward with a desktop valuation being done in between.

Members queried the Earmarked Revenue Reserves on Page 26 which were explained and Members were referred to page 68 for the detail. It was agreed that further questions on the draft statement of accounts will be directed to the OPCC CFO as in previous years and questions and answers will be published on the PCC website.

RESOLVED THAT Members will e-mail questions regarding the draft statement of accounts to the OPCC CFO by 12th August 2016.

d) Update on IPCC Investigations (Verbal Update)

The IPCC are a growing organisation dealing with all complex and serious matters. A definition of serious and complex is awaited. The IPCC are also changing structure and being rebranded as the Office of Police Conduct. Avon and Somerset refer about 70 incidents per year and there are 12 Avon and Somerset Independent Investigations open at the moment. The Type of complaints that the IPCC deal with are:

- Deaths in custody
- Death following police contact
- Tasar deployment (particularly against vulnerable people)
- Stop and Search
- Serious injury
- Approach to Child Sexual Exploitation (CSE) will also come under their remit

Timeliness of IPCC investigations is an ongoing source of concern for the Constabulary, Joint Audit Committee Members and the PCC and Members asked if the IPCC are planning to address this issue. The PCC recently met with the IPCC and they are well aware of the timeliness issues – the PCC raised the issue of long standing open cases, in particular a case that has taken six years which is unacceptable and unfair on those affected. The PCC is supportive of the need for the IPCC but is concerned they may lose support due to the timeliness issues. The Constabulary informed Members that the National Police Chief's Council are also addressing this issue nationally.

A discussion took place regarding Police Officers under investigation for gross misconduct. Currently officers are unable to retire or resign if

under investigation. This is being reviewed and it is expected that royal assent will be given in October/ November 2016 to enable retirement subject to continued investigation of any complaint for a maximum period of twelve months.

Members queried whether any of the IPCC cases had been closed since the March meeting of the Joint Audit Committee. No cases had been closed but some final reports have been received and the process that follows receipt of the final report has begun.

e) Joint Audit Committee Member Update (Verbal Update)

Members queried how the change in timings from 2017/18 for producing the Statement of Accounts would impact on the Joint Audit Committee dates going forward and whether the new timescales will be trialled for 2016/17. The new timescales will be trialled next year and Joint Audit Committee dates will need to fit in with this.

RESOLVED THAT Joint Audit Committee dates for 2016/17 should be reviewed to ensure that they fit in with the trial of the new timescales for producing the Statement of Accounts.

21. Internal Audit Reports:

a) Annual Internal Audit Report 2015/16 (Report 7a)

Members were informed that the highest level of assurance was not given due to the red/amber audits – although the next best audit opinion was given, which still provides positive assurance from the audit programme. The Internal Auditors will need to update this to include the Culture audit.

Work will begin on the follow up audit next week and the findings will be assessed once that work is complete. Members queried the position with the Integrated Offender Management (IOM). These recommendations were reliant on other agencies and subsequently they are no longer formally being followed up so Members requested a further progress report.

RESOLVED THAT an update on Integrated Offender Management (IOM) should be given at the next meeting of the Joint Audit Committee.

b) Progress Report (Report 7b)

Collaboration has been included in the Internal Audit Plan at the request of the Joint Audit Committee and the Internal Auditors are still awaiting advice on what the scope of the audit should be – Members will receive a pre-brief from the Collaboration Programme Director prior to the next meeting of the Joint Audit Committee in September and will be in a position to update the Internal Auditors following this. The Joint Audit Committee has asked the CFO's to provide assurance to them regarding current collaborations governance to improve their understanding of any unmitigated risks. The PCC asked if the

Collaboration Programme Director has sight of item 7d on the agenda, Project Atlas (Niche) – Project Management Review, to learn the lesson regarding issues that would be relevant to Collaboration.

The Internal Auditors asked the OCC CFO about the timing of the Police Pensions Audit which has been added to the plan. The timing of this will need to be worked on collaboratively and the OCC CFO will liaise with the Internal Auditors.

The risk based approach to internal audit and the workshops held with Members in the preparation of the 2016/17 Internal Audit Plan have been effective and given more confidence in the plan. The Joint Audit Committee Chair encouraged the current approach to audit report presentation to ensure a balance of reports across the year.

The OPCC CFO queried whether the Internal Audit Opinion for 2016/17 could be adversely affected by the risk led approach taken this year. This could be the case if more audit opinions were "red" but the Internal Auditors agreed to take the risk based approach into account when forming their annual opinion and make appropriate allowance for the JAC directing audit work at higher risk areas.

c) Vulnerability (Report 7c)

The scope of this audit was agreed with the Joint Audit Committee following the discussion on the Safeguarding report at the March meeting. There is a training and culture issue around the recording of missing persons on Niche. Members asked if Niche is difficult to use and whether that was the reason for the recording issues – the issue is more about it being new and unfamiliar but Members were assured that it is used in multiple forces and should be easier to use the more officers become familiar with the new system. Staff and Officers will also need to adapt to the differences between Guardian which used to instruct the user on the next step, and Niche which gives greater discretion and ownership to officers empowering them to decide what is right on a case by case basis – this is positive but a cultural shift.

The Niche Management Group tracks data quality issues and has a data quality plan – the data can highlight issues down to a team and individual level allowing for intervention from Corporate Learning and Development (CLAD).

The Head of Prevent and Protect assured Members that Missing Person cases are being correctly investigated despite the recording issues identified. The Constabulary is confident that they have developed actions to tackle this recording issue. Absence should not be used in cases where the person is under 18 – all under 18 year olds should be recorded as missing.

Compliance with the DASH Risk Assessments has reduced following the switch from Guardian. The Constabulary need to work through the Domestic Abuse toolkit as there is a national move away from DASH.

The reduction in referrals to Lighthouse is of concern. The referral in Guardian was automatic but the referral now relies on the officer and so the Constabulary will raise this communication to officers – Members were assured that a work around is currently in place to capture referrals.

Members queried Lighthouse capacity. Lighthouse is not full to capacity at the moment due to the dip in referrals but in reality the resources do not match the demand. The PCC was clear on the need to work with partners regarding vulnerability – there is also concern regarding Child Sexual Exploitation (CSE) and Child Sexual Abuse (CSA) as a permanent source of funding is required in this area. The PCC warned that moving away from the use of DASH should be considered carefully as this is what is used by Partners.

The Head of Prevent and Protect warned that vulnerability audits may be red in some respects currently, due to the material increase in demand and compliance requirements. However, it was also suggested that the HMIC will welcome the Constabulary making early identification of issues and agreeing actions to address such findings through internal audit.

Members discussed benchmarking against other forces and queried scope to look at Partners. The Constabulary knows Children's Services are also under huge budget pressure but the Constabulary are clear when a case must be referred to them and action this. A discussion took place regarding other examples of good practice including the use of 'return interviews' and early intervention.

The OCC CFO highlighted that savings will need to be made in enabling services in order to balance the Medium Term Financial Plan (MTFP) and if the budget for Lighthouse in ringfenced then the cuts elsewhere will be deeper.

d) Project Atlas (Niche) – Project Management Review (Report 7d)

This was an audit of the project management of the implementation of Project Atlas (Niche) and not of the data. Niche did go live on time and on budget with some strong leadership and project management but the report highlighted a lack of appropriate training. The Constabulary welcomed the audit as it reaffirmed what the Constabulary knew and the lessons learned. The Constabulary will benefit from the lessons and apply that learning to future projects but are also keen to share the learning with other forces.

There are a number of outstanding activities which are all being managed as business as usual and monitored at the Niche Management Group. The project team are working with technology services to resolve the issues around data migration. The Constabulary underestimated the training challenge of the Niche implementation – training was being developed at the same time as the system and at the same time as implementation of the Operating Model but if Niche had been delayed then the cost would have increased. Internal

communication could have been better and the misunderstanding of the purpose of Floorwalkers led to a feeling of not being supported. People are now trained and the system is becoming more familiar to them.

Trainers from Avon and Somerset will be visiting Dorset to help with their Niche upgrade and their trainers will in turn come here for the Avon and Somerset upgrade – it was noted that different forces have their own configuration of Niche.

The PCC queried the cost effectiveness of using Deloitte for the implementation and was assured that there was no issue with the areas of implementation that they were responsible for.

It was also noted that not all forces have chosen the data cleansing of back records. The Constabulary are working towards implementing the data quality tool to cleanse back records.

The Tri-force collaboration will be a massive cultural change and will provide the opportunity to learn lessons from Niche. A programme closure report will be going to the Chief Officer Group next month to inform future programme boards.

The OCC CFO informed Members that Digital Policing Programme Director is leaving the organisation to work for the HMIC but the Constabulary are grateful for her contribution and thanked her.

e) Culture (Report 7e)

The report is based on the Staff Survey (qualitative data). Findings were around the new Independent Performance Review (IPR), change management, wellbeing plans and responding to staff survey results. Consistency of delivery is key and the Chief Constable has made it clear he is looking to address cultural issues.

Members queried the new IPR roll out and approach to this. The decision to stop the Performance Development Review (PDR) process was not communicated effectively and resulted in misunderstanding about the continued requirement for 1-1 meetings and objective setting. The new system will be launched in August 2016. The Chief Constable has been clear at Roadshows and through his Top Team that IPRs must be completed and a new leadership course will help managers through the process and its success will be measured in the level of cultural change.

Members queried the lack of follow up action to the staff survey. Actions have been taken but action taken by individual managers have not been well communicated. Members are hopeful that leadership stability will have a positive impact on culture.

f) Rostering – Project Aurora (Report 7f)

This is an advisory report with no action plan. The Team is now in place and have a clear escalation process for delays. Members were assured

this will happen, unless there is any reason through the Tri-force collaboration for not doing it. Time and attendance is at the CAPITA stage – it will interface with SAP but Members were assured it can interface with any other ERP solutions should it be required to do so in the future.

22. External Audit Reports:

a) Progress Report (Report 8a)

Members thanked Jackson Murray, External Auditor, for attending a meeting with Members prior to the Joint Audit Committee meeting.

The final accounts audit visits start on Monday. The Annual Audit Letter will be submitted to the December Joint Audit Committee Meeting. Joint Audit Committee Members attended the accounts workshop.

Members asked why nationally crime appears to be falling but increasing in Avon and Somerset? It was explained that Avon and Somerset are a lot better at recording compliance and it was suggested that benchmarking against other forces may give some further assurance.

Members were assured that the Constabulary are tracking their activities against the recommendations coming out of the Home Affairs Diversity report.

In response to the Mental Health report the PCC assured Members that there is a lot of activity in Avon and Somerset working with partners on Street Triage and the Mental Health Control Room Triage. This is something that cannot be dealt with by the police alone. In June Avon and Somerset Police said that anyone detained under Section 136 would not be taken to police custody and other than an incident where the person was violent this has been adhered to – the Police had to be firm in negotiations and very clear with officers on the ground so that they knew what to do. A & E is currently often used but the Street Triage and Control Room Triage should reduce the demand on A & E.

b) Audit Fee Letters (Report 8b)

The fee is the same as 2015/16. The PCC asked what the scale fee for Fire and Rescue is. This is published.

RESOLVED THAT the OPCC CFO will inform the PCC what the external audit scale fee is for Fire and Rescue.

23. Office of the Police and Crime Commissioner Strategic Risk Register (Report 9)

Risks are stable or on a downward trajectory. The only increased risk is the Police and Crime Plan which will be agreed in Autumn this year. The PCC urged Members who haven't done so to complete the Police and Crime Plan Consultation.

Members queried if the priorities will be the same. The PCC's priorities will be wider this time with each theme covering a wide number of areas:

- 1. Vulnerability Tackle vulnerability, CSE & CSA, Domestic and Sexual Abuse, Supporting Victims etc.
- 2. Local Policing Improving local policing, tackling crimes that matter, Accessibility, etc.
- 3. Right People, Right Equipment, Right Culture Better workforce representation, reform complaints system (some legislation may be delayed), mobile technology, etc.
- 4. Working Together Effectively Working with Partners to improve Criminal Justice etc.

The OPCC CFO pointed out that Britain's decision to exit the European Union is not reflected in this document although there is a risk of it having an impact on increasing demand and reducing funding. Low government gilt rates could affect the actuary's assessments of local government pension liabilities.

The results of the PCC Consultation survey have just been received and reflect a feeling of safety and quality of life, feeling safer and stated levels of public confidence. Members were informed that the new Police and Crime Board is being arranged with the first meeting due to be held in September 2016 – this will be the PCC's decision making, scrutiny and governance forum.

24. Constabulary Strategic Risk Register (Report 10)

Members queried whether the constabulary are happy with the mitigation risk against risk 5 & 7 and were assured that they are. Members congratulated all involved in the work done on improving the risk registers.

25. Exempt Minutes of the Joint Audit Committee Meeting held 10th December 2015 (Report 11)

RESOLUTION IN EXEMPT MINUTES

26. HMIC Update (Report 12)

RESOLUTION IN EXEMPT MINUTES

The meeting concluded at 14:00

CHAIR

ACTION SHEET

MINUTE NUMBER	ACTION NEEDED	RESPONSIBLE MEMBER/ OFFICER	DATE DUE	
Minute 20c				
2015/16 Draft Statement of Accounts	Members will e-mail questions regarding the draft statement of accounts to the OPCC CFO by 12 th August 2016.	JAC Members	12/08/2016	
15/07/2016				
Minute 20e Joint Audit Committee Member Update 15/07/2016	Joint Audit Committee dates for 2016/17 should be reviewed to ensure that they fit in with the trial of the new timescales for producing the Statement of Accounts.	OPCC CFO/ OCC CFO	Immediate	
Minute 21a Internal Audit: Annual Internal Audit Report 2015/16 15/07/2016	An update on Integrated Offender Management (IOM) should be given at the next meeting of the Joint Audit Committee.	OCC CFO	09/09/2016	
Minute 22b External Audit: Audit Fee Letters 15/07/16	e 22bnal Audit:Fee LettersFee Letters		Immediate	

Avon and Somerset Police and Crime Board Terms of Reference Final – 29/07/16

Police and Crime Board

The Police and Crime Commissioner (the 'PCC') for Avon & Somerset will set up a Police and Crime Board (the 'Board') to support the carrying out of her statutory functions including overseeing delivery of the Police and Crime Plan, being the forum for formal decision making by the PCC and otherwise allowing for the PCC to scrutinise the work, performance, key projects and budget of the Constabulary and other partners. The Constabulary will have a responsibility to refer matters to the Police and Crime Board in accordance with the Scheme of Governance.

This Board will not be a public meeting though observers and relevant groups will be invited from time to time with mutual agreement – see the Transparency section regarding publications from the meeting.

The first meeting will take place in September 2016 and will occur monthly thereafter and be scheduled to last 4 hours.

Membership

The Board will be chaired by the PCC and regular membership will include the Chief Constable ('CC'), Deputy Chief Constable ('DCC'), Constabulary Chief Finance Officer – to be confirmed with the Chief Constable, Office of the Police and Crime Commissioner ('OPCC') Senior Leadership Team and other parties as invited on an agenda basis.

Either party may invite key partners or representatives to attend with agreement. The meetings will be administered and supported by the OPCC.

Agenda

A full agenda setting meeting will be held quarterly between the PCC, Chief Constable, Chief Executive Officer ('CEO') and DCC six weeks in advance of the first meeting of the next quarter – the first of these agenda setting meetings will be held in August 2016. In addition there will be an agenda setting meeting between the CEO and the DCC no more than one week after each meeting – scrutiny items will be tabled by the OPCC based on the OPCC issues log and risk register and highlighted at weekly OPCC SLT meetings with the DCC – ASC will proactively highlight key risk and performance issues as part of this process in the OPCC SLT meetings or the agenda briefing.

A quarterly update from the Joint Audit Committee ('JAC') will be provided and the Police and Crime Board will also provide an update to the JAC. There will be a standing OPCC SLT agenda item for any items that should be referred to the Police and Crime Board. The first half of the board meeting will focus on delivery of Police and Crime Plan priorities with regular reports and rotating deep dive items. The second half will focus on other scrutiny with regular items (to include Finance, Human Resources, Professional Standards, Equalities, Health and Safety, Gold Group updates and Major Projects) and commissioned reports.

Regular papers will not exceed 3 pages and will be provided to the OPCC 7 working days before the meeting – the report template is attached at Annex A and the Performance Table Template is attached at Annex B. The Avon and Somerset Constabulary ('ASC') Staff Officer Liaison will provide support to secure timely delivery of papers. A draft agenda and annual plan is attached.

Transparency

Minutes: The Police and Crime Board will not be a public meeting but summary minutes, including key points and actions, will routinely be published along with the agenda. Minutes will be produced within 5 working days of the Police and Crime Board Meeting and circulated for comment/amendment. Minutes will be agreed at the next Police and Crime Board for publication within 5 working days.

Decisions: Decisions should be referred to the OPCC so that they can be logged and scheduled for agreement at the Police and Crime Board. The OPCC will issue a template decision notice for completion and a log number.

Completed decision notices should be submitted to the OPCC no later than 7 working days before the Police and Crime Board along with other reports for inclusion in the Papers for the meeting. Decision notices will state whether any background information is also for publication – if it is for publication it will not be marked restricted. Signed off decision notices will be published within 5 working days of the Police and Crime Board.

Other Reports for Publication: Any other reports submitted to the Police and Crime Board that require publication should be agreed at the Board. The monthly performance table will routinely be published.

Webchat: The PCC and CC will do regular webchats publicising the key points discussed.

Other changes

As part of setting up this board the following meetings will not continue: PCC/COG Quarterly Meetings; Major Projects Governance Board; PCC and Chief Officer Portfolio meetings. The OPCC will continue to regularly attend Continuous Improvement Board, Corporate Change Board and Force Chief Officer Group ('COG'). The PCC will continue to meet the CC weekly and informally with COG each quarter and request other briefings from ASC as required. OPCC leads will also continue to meet their ASC counterparts regularly with a special focus on priority areas. The DCC will continue to attend OPCC SLT. The OPCC will continue to have a standing invite to other Constabulary meetings including Gold Groups but will attend on an occasional/exceptional basis. When attending Constabulary meetings, the PCC and OPCC representatives will not make formal decisions unless otherwise expressly agreed. Formal decisions will be taken at the Police and Crime Board.

ANNEX A

MEETING:	Date:	Agenda No
DEPARTMENT:	AUTHOR:	
NAME OF PAPER:		COG Sponsor:

1. PURPOSE OF REPORT AND BACKGROUND 2. OUTCOME/ FINDINGS

3. FINANCE FOR OPTIONS

4. EQUALITY ANALYSIS

5. SUSTAINABILITY

6. **RECOMMENDATIONS**

[PERFORMANCE TABLE – TO BE DEVELOPED]

ANNEX B

OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET AND AVON AND SOMERSET CONSTABULARY

Internal Audit Progress Report

Joint Audit Committee

9 September 2016

This report is solely for the use of the persons to whom it is addressed. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

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As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at http://www.icaew.com/en/members/regulations-standards-and-guidance.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is solely for the use of the persons to whom it is addressed and for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to our Client on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

1 INTRODUCTION

The internal audit plan for 2016/17 was approved by the Joint Audit Committee at the meeting on 10 March 2016 subject to some minor changes as discussed at that meeting.

All reports issued since the last Joint Audit Committee meeting are summarised below.

Assignments		Opinion issued	Act	Actions agreed		
			н	М	L	
Workforce Development (2.16/17)	FINAL	Advisory	0	2	1	
Follow Up of Previous Internal Audit Recommendations (3.16/17)	FINAL	Reasonable progress	0	1	0	
Benefits of Change Portfolio (4.16/17)	FINAL	Substantial assurance	0	1	0	
HR – Staff Wellbeing and Productivity (5.16/17)	FINAL	Partial assurance	0	4	0	

1.1 Impact of findings to date

The Workforce Development review has highlighted concerns over the lack of sharing and use of demand data and reports for vacancy review and training needs analysis. Whilst the Constabulary has arrangements in place to review current resource against the resource needed to meet demand, there is a lack of joined up consideration of current and future demand linked with staff and officer training. This is also links in with the findings of the Staff Wellbeing and Productivity review that highlighted some concerns around workload, staffing and training in the investigations team, the use of PDRs whilst the new system is designed and embedded, and the work of the Wellbeing Board.

2 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2015/16	Status	Target Audit Committee per the IA Plan 2015/16
Collaboration	Q2 September 2016	Advise / audit to be provided as and when required – see below	N/A
Legal Claims	Q2 September 2016	Fieldwork taking place w/c 24 October 2016	December 2016
Workforce Development – Phase Two	Q3 October 2016	Deferred to Q4 to allow processes to embed	March 2017
Financial Controls	Q3 November 2016	Fieldwork taking place w/c 7 November 2016	December 2016
Data Quality	Q3 December 2016	Fieldwork taking place w/c 12 December 2016	March 2017
Payroll	Q4 January 2017	Fieldwork taking place w/c 2 January 2017	March 2017
Action Tracking	Q4 January 2017	Fieldwork taking place w/c 23 January 2017	March 2017
Police Pensions	As required	Fieldwork date TBC	ТВС

3 OTHER MATTERS

3.1 Changes to the audit plan

There has been one reported change to the 2016/17 audit plan as shown above, with the Workforce Development (Phase Two) review being deferred until the end of the year to allow for actions and new systems to be implemented and embedded before being tested.

The Joint Audit Committee members and Constabulary also need to agree on the approach and timing of the Collaboration work for 2016/17. We would expect that the JAC will be seeking assurance that the risks associated with collaboration and its associated governance arrangements have been identified, evaluated and appropriate controls put in place to mitigate those risks.

We have undertaken a large consultancy assignment in the Midlands region regarding collaboration assurance. The forces involved had in excess of 20 active collaborations across five forces. We have also been involved in providing assurance across a tri force collobataionSome suggestions around the work we can provide are:

- 1. A workshop focussing on risks and opportunities regarding collaboration;
- 2. A workshop around collaboration assurances; potentially leading to
- 3. Design of a collaboration assurance framework.

The Constabulary also need to agree on the timing requirements of the Pension Scheme audit.

3.2 News briefing

No further Emergency Sector news briefings have been issued since the last Audit Committee.

APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Reports previously seen by the Audit Committee and included for information purposes only:

Assignments	Status	Opinion issued	Acti	Actions agreed	
			н	Μ	L
Vulnerability (1.16/17)	Completed	Partial Assurance	1	2	0

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THE OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET, AND AVON AND SOMERSET CONSTABULARY

Workforce Development

FINAL

Internal Audit Report: 2.16/17

1 September 2016

This report is solely for the use of the persons to whom it is addressed. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.



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Debrief held	5 July 2016 10 August 2016	Internal Audit team	Mark Jones, Head of Internal Audit Vickie Gould, Manager
Draft report issued	18 August 2016		Patrick Bevan, Auditor
Responses received	1 September 2016		
Final report issued	1 September 2016	Client sponsor	Cathy Dodsworth, Head of HR Jane Walmsley, Inspection and Audit Coordinator
		Distribution	Julian Kern, Constabulary CFO and Director of Resources Mark Simmonds, OPCC CFO Cathy Dodsworth, Head of HR Jane Walmsley, Inspection and Audit Coordinator

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

1 EXECUTIVE SUMMARY

1.1 Background

The Constabulary faces a significant volume and variety of demand for its services, which is constantly changing due to changes in factors such as demographics and technology. The importance of demand management is reflected by its inclusion as a key area of Police Effectiveness, Efficiency and Legitimacy Programme (PEEL) assessments conducted by Her Majesty's Inspectorate of Constabulary's (HMIC).

In order to effectively manage this demand, Avon and Somerset Constabulary established a Demand Management Group in November 2015. The purpose of this forum is to improve ways of working by implementing initiatives to better manage or reduce demand.

The Strategic Service Improvement (SSI) Department is responsible for managing the implementation of systems / initiatives and producing customised management information to support business areas with workforce and demand management. Recent examples of systems implemented by SSI include Qlik Sense and the SAP HR Learning Solutions (LSO) module.

HR (Advisory and Corporate) is responsible for recruitment and succession planning to fulfil the Constabulary's staffing establishment, with consideration of changes in staffing needs flagged by management of each business area. Similarly, the Constabulary Learning and Development Department (CLaD) is responsible for ensuring staff and officers undergo mandatory and relevant additional training through consultation with management of each business area to ensure they are sufficiently trained to meet changing operational demands.

1.2 Conclusion

Overall, the Constabulary has arrangements in place to review current resource against the resource needed to meet demand. The resource need is estimated through discussions with each head of department to build a picture of where there may be resource gaps, as well as using a framework to understand and predict the demand placed on the Constabulary's policing resource through analysis of policing data sets (such as those captured in Storm and Niche).

However, HR and CLaD do not utilise this demand data and reports when undertaking vacancy reviews or training needs analysis as there is currently a lack of joined up working between HR, CLaD and the PPIU (responsible for producing the demand data), as the data and apps being used are in a pilot stage. As a result, less consideration is able to be given to current and future demand when considering current and future establishment and training needs.

1.3 Key findings

The key finding from this review are as follows;

- SSI continuously produces management information and predictive analytics which help senior management obtain a more definitive understanding of demand.
- The Demand Management Group provides a forum to discuss initiatives to manage or reduce demand, and monitor the implementation and effectiveness of those initiatives.
- The recruitment and succession planning process in place is focused on achieving the establishment as set out under the Operating Model for most areas of the Constabulary; however, this is a static model and so does not recognise changes in demand that may require changes to the establishment. Other areas not covered by the Op Model are recruited based on organisational structure, and police officer recruitment is also aligned to the medium term financial plan.
- There is a process in place for identifying, planning and scheduling appropriate training. This process relies on identification of training needs by individuals and management of each business area, in combination with the

CLaDs consideration of courses that have been offered in the past and significant external (e.g. HMIC regulation) or internal (e.g. policies) changes impacting the Constabulary (that may warrant training).

• However, the 2016 review has not yet taken place due to resource constraints. Also this training analysis process does not make use of the management information and predictive analytics available which may prove helpful in identifying what training (i.e. skills to deal with offences / incidents that are increasing) should be held and where it is needed (i.e. the areas where certain offences / incidents are most frequent).

1.4 Additional feedback

Below we have set out the two main risks that link to this review, and the controls set out by the Constabulary that it is doing or will do to reduce the likelihood of risks materialising. We have looked to compare these to the key controls and activities we have considered as part of this review, to establish if there are any gaps. We note that the risk and controls in SSR3 are more high level strategic aspects of capacity and change, with SSR4 being more operational around how the Constabulary manages demand and resource.

Risk	Controls (from Risk Register)
SSR3	- recruit and retain sufficient change management expertise
Lack of organisational capacity	- robust business case and programme plans tested and agreed
or capability to react to existing or emerging operational and / or	- effective benefits tracking and financial management
organisational threat.	- leadership programme ensuring culture and ethics is embedded
	- task and finish group set up – deployment and resource
SSR4	- Demand Management Group drawing together activity across constabulary
Demand for service outstrips capacity / capability to deliver	 Niche Management Group implementing process changes to reduce capacity requirements relating to Niche
	- Improving management information on demand and capacity
	- Process improvement focus in SSI reduces capacity requirements
	- Information sharing and analysis requirements with partners (fire / collaboration)
	- PSD intervention / complaints management
	- Strengthen policy governance and communication
	- Robust business case and programme plans tested and agreed
	- Effective benefits tracking and financial management
	- Strengthen accountability for supervision and management
	- Informing the Specialist Ops Learning Forum
	- Track recommendations to completion
	- Sharpen data recording compliance
	- Review of case submission process
	- CPS joint working to identify where demand can be reduced by proportionate examination in relation to actions

- Reduce demand into the HTCU by reviewing front end operational practice
- Input into long term IT Strategy

Whilst we find that SSR4 addresses many of the controls we found to be in place during the audit, we note that there is no reference to any of the HR and CLaD processes taking place / required to be further implemented to allow for a strengthened management of resources to meet and reduce demand. For example, other controls we would expect to be logged and tracked via this risk would be succession planning activities, vacancy review meetings, resource analysis and recruitment activities, and training analysis of demand versus staff actually trained. These are some of the activities that we have found to not be fully embedded and effective, and would benefit from being tracked at a higher level to ensure they are working in line with other demand and capacity activities.

2 ACTION PLAN

The action plan below outlines actions identified as a result of this review:

Categoris	ategorisation of internal audit findings				
Priority	Definition				
Low	There is scope for enhancing control or improving efficiency and quality.				
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.				
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.				

Our internal audit findings and the resulting actions are shown below.

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible Owner			
Area: S	Area: Succession planning / recruitment activities							
3.2.1	Due to the (interim) absence of a formal PDR system there is a risk that officers identified with promotional potential may not receive the training and development necessary to fulfil the chief officer post.	Low	Where officers are identified in the 'promotional pool' during COG planning, this will be directly linked and reflected in their PDR once the new PDR system is implemented.	31 December 2016	Head of HR			
3.2.2	Training, recruitment, and succession planning activities do not make use of demand reports. This presents a risk that the Constabulary is not staffed or trained appropriately to meet the forecasted changes in demand.	Medium	HR and CLaD will work with the PPIU to develop a 'workforce demand' report of performance indicators and forecasts to show the current and forecasted demands on the Constabulary's workforce. This report will be presented and discussed at meetings regarding recruitment (i.e. Chief Officer Days, Force Resource, and Departmental Resourcing), and used in the development of training plans.	30 November 2016	Head of PPIU			
			This will strengthen decisions					

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible Owner
			 relating to: Recruitment activity (short-term demand changes); Succession planning (longer-term demand changes); and Training and development courses offered. 		
Area:	Training				
3.3.3	The training course directory available on the Constabulary's website has not been reviewed in the past 12 months. Coupled with the fact that the course plan has not been developed for 2016, this presents a risk that the required training is not being identified, communicated and provided in a timely manner.	Medium	In line with the review of the course plan, the training courses directory will be updated. This will be further informed by reviewing information on 2015 training activities. The updated directory will be made available to all staff and officers, and line managers will be encouraged to sign post staff to relevant and required courses.	30 November 2016	Learning and Development Manager
	A review of the previous year's training has also not been undertaken, and this would be useful to identify issues such as non- attendance, expired statutory training, high and low update of certain courses and training needs established through the PDR process.				
	Pulling all of this information together would enable the Constabulary to build and communicate a well- informed Course Plan to ensure staff are adequately trained in line with demand and Constabulary objectives, and to provide external training for additional income where required or possible.				

3 DETAILED FINDINGS

3.1 Understanding demand

3.1.1 Qlik Sense – understanding demand in real-time

On 8 June 2016 the Constabulary began piloting (with a select number of departments) Qlik Sense, a business intelligence dashboard of real-time metrics on the demands placed on the Constabulary (i.e. incidents reported) and availability of resources (i.e. status of officers on duty). Staff and officers across the Constabulary have access to the Qlik Sense online portal providing the Constabulary with a single view of the demand against resource in real-time.

This is expected to enable the Dispatch Team to make more effective and fluid use of the officer resource available by examining the resource of the whole Constabulary rather than by business area or geographical location, thereby encouraging greater 'cross-border' deployment (and strengthening the 'one force' culture).

Further to this, areas of inefficient performance or non-compliance with performance targets can be monitored and remedied in real-time. For example, Qlik Sense shows the number of 'double crewed' units (i.e. more than one officer in a car) which the Constabulary is trying to keep to a minimum to ensure all officers are independently mobile. Where there is a higher level of double crewed units, the Dispatch Team can notify chief officers in each region to split out some units. Other metrics such as the percentage of "today's business today" (showing the amount of cases logged and completed within 24 hours) and percentage of calls abandoned in the last hour demonstrate examples of non-compliance with performance targets that can be monitored and addressed in real time.

3.1.2 Pace Setter meetings – understanding demand on a daily basis

On a daily basis, chief officers across LPAs hold a catch up call referred to as 'Pace Setter' meetings. These provide an opportunity for cross-communication of the day's major priorities / activities across LPAs and service lines. This establishes an understanding of the general location / availability of staff, thereby enabling each LPA to make a more informed staffing response should there be any sudden changes in their major priorities / activities. A pace setter information report is sent to chief officers giving a summary of the activities and cases discussed.

We examined the pace setter information reports of recent meetings and can confirm this provides a summary of activities (today and upcoming) and notable cases for attendees to be made aware of.

3.1.3 Demand Management System – mapping appropriate staff to planned (and unplanned) demand

The Constabulary's Duty Management System (DMS) is an online database which shows the skills and availability of staff by individual. Users can run searches in DMS based on skills held, area located, and availability of officers. DMS will then generate a list of staff and officers matching their search requirements and the availability of those staff and officers (i.e. shift hours). This assists with:

- Developing rosters to ensure a sufficient and appropriate mix of staff are on duty at all times;
- Building teams for specific operations such as policing football matches, demonstrations and Glastonbury festival;
- Responding to specialist incidents on-demand (i.e. where officers with specific skills are needed); and
- Scheduling training (by the Resources Unit) to ensure appropriate staffing levels are maintained.

We ran searches in DMS and discussed the output with a Senior Project Officer within the Performance and Process Improvement Unit (PPIU). From this we found the output can be structured and filtered into a standard or custom report to provide greater utility to the end user.

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3.1.4 Management information reports – understanding demand on weekly basis

Data Officers from the Management Information Team (within SSI) are responsible for dealing with ad hoc requests for performance data reports such as performance data to demonstrate the effectiveness of implemented initiatives in managing or reducing demand. In order to produce these reports, Data Officers will use multiple systems across the Constabulary; however, this predominantly draws on data captured via Niche (crime recording system) and Storm (command and control system). Other staff within SSI may also develop custom reports where such staff have specialist knowledge of certain systems (i.e. staff in the Aurora Program Team will have knowledge of SAP HR / DMS).

We obtained a custom report built by the Senior Project Officer of the Aurora Program Team for the Investigations Department. The report comes in the format of a macro-enabled excel spreadsheet containing the availability of investigations staff (i.e. in work, on training, on annual leave etc.) by day for the next 21 days. This spreadsheet links directly to DMS so the data can be refreshed by the user on demand to obtain an up-to-date view. These reports are custom built and provided directly to the staff that requested them.

3.1.5 Predictive analytics modelling – understanding future demand

The Performance and Process Improvement Unit (within SSI) has a Predictive Modeller who is responsible for developing models that identify trends in historic demand data in order to predict future demand (and thereby direct resourcing). This is done by processing sets of data in IBM SPS Analytics (SPS), a software package used for statistical analysis. SPS then generates a report of potential relationships between variables.

For example, the Predictive Modeller is in the process of building a predictive model for road traffic collisions that will enable locations that have a high risk of traffic collision depending on the weather or time of day to be pinpointed. The intentions are to then build a daily report of high risk locations (depending on the day's weather) to be sent out to officers should they have time to park nearby to discourage speeding or any reckless driving behaviour that may lead to a collision.

We obtained the Model List spreadsheet as at 22 June 2016. From this we found three models were live, four models were under development and three models were at the initial 'business understanding' stage. We obtained a copy of the end user output for one of these models to confirm the model output is being used to identify high risk anti-social behaviour incidents.

Reviews of each live model are completed by the Predictive Modeller and end user to ensure the model is still relevant and effective. These reviews are conducted on a quarterly basis unless a process changes or issues are noted prompting an earlier review.

3.1.6 Demand Management Group meetings – understanding demand at the strategic level

On the strategic level, a Demand Management Group consisting of senior staff from across the Constabulary (including SSI, Communications, Local Policing, Special Operations, Criminal Justice, and Corporate Services/ SWOne and HR) meet to discuss the use of staff across the Constabulary with a view to addressing the following objectives:

- Understanding demand
- Reducing demand
- Matching resources to demand
- · Meeting public demand and channel shift

- Reducing cost of demand
- Reducing future demand
- Reducing partnership demands
- Benchmarking (to research for national and industry good practice)
- Authentic conversation (with staff and public)

In order to achieve these objectives, ideas are put forward and evaluated. Ideas are evaluated against two core principles – reducing demand and saving money. Ideas are prioritised according to business areas that experience the most pressure on capacity.

If an idea is adopted by the Group, it is added to the Initiatives Monitoring Matrix (IMM), an excel-based spreadsheet maintained by the Change Management Project Officer. The IMM includes a dashboard of all the demand management initiatives with additional tabs containing performance indicators to show the effectiveness of the initiative in reducing demand. Each initiative is supported by a plan of how it will be implemented and an owner responsible for overseeing implementation. Ahead of each monthly Demand Management Group meeting, the Change Management Project Officer will collate progress statements from each action owner and refresh the data used in calculating the performance indicators.

Through review of the Demand Management Group minutes we can confirm items discussed link to at least one of the objectives listed and are supported by a management information pack providing performance on a range of areas relevant to demand management (such as percentage of 999 calls answered in 10 seconds and offences by group e.g. theft, violence, sexual assault etc.). Actions raised are completed (or further action agreed) by the following meeting. Progress on the implementation and effectiveness of initiatives is also presented and discussed.

We found that the Demand Management Group provides a key forum for discussing the impact of demand forecasts, monitoring existing demand management initiatives and discussing further potential initiatives. We note that the information presented and discussed could also provide value to the HR Team in recruitment and succession planning (discussed further in 3.2.2).

3.1.7 Understanding demand at the national level

At a national level, the Head of the Process and Performance Improvement Unit attends the following national forums:

- National Demand Strategy Group (NDSG) to discuss strategies for managing and reducing demand. Meetings are held on an ad hoc basis (generally quarterly), chaired by the Chief Constable of Lancashire Constabulary and attended by representatives from each constabulary.
- Home Office Data Analysis Centre (HODAC) with a view to look into how national data sets (of each department under the Home Office) could be used to better understand the risks and demand. Meetings are held on an annual basis, coordinated by the Home Office and attended by the Chief Constable of Avon and Somerset Constabulary (as well as other Chief Constables and senior management within the Home Office).

3.1.8 Understanding demand - conclusion

Overall, through exploration of the above controls we found that the Constabulary has several mechanisms in place to identify, understand and address demand through different initiatives. We note that there are links between each of these mechanisms allowing them to form a continuous cycle, and thereby provide the Constabulary with a live picture of the demands it faces and how these are changing and subsequently being managed.

However, we believe there is scope to obtain further value from these mechanisms by engaging other departments that are not currently involved, such as the HR function. We discuss (below) the current controls for succession planning and recruitment activities, noting instances where demand management mechanisms could support certain parts of these activities.

See Management Action 3.2.2

3.2 Succession planning / recruitment activities

3.2.1 Chief Officer Days – succession planning/ recruitment for senior positions

For senior posts (heads of department, chief inspectors, and chief superintendents) in the Constabulary, the Senior Leadership Team (SLT) and HR Corporate Team meet to review staff currently in post to identify any instances where a successor will be needed, or where developmental moves may be appropriate. These meetings are referred to as Chief Officer Days and are held on an annual basis.

Following our audit fieldwork, we were provided with records of succession planning by the Chief Officer Group. From this we can confirm chief officer posts that will become vacant in the proceeding months are identified as well as the officers that could be promoted into those posts. However, due to the absence of a formal PDR system there is a risk that officers identified with promotional potential may not receive the training necessary to fulfil the chief officer post. Therefore, we advise that where officers are identified in the 'promotional pool' during COG planning, this is reflected in their PDR once the new PDR system is implemented. We would also expect to see a more long term plan of posts becoming available due to officer retirement, to enable long term development of officers into certain roles.

See Management Action 3.2.1

3.2.2 Force and Departmental Resourcing – succession planning / recruitment for officer and staff positions

On a monthly basis, Force Resource meetings and Departmental Resourcing meetings are held to discuss resource needs and issues in teams with frontline policing duties (i.e. LPAs, PPP, Specialist Operations and Criminal Justice).

For all officer and staff posts (other than senior officer posts stated in 3.2.1), the HR managers from the HR Advisory and HR Corporate teams along with heads of department, chief inspectors and chief superintendents for each business area meet on a monthly basis to review current and future vacant posts. Vacancies are then examined against whether there is an opportunity for internal recruitment or an internal re-posting through review of 'lateral' (i.e. same hierarchical level) transfer requests; or whether there is a need to externally recruit.

Each HR Manager (from the HR Advisory Team) is responsible for monitoring the vacancies of two to three business areas. This is captured and monitored via an excel-based spreadsheet, which is reviewed at each Force Resource meeting. We confirmed this through review of the Force Resource spreadsheets and meeting agendas.

On a monthly basis, reports of 'gaps' (post is vacant where staff are temporarily absent from the post for whatever reason, such as illness or secondment) and 'actual body' vacancies (post is vacant where the post holder has permanently left) are produced for discussion at the Vacancy Review meetings. We confirmed this through review of a current gaps report and records of subsequent decisions.

Following discussion with a HR Manager we found there was no use of demand management reports (discussed in 3.1). As a result, recruitment is directed and focused on achieving the existing establishment rather than the establishment needed to meet demand. Although recruitment and succession planning is influenced by judgements of the respective head of department, this is based on professional judgement rather than explicit patterns in demand.
As a result, these explicit demand patterns are not recognised as part of the recruitment process, which presents a risk that the staffing of teams across the Constabulary may become inadequate in meeting future demand.

In conclusion, we found that recruitment forums (Chief Officer Days, Force Resource, and Departmental Resourcing) should be given Demand Management Group Information Packs to consider demand alongside the existing establishment. This will better inform decisions relating to both immediate recruitment activity and longer term succession planning at all levels across the Constabulary.

See Management Action 3.2.2.

3.2.3 Succession planning / recruitment activities - conclusion

Overall, through review of the succession planning and recruitment process we found there are arrangements in place to identify staff and officer posts to be filled based on the agreed staffing establishment and judgements of staff 'on the ground'. However, the arrangements do not use management information relating to the service demand placed on particular areas, which could indicate whether certain posts should be filled or whether new posts are needed. We also could not provide assurance on the robustness or effectiveness of the Chief Officer Days as no information or evidence was made available to support the process.

3.3 Training

3.3.1 Utilisation exercise – planning training course offering based on business area forecasts

On an annual basis (normally around April), the Constabulary Learning and Development Department (CLaD) undertakes a utilisation exercise. This involves obtaining a forecast of the demand for training courses from each business area (based on professional judgement of senior management in each business area) and comparing this to the range and volume of training courses that can be carried out based on the number of trainers. Through this comparison, CLaD constructs a course plan (detailing the number of each course that will be provided) for the following 24 months. The 2016 annual utilisation exercise has been delayed due workload and staff absence within CLaD and we were unable to assess compliance of managers with this request for this training information. This presents a risk that staff are not adequately trained as half way through the year the Constabulary has no evidence of the training position or plans in terms of training undertaken to meet statutory requirements and training need to meet demand, knowledge gaps etc.

We note that the course plan is a fluid document, which is updated as and when appropriate. For example, the introduction of new laws or policing standards may require specific training to be added to the course plan at which point CLaD will discuss what courses can be pushed back. This suggests that training provision is reactive, which is expected in some circumstances, however there should be a clear plan for at least the next year end available by January each year, to enable effective planning of resource, taking account of training, holiday, recruitment activities, annual events, and cyclical trends in demand. However we cannot see evidence of this happening.

The development and maintenance of the course plan does not consider demand data (such as that discussed in 3.1.4 and 3.1.5). As a result, those involved in developing the Constabulary's course plan may overlook strong trends in demand compared to the skill sets and officers available, which would influence the choice / volume of courses offered. For example, a recent demand forecast highlighted a 'sizeable increase' in the number of missing person cases over the next 12 months, potentially indicating a need for increased training courses related to handling and investigation of cases of missing persons.

In conclusion, we believe that CLaD should be working with the PPIU to develop a 'workforce demand' report of performance indicators and forecasts to show the current and forecasted demands on the Constabulary's workforce. This could then help to inform the development and continuous review of the course plan to ensure training meets the external demand placed on the Constabulary.

There also needs to be a formal and timely process whereby the previous year's training uptake is reviewed to highlight issues such as non-attendance, expired statutory training, high and low update of certain courses, training needs established through the PDR process, and this should inform the course plan each year.

See Management Action 3.3.1

3.3.2 Training Courses Directory – an online catalogue of the courses offered

The Training Courses Directory is an online catalogue of the courses offered by the Constabulary to both internal and external (i.e. staff from other constabularies) stakeholders. The Directory is a read-only PDF document available on the Constabulary's website (accessible externally) maintained by the Learning Technologies Manager.

Where new training courses are commissioned, the trainer leading the course is responsible for liaising with IT in order for the course to be added to the Constabulary's training course directory. The course directory is currently under review as there are concerns that the directory is not reflective of the Constabulary's actual course offering due to courses not being added or removed appropriately. This presents a risk that staff and line managers are not aware of the courses available to them and so do not attend training, thereby undermining the value of training offered. Furthermore, there is a risk of loss of revenue from external stakeholder attendance if the courses they are interested in are not shown on the directory.

The review of the training courses directory needs to be completed in line with the review and update of the course plan, at the earliest opportunity to ensure staff and line managers across the Constabulary and external stakeholders have an up-to-date view of the Constabulary's course offering.

See Management Action 3.3.1

3.3.3 Training course request, scheduling and award process

Individual training requests are captured via training forms. Training forms (also referred to as Training Matrices) are completed jointly by staff and line managers (and trainers where applicable). These forms capture the details of the individual, the course they wish to attend and the priority score of the training (based on a set of three questions each prompting a Likert-scaled response). Completed forms are then sent to CLaD who collates training matrices to produce a list of training courses and a list of delegates requesting to attend each course.

CLaD passes these lists to the Resources Unit who then schedules the courses and delegates based on priority and demand, whilst ensuring the level of officers-on-duty does not fall below the minimum level at any time. Where the minimum level of officers-on-duty is approached, the Resource Unit will liaise with the relevant business area to identify whether staff on training can be backfilled.

Once a delegate has attended a training course, the course is added to their personal record in SAP HR (which automatically feeds into DMS). They will then appear in DMS results where that training course (skill) is searched.

Testing confirmed that there are arrangements in place to ensure staff and officers attend training courses that have been identified, scored and agreed with line managers. Furthermore, the DMS system then automatically updates each individual's HR record to reflect the training courses they have attended. We note that we only reviewed the process and so cannot confirm the accuracy of the information transfer between DMS and SAP HR. However, we note this will provide a useful source of individual information for conducting the performance development review process.

3.3.4 Training identification and monitoring process

Normally training is identified and monitored via the performance development reviews (PDR) process, the Constabulary's performance appraisal process. However, since the implementation of the operating model began in 2014 there has been a vast amount of change to the structure of the establishment at the Constabulary.

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As a result the PDR system was taken offline from the start of 2015 to allow the new system to be implemented following consistent feedback from staff surveys and follow up focus groups.

In the absence of the PDR system, line managers and staff across the Constabulary were responsible for identifying and monitoring performance and training needs on a voluntary and informal basis at the local level. These training needs will be communicated to CLaD via the training matrices and utilisation exercise.

Whilst PDRs were not being held the PDR system has been redeveloped by HR, which will be introduced in August 2016 (delayed from the original date in March 2016). Furthermore, the recent introduction of the LSO module will allow the Learning and Development department to review the numbers of staff with specific skills (in each business/ geographical area) further informing the development of the course plan.

We found that the identification and monitoring of training for individuals has not been happening on a periodic basis due to the absence of the PDR process.

3.3.5 Training - conclusion

Overall, through review of the training and development framework we find that there are processes in place to establish a periodic training course plan and process ad hoc training requests; however these have not been undertaken in a timely manner for the current year. Work is needed to ensure the course directory that staff refer to, to identify and book training is accurate and reflective of the current course plan. The course plan also needs to reflect Constabulary requirements and demand, as well as training being identified regularly on an individual basis as part of the PDR process.

APPENDIX A: SCOPE

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following risks:

Objective of the risk under review	Risks relevant to the scope of the review	Risk source
The Constabulary effectively utilises its resources to meet demand.	Lack of organisational capacity or capability to react to existing or emerging operational and/or organisational threat. (SSR3)	, 0
	Demand for service outstrips capacity / capability to deliver (SSR4)	

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

Understanding demand:

The Constabulary has Demand Management meetings which look at how demand can be reduced, and also mapping people and skills to demand. We will review how effective these meetings are, the data being reviewed in these meetings and what decisions are being made with the information available. We will consider the work of the resource unit and the use of DMS, and establish the processes undertaken from a disaster / business continuity aspect, and how quickly the force can change its resource to meet the demand.

Succession planning / recruitment activities:

The Constabulary holds Chief Officer planning days which looks at leaver profiles and recruitment plans. It looks at officer numbers, levels and skill set requirements, in an aim to recognise the differences and therefore the need. Where appropriate, specialist roles such as DCs or firearms officers will be discussed (linking with triforce), but this is not officially done for the overall skill set across the constabulary considering the changes in crime types (such as cyber), as well as Police Staff. We will look at the work achieved by the planning days and where further gaps in succession planning need addressing.

Training:

The Constabulary is in the process of implementing and new PDR system. We will look at the process for ensuring training and development needs identified in PDRs and by Line Managers are in line with both Constabulary objectives / need as well as the individuals development needs, resulting in improved performance. We will also look at a sample of training data and training courses available for a sample of teams, and provide some benchmarking information on other training schools.

Limitations to the scope of the audit assignment:

This phase 1 audit looked more at the control frameworks in place to monitor and meet policing and training demands, and has not given an opinion on outcomes in terms of operations.

Testing was undertaken on a sample basis only.

We were unable to undertake substantive testing of the identification of training needs in PDRs as PDR records are not currently being consistently maintained.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Tracy Luxton, Project Manager
- Sue Innis, HR Manager
- Mike Carter, Learning and Development Manager
- Andy Hunt, Senior Project Officer (Aurora Project)
- Sally Filer, Resource Unit Manager
- Greg Seal, Resource Lead
- Sean Price, Head of PPIU
- Jon Dowey, Management Information (Business Objects) Team Manager
- Mike Hill, Predictive Modeller

Documentation reviewed during the audit:

- Pace Setter Meeting Minutes
- DMS Staff Availability Reports
- Predictive Analytics Model Development List
- Anti-Social Behaviour Predictive Model Output
- Force and Departmental Meeting Notes
- Draft Annual Training Plan ('Utilisation Exercise')
- Course Directory (External)
- Course Directory (Internal)

APPENDIX C: QLIK SENSE



Screenshot of Qlik View showing demand (incidents logged) against resource (staff availability across the Constabulary) at 11:29am on 22 June 2016

APPENDIX D: DEMAND MANAGEMENT SYSTEM (DMS)



Screenshot of DMS showing availability of individuals (anonymised) matching a search for individuals that have attended 'Snapper Tool' and 'D1 Carrier' training

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THE OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET, AND AVON AND SOMERSET CONSTABULARY

HR - Staff Wellbeing and Productivity

FINAL

Internal Audit Report: 5.16/17 1 September 2016

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Debrief held	10 August 2016 Additional information provided 23 August 2016	Internal Audit team	Mark Jones, Head of Internal Audit Vickie Gould, Manager Patrick Bevan, Auditor
Draft report issued	30 August 2016		
Responses received	1 September 2016		
Final report issued	1 September 2016	Client sponsor	Cathy Dodsworth, Head of HR
		Distribution	Mark Simmonds, OPCC CFO Julian Kern, Constabulary CFO and Director of Resources Cathy Dodsworth, Head of HR Jane Walmsley, Inspection and Audit Coordinator

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1 EXECUTIVE SUMMARY

1.1 Background

In order for any organisation to have an engaged and positive workforce it is essential that fundamental controls are established to support the wellbeing of staff. In parallel to this, a performance management process is needed to identify threats to productivity (poor performance) and opportunities to improve productivity (e.g. through use of relevant training and appropriately challenging objectives).

Due to the dynamic and demanding nature of the policing environment and the current period of intensive change, it is crucial that Avon and Somerset Constabulary has an effective framework for managing staff wellbeing and productivity. Without this, there is a risk that the Constabulary will not have an engaged and productive workforce capable of delivering the Constabulary's objectives.

Following the significant change in organisational structure resulting from the Operating Model and consistent feedback from staff, the performance development review (PDR) system was taken offline from the start of 2015. This allowed staff and line managers to engage in performance development at their own discretion as and when they felt sufficiently familiar with the new line management and ways of working, whilst the new PDR system is developed and implemented. However, there have been concerns that certain teams have been less structured than others in their approach to performance development. As the performance development process is a key forum for monitoring productivity and wellbeing of staff, there is a risk that the absence of a structured performance development process will have an adverse impact on productivity and wellbeing.

In the 2015 PEEL: Effectiveness assessment, HMIC found that the standards of investigations at Avon and Somerset Constabulary were inconsistent; with officers reporting excessive workloads, poor supervision and uncertainty about the support plans in place for victims. HMIC raised concerns around the investigations department, citing inconsistency, allocation to non-specialist staff, supervisors without previous specialist experience and a backlog in training and development courses as contributing factors. These staff related findings were explored further as part of this audit.

As part of this audit, we reviewed the following areas:

- Actions to improve what is being done centrally to improve Constabulary-wide staff wellbeing and productivity;
- **Management information** information used or available to understand staff wellbeing and productivity on an individual, team, department and Constabulary-wide basis; and
- Local approaches to performance development how wellbeing and productivity are managed by teams.

1.2 Conclusion

Internal Audit Opinion:

Taking account of the issues identified, whilst the OPCC and JAC can take partial assurance that the controls upon which the Constabulary relies to manage this area are suitably designed and consistently applied, action is needed to strengthen the control framework to ensure this area is effectively managed.



1.3 Key findings

The key findings from this review are as follows:

- Projects have been undertaken to review and improve productivity and wellbeing, which have resulted in actions and recommendations being made. However, these are yet to be endorsed and implemented. This presents a risk that the actions and recommendations are not implemented and intended benefits are not realised in a timely manner.
- The delayed implementation of the new PDR system has meant that the implementation of actions raised in the Culture Audit Report must also be delayed. As a result, there is no assurance that productivity and wellbeing are being monitored and dealt with in a timely and consistent manner.
- Productivity and wellbeing key performance indicators are available to Human Resources but not regularly reported. This presents a risk that trends in measures of wellbeing and productivity are not identified and addressed in a timely manner.
- The underlying causes for the inconsistent standard of investigations identified in the 2015 HMIC PEEL Assessment have not been addressed, despite actions being taken. These causes include excessive workloads, poor supervision and lack of training (or relevant experience).
- Despite the actions being taken by HR and members of the Executive Team to address wellbeing issues, there is little awareness of these actions 'on the ground' amongst the teams that are struggling with wellbeing. This is not to say that the actions being taken are not having any impact, only that the impact may be difficult to see and so it is key that the Executive Team communicate that efforts are being made to relieve staff 'on the ground'.

2 ACTION PLAN

The Trust has already taken actions to address the issues identified in the staff survey results; however the action plan below outlines further actions identified as a result of this review:

Categoris	ation of internal audit findings
Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

Our internal audit findings and the resulting actions are shown below.

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible Owner
Area: A	Actions to improve staff wel	Ibeing an	nd productivity		
3.1.1	The Standards, Culture and Ethics Programme Closure Report was completed in February 2016 and made seven recommendations. During the audit we have been unable to see whether these recommendations have been endorsed or implemented. CCB accepted the closure	Medium	The Staff Survey Corporate Action Plan was taken to OLB on 31 August to review and approve the recommendations / actions raised. The recommendations will be allocated to individuals to implement, and progress will be tracked on a regular basis. However, it is noted that the effectiveness and impact of these actions will not be realised in the short term.	31 October 2016	Head of HR
	report and outstanding actions/recommendations were handed over to relevant business leaders for inclusion in BAU, Continuous Improvement Plan and other appropriate work plans. Corporate Action Plans		Following discussions at OLB, an update is to be provided to COG Planning for further discussion and approval before communication is sent to the workforce.		
	were developed in response to the 2015/16				

3.1.2	staff survey following presentation of key messages to COG in May 2016. At the time of audit the Head of HR was awaiting approval of the action plans by OLB. Delaying implementation of such actions ultimately delays the impact that these will have on the workforce. We were unable to obtain Local Action Plans to	Medium	Team Leaders across the Constabulary will develop Local	31 December 2016	Head of HR
	evidence the action taken at a local level in response to Staff Survey results for all teams. Two good examples were however provided to show progress being made. This presents a risk that staff perception and morale do not improve due to no action being taken at a local level to address concerns raised in the Staff Survey.		Action Plans to address concerns raised in the Staff Survey. This will be monitored by the HR Manager aligned to each department. Not all departments have finalised location action plans at this stage. However, two examples of agreed action plans are included.		
Area: M	lanagement information on	staff we	llbeing and productivity		
3.2.2	There is currently an inconsistent approach to reporting of key performance indicators relating to Human Resources, and the HR Team are looking to improve this. This presents a risk that trends in measures of wellbeing and productivity are not identified and addressed in a timely and proactive manner.	Medium	HR will review and monitor data available through management information tools (Qlik Sense and HMIC benchmarking) relating to productivity and wellbeing, allowing poor performance or threats to wellbeing to be proactively identified and addressed in a timely and regular manner. NB: Qlik Sense is not yet approved for use in ASC. HR use SAP data to produce monthly scorecard and quarterly dashboard, both of which include sickness data.	31 March 2017	Head of HR

Area: Local approaches to the performance management process

 investigations as picked up by HMIC. The causes were cited as excessive workloads, poor supervision and lack of training. HMIC are returning in November 2016. Actions to address these causes are in progress; however, the effects are yet to materialise and officers (within Investigations Department) are not aware of the actions being taken. This presents a risk that actions taken are not having the desired effect. There is also a risk that actions do have the desired effect on officers wellbeing as officers are simply unaware and so feel unsupported. PEEL Assessment, such as cross-Constabulary transfers and demand management initiatives. We will continue to monitor this via the Wellbeing Board, considering key statistics on staffing, workload and success rates within Investigations. We will also consider the use of a Wellbeing Champion in this Department as a pilot to establish a link between Investigations and HR. 	SLT)
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3 DETAILED FINDINGS

3.1 Actions to improve staff wellbeing and productivity

3.1.1 Standards, Culture and Ethics Programme – issues identified by senior management

In the Summer of 2014, the former Chief Constable established the Standards, Culture and Ethics Programme in response to work completed internally (such as staff survey results, staff dissertations and reviews by the Behavioural Insights Team) and externally (such as research by the College of Policing). The key findings of this work included:

- Cultural issues (having a diverse workforce that is reflective of the population being served); and
- Hierarchical issues (such as unintended consequences of being more hierarchical, development of management and leadership, and recognising lateral development)

Due to the four changes in Chief Constable during the lifetime of the Programme, the Head of HR informed us that a Full Business Case was never approved (due to multiple changes in the strategic direction). As a result, the Programme was monitored against an Outline Business Case.

We obtained the Closure and Transition Report for the Standards, Culture and Ethics Programme produced by the Project Manager in February 2016. This report reviews the performance of the Programme against its primary objective – to achieve 'cultural shift'. This included a 'what went well' section, which included the following points relevant to this audit:

- Solutions proposed by the Behavioural Insight Team, who were described as "intelligent and clearly experts in their field"; and
- Holding of a national Wellbeing Conference which was "well attended" and received "positive feedback".

The report also listed 'what did not go well', which included:

- Changes in strategic direction due to the Programme having three changes to the Senior Responsible Office, each with a different view as to the to the scope, focus and deliverables of the Programme;
- Chief Officer Group resistance to supporting the approach of trialling initiatives where outcomes and benefits could not be predicted in light of the anticipated CSR challenge that was expected at that time. Force COG made it clear that the environmental context would prohibit supporting trial initiatives where there was no clear evidence-base for likely success; and
- Leadership and Wellbeing Strategies were under development by HR during the completion of the Programme. Without the detail of these strategies it was difficult for the Programme to gauge where it could support HR delivery or whether to identify other priority areas to support cultural change.

The report concluded with seven recommendations for further development of the Constabulary's culture:

- 1. We recommend a further deep dive of the more recent interim and full staff survey to get a fuller understanding of the root causes for the current trends evident and inform subsequent action plans.
- 2. Future work in this arena should ensure acceptance and recognition of a robust evidence based approach. It is recommended that the force accept the known cultural "as is", and sign up to a common "to be" view.

- 3. In recognition that many of the key ingredients to support cultural and behavioural change already exist (many of which are being led by HR and CLaD e.g. Wellbeing, Leadership and Outreach) it is recommended that the Force has a clear understanding of activities in progress and pull them together into a cohesive centralised package of delivery.
- 4. Clear accountability of all activity relating to Standards, Culture, Leadership, and Wellbeing is recommended. If this is delivered without a programme governance structure in place, core business functions will need to be made accountable for delivery with central oversight in place to ensure a cohesive approach in delivery.
- 5. To ensure achievement of the cultural "to be", it is recommended that constabulary effectively plans and evaluates the impact of all activities and initiatives to ensure they are on track to deliver the desired cultural and behavioural changes.
- 6. It is recommended that constabulary do not lose sight of the all the products (as outlined in Section Five (including the BIT reports and Full Business Case). These outputs are rich in evidence and recommendations, and should be referenced and used to inform future plans to further develop Standards, Leadership, Ethics and Culture in the Constabulary.
- 7. The evaluation for the 1st and 2nd line managers supervisor course should be followed through, so the COG can make an informed decision about the return on investment this initiative is bringing prior to making a decision about rolling this out across the Force.

At the time of audit we were unable to confirm whether these recommendations had been endorsed and implemented, as they were going to the Organisational Learning Board (OLB) for approval on 31 August 2016. It was unclear as to why there was such a delay in presenting the findings and recommendations from the report completed in February.

See Management Action 3.1.1

3.1.2 Staff Survey 2015/16 – issues identified by staff

Following the 2015/16 annual staff survey, the Strategic Services Improvement (SSI) Department produced a Staff Survey Findings Report in April 2016 summarising the level of engagement in the survey and a high level analysis of the results. This includes a comparison of response rates over time and by staff type(e.g. police staff, police officers, PCSOs etc.) This was communicated to individual departments via email and to the workforce as a whole via the intranet. A key message from the Report was that almost 30% of the organisation are now 'disenchanted' or 'disengaged' with the Constabulary. These staff are most likely to be currently working in front line roles across the Constabulary.

Subsequent to this high level summary of staff survey results, the Head of HR produced a Force COG (also referred to as Executive Team) Paper for the May 2016 meeting. This Paper outlined the key findings of the recent staff survey and key themes (noted in comments made as part of the survey); and sought to identify individuals to support development of the corporate and local level action plans.

The Head of HR informed us that a Corporate Action Plan that has been developed to address findings from the 2015/16 staff survey results. However, this was yet to be signed off therefore we could not assess whether it adequately addressed the findings of the Staff Survey. A suggested management action was raised to address this (see. 3.1.1).

The Head of HR informed us that Local Action Plans have been developed and implemented by specific departments to address Staff Survey results. However, we were unable to obtain examples to evidence this. Through discussions held with teams across the Constabulary we found that the level of action taken to address staff survey results varied significantly from site to site. We would advise that Team Leaders across the Constabulary develop Local Action Plans to address concerns raised in the Staff Survey. This could be encouraged and monitored by HR Managers aligned to each department.

See Management Action 3.1.2

3.1.3 Culture Audit 2015/16 – issues identified by internal audit

The following table shows the status (as reported to the Audit Committee) of management actions that were agreed by senior management as part of the Culture audit completed in April 2016 by RSM:

Ref	Management Action	Priority	Implement date	Owner	Status	Audit finding
3.1.1	The new PDR programme is being rolled out in August 2016 and there are no plans to make any further amendments to the process after this. The programme has been designed based on feedback from workshops involving staff from across the Constabulary. This includes a change in name, to focus more on personal responsibility.	Medium	31 August 2016	Head of HR	Not yet due – Delayed	Following discussion with the HR Corporate Team we found the roll out of the new PDR system has been delayed from August 2016 to September 2016. As a result, training and guidance to line managers will also be delayed. This action to be ongoing.
	A wider piece of work is needed alongside this to align career progression and training requirements.					
	Following roll out of the new PDR process, training and guidance will be provided to all line managers to ensure they have an understanding of the outcomes required. Training data will be reported to management to provide assurance that this has been achieved.					
3.1.3	Management will review the feedback on why officers and staff do not utilise the support and wellbeing services, and feed this into the newly	Medium	31 August 2016	Head of HR	Not yet due	Through review of the new Wellbeing Strategy we can confirm that this includes four deliverables for 2016. One of these initiatives is to "create an

				online Wellbeing Zone to clearly promote and signpost all the occupational and wellbeing initiatives (the Constabulary) offer".
				The PA to the Head of HR confirmed that a new implementation date has not yet been agreed.
				This action is ongoing.
Medium	30 November 2016	Head of HR	Not yet due	We can confirm a Staff Survey Findings Report summarising results of the staff survey was produced by the SSI Department and communicated to staff via the intranet. We confirmed central communication of staff survey results has happened. We were unable to obtain copies of Local Action Plans. Through discussion with local teams we found some teams had not taken action in response to staff survey results. Whilst we can see action is being taken in some teams, we cannot confirm full implementation at the time of audit.
	Medium	November	November HR	November HR due

Overall, we find some progress has been made against the actions raised as part of the Culture Audit; however, due to delays in the implementation of the PDR system and the launch date of the Wellbeing Zone yet to be agreed, we find that actions are unlikely to be achieved by the original implementation dates.

3.2 Management information on staff wellbeing and productivity

3.2.1 HR Performance Reports – formal and periodic reporting on productivity and wellbeing

Following review of HR Performance Reporting in place at other clients in the sector we found the arrangements are generally weak, with little or no reporting on metrics relevant to productivity or wellbeing, mainly relating to sickness and TOIL. However, we have reviewed the annual and monthly reporting that HMIC produce. Should the Constabulary wish to improve its HR reporting as suggested at the outset of this audit, the HMIC reporting could be used so that annual figures can be used as a comparison / benchmark. There are also CIPD (Chartered Institute of Personnel and Development) sickness indicators that can be used to benchmark against which suggests the following for public services organisations:

- Average number of days lost per employee per year 8.7
- Average working time lost per year (mean %) 3.8

Reporting examples and benchmarking can be seen in Appendix C.

The PA to Head of HR informed us that sickness absence statistics and staff survey wellbeing results are monitored within the HR Performance Reports, however we note that these have not been prepared and reported on a consistent basis over the past year. There is management information available to HR via the new QlikSense dashboard (described in 3.2.2 below) which could form the basis of a set of performance indicators that would allow real-time and periodic monitoring of wellbeing and productivity across the Constabulary.

We also note in 3.3, that teams have methods of monitoring workload levels specific to the types of workload they manage. For example, the Case Progression Unit Manager receives automated reports each Monday detailing the number of cases each of his staff completed the previous week and produces a forecast of the number of cases each of his staff have on in the week ahead. By monitoring the workload, this allows line managers to proactively identify individuals with relatively high levels of workload and discuss whether workload needs to be re-allocated to prevent harming staff wellbeing.

Overall, we find that workload is monitored on a local level to prompt discussion with individuals where workload is excessive (i.e. there is a threat to wellbeing). On a central basis, HR has several management information reports and tools (containing measures and benchmarks for productivity and wellbeing) at their disposal; however, these are used sporadically. This presents a risk that negative trends in productivity and wellbeing and so the underlying causes are not investigated and addressed in a timely manner.

3.2.2 Qlik Sense Apps – real-time management information on productivity and wellbeing

On 8 June 2016 the Constabulary introduced Qlik Sense, a business intelligence dashboard of real-time metrics. Within Qlik Sense there are several apps which contain metrics relating to staff productivity and wellbeing (such as the examples given below).

App within Qlik Sense	Real-time metric			
Crime Management and Resourcing	'Capacity Risk' % (combination of case volume versus case complexity*)			
Officer Abstraction	Abstraction % (percentage of absence*)			

Officer Activity

Utilisation % (percentage of hours spent en route, at scene or escorting prisoners*)

*Qlik Sense uses live data from Niche / Storm for the 30 week period to date – see Appendix D for examples of the above App dashboards.

Each app mentioned above allows users to compare the metric at a departmental level as well as offering the ability to 'drill down' all the way to comparing individuals within a team. The Qlik Sense App is currently in its pilot phase and so access has only been afforded to those participating in the pilot; however, should the pilot be successful there is scope to roll out to users across the Constabulary using an 'enterprise' license.

We discussed each of the metrics above with the Head of PPIU and observed how the metrics could be manipulated by users to provide tailored views. From this we found the management information provided by Qlik Sense could offer insight to line managers in gauging the productivity and wellbeing of teams and individual staff that they manage. We note that this would be particularly useful where line managers are responsible for large numbers of staff making it otherwise difficult to identify performance or wellbeing issues on an individual basis.

We find that use of Qlik Sense offers productivity and wellbeing measures which could be built into the performance management process to provide a clear benchmark for comparison between individuals and teams, thereby allowing poor performance or threats to wellbeing to be proactively identified and addressed. However, we note that due to the nature of Qlik Sense data relating to officer activity, these indicators would be beneficial to productivity and wellbeing of police officers more so than police staff.

Overall, we find that HR has several management information reports and tools (containing measures and benchmarks for productivity and wellbeing) at their disposal; however, a decision needs to be made around how these are best used to allow for effective and timely HR reporting.

See Management Action 3.2.2

3.3 Local approaches to the performance management process

We selected four teams from across the Constabulary and held discussions with the line managers and staff to ascertain what arrangements each team had in place relating to performance development. Below are the findings from those discussions.

3.3.1 Line Manager review of wellbeing and productivity – day-to-day, ad hoc and informal basis

Following discussion with staff and line managers from four teams across the Constabulary, we found line managers have an ongoing informal dialogue with their staff regarding their productivity and wellbeing.

Through discussion with line managers we found each team employs some form of management information report to monitor the workload of staff under their management. For example, the Case Progression Unit Manager receives case workload reports showing the work completed on cases in the preceding week (automatically generated from Niche data every Monday). This allows the Unit Manager to proactively identify staff that are carrying a particularly heavy or light workload and then smooth out this allocation of work to prevent any subsequent performance or wellbeing issues. The Road Safety Unit keeps a similar spreadsheet record of tasks completed by each staff member.

We also noted that one team held weekly whole team meetings and communication bulletins, providing other forums for bilateral communication of productivity and wellbeing.

However, we noted that officer teams in the Investigations Department face a higher risk of poor wellbeing due to the increasing workload and staffing level falling below establishment (due to sickness and retirement). Although actions have been taken to address this through transferring officers from other constabularies or seconding officers from other areas, there has been a difficulty in achieving establishment in the Investigations Department (North) due to the lack of officers with the required skills and training, and reluctance of those officers with the required skills to transfer to Investigations (due to the perceived workload and wellbeing issues).

Data reports provided during the audit show the percentage increases of each crime type reported and investigated by the Constabulary from Q1 2014/15 to Q1 2016/17. This shows increases from 10% to 120%. We are unable to provide further break down due to this being confidential and sensitive data.

During the audit, we were informed by the Investigations (North) Team that around 50% of Sergeants in the team were currently acting up and still involved in the investigations, with around 20% of the team being adequately trained in 'Protect'. The growth in cases coupled with the staffing concerns has led to a reduced success rate which is subsequently affecting staff morale. A similar finding was highlighted by HMIC in the 2015 effectiveness assessment, which presents a risk that the Constabulary will be unable to show improvements when this is re-inspected in November 2016.

The Executive Team and HR have taken actions to better manage workloads and therefore improve wellbeing such as arranging for officers from other Constabularies to be transferred (where teams are below establishment) and those initiatives explored and implemented through the Demand Management Group. However, the extent to which these actions have relieved workload pressure has varied and in some cases may be difficult to see. For example, one initiative of the Demand Management Group was to redirect call-outs where 'forced entry' is needed to the Fire Service. This alleviates workload that would have otherwise been conducted by the Constabulary's officers; however, it would be difficult for officers or teams to see the reduction in workload from this one initiative or even several initiatives.

Overall, we find that there has been a lack of progress in addressing the causes of inconsistent standard of investigations; these were cited by HMIC as excessive workloads, poor supervision and lack of training. Actions to address these issues are in progress; however, the effects are yet to materialise and officers (within Investigations Department) are not aware of the actions being taken. This presents a risk that actions taken are not having the desired effect.

There is also a risk that actions do have the desired effect, yet fail to have a tangible effect on officer wellbeing as officers are simply unaware and so feel unsupported.

See Management Action 3.3.1

3.3.2 Line Manager review of wellbeing and productivity – periodic and formal basis

Through discussions with staff across each of the four teams in our sample we were informed that periodic one to ones were held (by line managers) in all four teams. One team did not keep a record of one-to-one discussions, whilst the three other teams kept a running Word document of what was discussed. It was noted that one team (which now keep records of their one-to-ones) experienced difficulty in managing performance / productivity issues in the past. This was due to a lack of an audit trail to demonstrate that a poorly performing member of staff had been warned about their performance. This led to staff that were considered as incapable (by some line managers) not being put on formal performance improvement plans.

The regularity of one-to-ones varied between six weekly to six monthly, with some staff across two teams noting periods of 12 months without a one-to-one. Through further discussion we found the absence of one-to-ones was due to following:

- Reoccurring changes in line management;
- Fitness for purpose of existing PDR templates (no guidance for alternative PDR formats);
- Big projects pulling staff away from formal line management or creating physical distance between staff and line manager; and
- Staff being on fixed term or temporary contracts.

We noted good practice in one team, who started holding one-to-ones with fixed contract or temporary staff. This allowed such staff to receive training (where appropriate and authorised) to improve their credentials, thereby providing the team with a credible option should a permanent position be likely to come available.

Through our discussions we found one-to-ones were seen as a general 'catch up' between staff member and Line Manager. Despite this less structured approach three teams noted that objectives, training and wellbeing were discussed and actioned during the one-to-ones. The one remaining team noted that objectives were not set due to changes in line management and workload pressure meaning staff were restricted in their aspirations for broader variety of work.

Overall, we find that individuals' productivity and wellbeing is periodically reviewed with the relevant Line Manager. However, the extent to which records are kept and objectives, training and wellbeing actions are followed up is uncertain given the unstructured approach taken. We note that this lack of structure and continuity should be addressed by the introduction of the new PDR system (as this will provide a definitive template for one-to-one discussions); however, until this system is fully implemented across the Constabulary there are still risks that:

- Objectives are not set and monitored;
- Appropriate training is not identified and completed;
- Productivity is not monitored and so poor performance not address or good performance not recognised; and
- Wellbeing is not monitored and actioned.

APPENDIX A: SCOPE

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following risks:

Objective of the area under review	Risks relevant to the scope of the review	Risk source
To have an engaged, positive and productive workforce, who are supported to meet their objectives and continuously improve.	Workforce productivity declines during a period of intensive change.	Constabulary Strategic Risk Register

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

This review followed up of the closure report from the Standards, Culture and Ethics Programme which was presented in March 2016, as well as the recent staff survey and our 2015/16 Culture audit. We looked to provide assurance that the actions identified had been, or are being implemented, and assisted in improving staff wellbeing and productivity.

We reviewed current HR performance reports and considered the performance indicators used to provide meaningful information to management on staff wellbeing and productivity, and compared this to other Police forces. We also validated the data quality of these reports. As the Constabulary does not currently have a PDR system due to changes being implemented, there is a risk that staff do not have up to date formal objectives to monitor performance against. In the interim it is the responsibility of staff and officers and their line managers to maintain and retain this information. We therefore reviewed current performance management process for a sample of teams to establish if this is happening in practice.

Limitations to the scope of the audit assignment:

- We will not comment on the work or evaluations as part of the Standards, Culture and Ethics Programme, only that its conclusions have been acted upon in a timely manner.
- We will not comment on the design or the new IPR process and systems as this is not yet fully embedded.
- Testing will be undertaken on a sample basis only.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Cathy Dodsworth, Head of HR
- Paul Mason, HR Officer
- Sue Innes, HR Manager
- Karon Hoyland, PA to Head of HR
- Sean Price, Head of Process and Performance Improvement Unit
- Jack Tween, Detective Sergeant (Investigations North)

Documentation reviewed during the audit:

- Standards Culture and Ethics Programme Closure Report
- Staff Survey Findings Summary Report (produced by the Strategic Services Improvement Unit)
- Staff Survey Results Paper (for May 2016 Force COG meeting)
- Wellbeing Strategy Presentation
- Examples of one-to-one meeting records
- Examples of management information reports used to monitor individuals' workloads

APPENDIX C: HR PERFORMANCE REPORTING



Note that ADR 554 figures (restricted and recuperative duty) are headcount not FTE.

Source: ADR 502 (strength and short/medium term sickness); 551 (long term); and 554 (recuperative/restricted duty) - as at 31 March 2015

Annual Sickness Benchmarking Data (for year ended 31 March 2015) taken from the HMIC website

(Avon and Somerset denoted as 'a')

	Strength*	FTE	% of Total	Constabulary Average	FTE % of total 1/8/15 - 31/7/16	Variance with Constabulary Average %		
Officers	3,069							
Long-Term Sickness		78	2.5%	2.0%				
Short/Medium Sickness		93	3.0%	2.3%				
PCSOs	262							
Long-Term Sickness		5	1.8%	1.8%				
Short/Medium Sickness		17	6.3%	2.6%				
Staff	1,813							
Long-Term Sickness		31	1.7%	1.8%				
Short/Medium Sickness		55	3.0%	2.3%				
Long-Term Sickness during	g 2014/15 Q4							
	Strength* I	lead Count	% of Total	All Average				
Officers	3,069							
Restricted Duty		289	9.4%	4.1%				
Recuperative Duty		57	1.9%	2.6%				
*as at 31 March 2015								
Note that ADR 554 figures	(restricted a	nd recupera	ative duty)	are headcount	not FTE			
							d duty) - as at 31 Mar	

Monthly Sickness Data (for year ended 31 March 2015) compared to National Average (updated annually by HMIC)

	Average number of days lost per employee per year 5% trimmed mean	Average working time lost per year (mean %) 5% trimmed mean
All employees		
Manufacturing and production	5.9	2.6
Private sector services	5.8	2.5
Public services	8.7	3.8
Non-profit sector	7.8	3.5
Total	6.9	
Manual employees		
Manufacturing and production	6.5	2.9
Private sector services*	4.4	1.9
Public services*	8.2	3.6
Non-profit sector*	7.1	3.1
Total	6	2.0
Non-manual employees		
Manufacturing and production	3.3	1.4
Private sector services	3.7	1.6
Public services*	8.1	3.6
Non-profit sector*	4.9	2.1
Total	4.5	

Average level of employee absence, by sector for all, manual and non-manual employees (CIPD Absence Management Report 2015)

National Employee Absence Data (for year ended 31 March 2015)



Proposed Management Reporting for Balances of Time Off In Lieu (TOIL) and Rest Days in Lieu (RDIL)

APPENDIX D: QLIK SENSE



Qlik Sense Portal landing page



Crime Management and Resourcing App dashboard showing live view of Capacity Risk (as at 3 August 2016)



Officer Abstraction App dashboard showing live view of Officer Abstraction (as at 3 August 2016)



Officer Activity App dashboard showing live view of Utilisation (as at 3 August 2016)

FOR FURTHER INFORMATION CONTACT

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OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR AVON & SOMERSET AND AVON & SOMERSET CONSTABULARY

Benefits of Change Portfolio

FINAL

Internal Audit Report: 4.16/17

31 August 2016

This report is solely for the use of the persons to whom it is addressed. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.



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Debrief held	4 August 2016	Internal Audit team	Mark Jones, Head of Internal Audit
Draft report issued	24 August 2016		Vickie Gould, Manager
Responses received	31 August 2016		Ben Shore, Senior Auditor
Final report issued	31 August 2016	Client sponsor	Ronnie Hext, Head of Change Management
		Distribution	Mark Simmonds, OPCC CFO Julian Kern, Constabulary CFO and Director of Resources Jane Walmsley, Inspection and Audit Coordinator

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at http://www.icaew.com/en/members/regulations-standards-and-guidance.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Therefore, the most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the risk management, governance and control processes reviewed within this assignment. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there any.

This report is solely for the use of the persons to whom it is addressed and for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.
1 EXECUTIVE SUMMARY

1.1 Background

Following an extensive review of the working practices of the Constabulary the Chief Officer Group have made several key decisions regarding its working practices. These included the reduction of Basic Command Units from six to three and enhancing the Change Management Executive Process to move the management of change away from independent silo projects to an approach of Programme and Portfolio Management. Additionally in early 2013, Avon and Somerset Constabulary commissioned a strategic review of its Operating Model. The Chief Officer Group commissioned the Target Operation Model (Op Model) to deliver significant change to enable the Force to meet its financial imperatives in terms of cashable savings by April 2015 by maximising opportunities created by a major estate rationalisation and emerging technologies.

The Redbridge House Project is just one aspect of the Accommodation and Mobilisation Programme (AMP) which aims to provide a high quality, efficient and cost effective estate. In 2013 it was decided to sell the existing Bath police station as it was no longer cost effective to maintain such a large and aged premise. Following the sale in 2014 the Force leased part of the building to allow time to secure an alternative location, with this arrangement ending on 31st January 2016. The Redbridge House Project consisted of the identification and renovation of a property to meet the needs of the Force and its working methodology.

1.2 Conclusion

The review has identified that despite the significant variance in team size and budget the general methodology for the management of programmes and projects has been applied to the Op Model and Redbridge House Programmes/Projects. This involves the creation and approval of a draft and full business case by the Corporate Change Board. Day to day management is being overseen by a Programme Board and a Closure Report detailing the expect and actual benefits received.

Internal Audit Opinion:

Taking account of the issues identified, the OPCC and JAC can take substantial assurance that the controls upon which the organisation relies to manage the identified risks are suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key finding from this review are as follows:

- Draft and final business cases are approved in principal by the Corporate Change Board (CCB). The business cases identify the methodology used to arrive at the solution and the benefits the solutions will bring;
- the Constabulary applies a project governance structure to all programmes, namely the identification of a Project Manager who reports to a Programme Board through the presentation of a Highlight Report. This report identifies progress made or issues that would affect the budget or timescale. Membership of the Programme Board differs between programmes depending on the wider effect of the programme;
- the Programme Boards report to the CCB. By having this overarching Board in place the Constabulary is able to manage programme risks and inter-dependencies;

- the day to day management of the programmes and projects is undertaken by a Programme/Project Manager. Timescales, budgets and the achievement of objectives is closely reviewed and reported to the Programme Board;
- Closure Reports are produced and ratified by the CCB. The Closure Reports identify the benefits realised against the Programme/Projects initial objectives as recorded within the final business case. The Closure Report includes assigning any incomplete actions to owners to ensure that the maximum benefit of the Programme/Project is realised. Lessons learnt are identified to benefit future projects. For both the Op Model and Redbridge House the Programme/Project was completed within the required timescales and had achieved its main objectives; and
- Post Implementation Reviews (PIRs) are due to be completed approximately six months post full implementation or at a time that is appropriate given scale of change to ensure that the full benefits are being realised. In both instances the PIR had not taken place. At the time of review in July 2016 the Redbridge House PIR was due to commence shortly. The Op Model PIR had been delayed due to the delays experienced by the Digital Policing Programme which is fundamentally linked to the Op Model. A management action has been raised for the Constabulary to ensure that PIRs do take place to review the effectiveness of the Programmes/Projects once they have been fully implemented.

2 ACTION PLAN

The table below sets out the actions agreed by management to address the findings:

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
Objecti	ive: To manage and deliver	change ir	an effective way.		
1	The Post Implementation Reviews (PIR) of both the Op Model and Redbridge House Programmes/Projects have not been undertaken.	Medium	The Constabulary will ensure that Post Implementation Reviews are completed as planned for the Redbridge House programme / project to ensure that the initial objectives are being met.	Redbridge PIR due to be presented to CCB on 13 th September 2016	Head of Change Management
	Sufficient explanation has been provided for the Op Model PIR not being undertaken, as set out further in the report.				

3 DETAILED FINDINGS

3.1 Business Case

Target Operating Model (Op Model)

The Constabulary produces draft and final business cases for the programmes and projects it undertakes. In accordance with this process the draft business case for the Op Model, which was entitled 'Reshaping the Operating Model Preliminary Solutions' was presented to the Corporate Change Board (CCB) in September 2013.

The Preliminary Solutions Paper is a comprehensive document which details the work undertaken by the Programme Team since the programme was commissioned in May 2013 with the objective of achieving a saving of £8 million for 2014/15 financial year. The Programme Team reviewed the structure and working practices of the Constabulary, which included the a review of all calls received within a 24 hour period, the methodology of which is detailed within the Preliminary Solutions Paper, the outcome of which identified;

'We have the wrong people in the wrong places and at the wrong times to deliver what the public are requesting of us.'

The paper continues to define the purpose of the Op Model and how it will improve service to the public within the following areas;

- Managing calls for service;
- Managing investigations;
- Supporting victims;
- Managing people and places;
- Managing intelligence;
- Building a great organisational culture;
- What does the Op Model look like? and
- Roles and responsibilities.

The full business case, entitled the Validated Solutions Paper, was approved by the CCB in January 2014. The document builds on the Prelimary Solutions Paper following further investigation in the workings of the Constabulary at that time, with the overarching objective of;

'Protect the frontline whilst meeting the financial challenges occasioned by successive Spending Reviews.'

The Validated Solutions Paper provides the context of the proposed Op Model by restating the case for change; by setting out the vision for the future and by presenting the current reality as well as explaining the approach and methodology used, before outlining how the transition to the Op Model could be sequenced and the dependencies such transition will entail.

The Validated Solutions Paper confirms that the savings requirement for Op Model is £8,001,000, although a saving of £1,265,500 had already been realised at the time of the Validated Solutions Paper due to delayering and deleted posts, leaving a further £6,735,500 of savings to be found.

To monitor the transition to the Op Model, a framework was developed which was based on a collection of balanced performance and demand measures under the following headings;

- External volume demand volumetric to keep track of the work flow;
- Internal volume demand volumetric to keep track of the work flow;
- Serving the public indicators that reflect the public perspective;
- The way we operate indicators that reflect the new efficient processes;
- Managing our finances indicators that reflect value for money; and
- Our people matter indicators that reflect the value of our people.

The Validated Solutions Paper informs that the indicators will be owned by the Programme Team. Additionally the Validated Solutions Paper informs of the benefits of Op Model and how these will be measured, under the following headings;

- First Point of Contact;
- Local Policing Solutions;
- Managing Investigations;
- Managing Intelligence;
- Managing People and Places;
- Catch and Disrupt; and
- Supporting Victims.

Redbridge House

The Redbridge House Project deviated slightly from the normal business case process the Constabulary follows as a draft business case was not produced. In its place the Force Chief Officer Group (COG) received a Business Rationale Paper which was produced by the Asset Manager in February 2015. The paper evaluates two options for the relocation of Bath Police Station, with the paper stating that a number of other locations had to be dismissed due to the large parking requirement for a response base.

The paper discusses the advantages and disadvantages for each property which includes length of lease, location, parking, operational needs and rent and running costs. The paper recommends that the Constabulary proceeds with the Redbridge House option due to the longer lease period and the cheaper annual running costs. The Force COG approved the option to proceed with Redbridge House in February 2015.

The Redbridge House Project Manager produced a business base which was presented and approved by the CCB at its meeting in August 2015. The business case provides background information on the need to find new accommodation and the rationale for the selection of the site and the conversion requirements to ensure future operational stability. The recommendation is that Redbridge House should be leased for 12 years as approved by the Force COG.

Expected benefits of the relocation to the preferred location are also discussed and these include;

- the subsequent reduction in footprint and running costs will contribute to the benefit realisation of the Accommodation Mobilisation Programme;
- open plan working will encourage greater co-operation between teams;
- integration of Keynsham Response Team will release capacity at Keynsham;
- capital receipt from sale of Bath station of £7 million with cost of conversion and relocation to new building of £650,000; and
- annual running costs of Bath Station were £260,000 per annum, while it is expected that the annual running cost of the new location would be £108,000.

3.2 Programme Boards

The Constabulary applies a project governance structure to all programmes, namely the identification of a Project Manager who reports to a Programme Board through the presentation of a Highlight Report. This reportidentifies progress made or issues that would affect the budget or timescale. Membership of the Programme Board differs between programmes depending on the wider effect of the programme.

Target Operating Model (Op Model)

Upon the commissioning of the Op Model in May 2013 the South Gloucestershire District Commander was appointed the full time Programme Director, who was supported by a Programme Manager.

Monthly Programme Board meetings were held through the duration of the programme. Due to the fundamental changes to working practices and the culture of the Constabulary that the Op Model was due to bring, the Programme Board was chaired by the Chief Constable. This brought additional benefits in that decisions could be made and approved in a timely manner without the need for escalation through the governance structure as is the normal process. This was particularly beneficial to the Op Model as the deadlines for completion were none negotiable. The OPCC were kept informed of progress through the invitation and attendance of the Chief Executive.

Review of the Programme Board minutes confirmed that a total of 25 Programme Board meetings were held during the period of June 2013 to June 2015 with the meeting agenda consisting of the following structure;

- review of action grid;
- engagement update;
- review of Board papers covering difference areas of the Op Model;
- review of the Op Model programme plan which identified dates key tasks were due to commence and be completed;
- updates on the enabling functions;
 - o human resources;
 - o estates;
 - o fleet;
 - o learning and development; and
 - o technology; and
 - the review of the programme risk and issue register.

As identified above, an action grid was a standing agenda item. The action grid was presented at each meeting of the Programme Board where all previous outstanding actions were either updated or closed as required. New actions identified during the meeting were captured on the action grid.

The action grid clearly identifies where the required action, when action was raised, the action owner and current status. Closed actions record the Programme Board and agenda item where the action was closed to create an audit trail. Ongoing actions recorded when the next update is due.

Redbridge House

The Redbridge House project formed part of the larger Accommodation Mobilisation Programme (AMP). A member of Change Management Team became the full time AMP Programme Manager funded from AMP with the Head of Estates as the Programme Director. A Project Manager delivered the Redbridge House alongside other AMP projects who reported into the Programme Manager.

The AMP Programme Board met on a six weekly basis and was charged with the responsibility of managing Estate projects over the value of £250,000 or any project where there was an impact on core functionality. The Board was chaired by the Chief Finance Officer and Director of Human Resources as the COG sponsor. Membership of the Board continued to the Programme Director, Business Change Managers, enabling functions, Head of Change Management and Programme Manager.

A highlight report was produced to update the Board on overall programme progress. The highlight report provided an overarching update on the whole programme as well as identifying any resource issues. The highest risks and issues facing the programme where reported along with the mitigating action. A brief update on each project was also included which rated the project on the red, amber, and green rating depending on any issues which had occurred. The Programme Board was managed by exception on a project level, with those projects being scored an amber or red rating requiring to provide exception reports to provide more detail on the issues and how these were being managed.

The six month duration of the Redbridge House project meant that the project was included within three highlight reports in September, October 2015 and January 2016. Through review of the highlight reports we can confirm that in each instance the Redbridge House project was rated green indicating that it was on track for completion within the timeframe and on budget.

3.3 Corporate Change Board

The Constabulary's CCB is chaired by the Deputy Chief Constable and is charged with providing overarching governance for all programmes and projects being undertaken by the Constabulary. By having this overarching Board in place the Constabulary is able to manage programme risks and inter-dependencies. An example of this was provided by the Head of Change. The Op Model project had an additional £1.9 million saving added to its initial £8 million cashable saving target during its implementation due to its interdependencies on the Integrated Offender Management Solution. As identified above the CCB is also responsible for the in principal approval of business cases and as such where programmes or projects change from their original business case CCB approval is required.

The CCB meets on a monthly basis with membership consisting of the Chief Officers (Assistant Chief Constables, Chief Finance Officer and Director of Human Resources, Temporary Assistant Chief Constables and Area Commanders) as well as the Chief Executive of the OPCC and senior police staff charged with service improvements and change. An update is provided on each programme/project through the highlight report.

An action register is reviewed at each meeting of the CCB and updates are provided in addition to any further actions being added. The action register clearly records the action, its owner, when it was assigned, date due, current position, status (red, amber, green) and current position.

Target Operating Model (Op Model)

Due to Op Model being recorded as implemented in July 2015 we reviewed the final three CCB meeting minutes at which an update should be reported, with these being May, June and July 2015. Review confirmed that CCB had been provided with a progress update at each of the meetings.

Redbridge House

Being a project within the larger Accommodation Mobilisation Programme, Redbridge House progress was presented to the CCB within the highlight report of the project. A review of the final three CCB meeting minutes prior to the completion of the project in March 2016 confirmed that an Accommodation Mobilisation highlight report had been presented on all three occasions.

3.4 Programme Management

The day to day management of the programmes is the responsibility of the Programme Director/ Manager. This includes adjusting the resourcing to ensure that the programmes and projects are delivered within their timescales.

Target Operating Model (Op Model)

The Op Model had the highest priority of all other programmes throughout its lifecycle due to the non-negotiable end date and the level of savings required. As previously described Op Model was driven by a Programme Director and Programme Manager.

Discussions with the Programme Manager informed that resource levels were adjusted throughout the programme in response to the level of the work. Op Model commenced with six members of staff, with subject experts brought in to help at points during the projects. Resource levels peaked in the summer of 2014 when 96 process maps were created to visualise working practices.

In July 2014 the Head of Finance and OPCC CFO requested a report to be produced to capture historic costs and potential future costs. At the September 2014 meeting of the Programme Board an Operating Model Programme Costs paper was presented. The Programme Manager identified the following four cost areas:

- staff costs staff who are full time secondments to the Op Model and those who have been recruited specifically for the Op Model;
- consultancy costs;

- devolved costs associated programme management costs, such as overtime, event facilitation, printing and travel; and
- programme implementation costs spend directly attributed to the implementation of solutions such as the purchase of new equipment and training.

The report presents actuals costs to the end of August 2014 and forecast the future expected costs to the end of March 2015. The Programme Manager informed that resource costs were reviewed by the CCB through the presentation of a month resource sheet. The resource sheet identified each member of staff who was working on Op Model and the tasks they were completing.

A transition plan was used to track progress made in the implementation of the Op Model to ensure that the programme was delivered prior to the deadline. This was presented to each Programme Board meeting as a standing agenda item. The plan identified under individual projects within the programme the task to be completed, expected duration (with start and end dates), percentage completed and the staff lead.

Redbridge House

The Head of Estates informed that due to the deadline associated with moving out of the former station and relocating the staff to Redbridge House this project was the number one priority of the Estates department at the time of implementation. Despite this, very little Constabulary resource was required. The part time Project Manager was the only Constabulary member of staff who worked on the project. External skills such as architects were brought in when required.

The strict time frames were included within the tender documentation and reiterated within pre contract meetings. A further pre start meeting was held which reviewed the planned programme of work produced by the contractor to ensure that timescales were being met. Managing the contractors while onsite was undertaken by the part time Project Manager through weekly site visits. Formal progress meetings were held on a monthly basis where progress made against the programme of works.

Progress on the project was informally reported to the Head of Estates and Programme Manager Accommodation Mobilisation Programme for inclusion on highlight reports.

3.5 Closure of Programmes

Target Operating Model (Op Model)

The Op Model Programme Closure Report was presented to the Programme Board at its final meeting which was held in June 2015. The report states that the objective of the report is to document the work undertaken by the Programme Team describing the outputs and outcomes. Additionally the report identifies lessons learnt which can be applied to future programmes.

The Report divided the programme into seven tranches, with the objectives and outputs of each tranche recorded. The programme was delivered on time, although phase one was initially due to go live in September 2014, this was delayed until October 2014 due to the availability of the new buildings. Phase two commenced on schedule on 30 March 2015. The Report states that;

'Initial Programme financial cashable savings of £8 million realised with full year effect from 1st April 2015. Proposals for initial cashable savings of £1.9 million (£1 million 15/16 from O/T and £900k 16/17 from Local Policing) agreed.'

The Closure Report does record a total of 97 recommendations which it deems are required to be implement post closure to ensure at all the benefits of Op Model are realised. The report does state that the Op Model Programme was vast with the majority of working having been completed. However, these residual activities remain and require ownership from Business Leads or other Change Programmes to ensure implementation. The Closure Report was approved by the CCB at its July 2015 meeting with each COG Lead to consider and progress the handover activities as outlined in the Closure Report with their respective Heads of Department.

Redbridge House

The Redbridge House Closure Report was presented to the AMP Programme Board in February 2016 before being endorsed by the CCB in March 2016. The Closure Report states that the project was delivered on time and £130,000 under its £750,000 budget. Following the structure of the Op Model Closure report, albeit much briefer, the Redbridge House Closure Report clearly states its objectives and delivered benefits. Lessons learnt are also identified and assigned to owners to ensure that these are applied to future projects. Three handover activities were included within the Closure Report with each being assigned an action owner and completion date.

3.6 Post Implementation Review

Target Operating Model (Op Model)

At the time of review in July 2016 a Post Implementation Review (PIR) had not been completed. The Op Model Closure Report states that a PIR should take place in June 2016, with this due to be six months post full operating capability. The Head of Change informed that a PIR had not yet taken place due to the delays in the delivery of effective Mobile Data and Niche which is fundamentally linked to the Op Model. Once these activies have been been completed the constabulary will consider whether an OM PIR is appropriate given the time lapse (see management response to recommendation above).

In the interim period the Project Manager produces quarterly reports for the former Programme Director which identifies the benefits received from Op Model against its Programme Objectives. This report this then presented to the CCB as part of the corporate benefits tracking process.

Redbridge House

The Redbridge House Closure Report also states that a PIR will be carried out six months post relocation to allow resolution of any building issues that occur once used. Upon meeting the Head of Estates, Programme Manager and Project Manager we were informed that this was due to commence as planned. Surveys were being created to capture the thoughts of the staff using the new accommodation to measure if objectives have been met.

In response to the initial findings of this review, the Constabulary provided the following response:

The Operating Model Programme identified the requirement for a Post Implementation Review (PIR) as part of its programme closure activity (reference recommendation 97). The suggestion was for an independent Post Implementation Review in June 2016 twelve months after initial operating capability was reached at programme closure in June 2015. It was recognised that a fair assessment of the Operating Model Programme could only be made once dependent enabling function solutions (e.g. mobile data and NICHE) had been fully embedded. This stage had not been reached by June 2016 and therefore a Post Implementation Review has not been commissioned. The Programme Closure Report recommended that benefits tracking continued prior to the PIR and this activity remains with results reported to the Programme Director at Quarterly Review Meetings (next scheduled for 02/09/16). In terms of the value of a future PIR, it is felt the independent RSM audit has provided sufficient reassurance that the OM Programme was managed in line with recognised programme management disciplines. It is not felt a review of the tactical OM solutions is required or desired as these continue to evolve (with authority) in response to new demands such as Priority Based Resourcing Reviews.

Management Action 1

The Constabulary will ensure that Post Implementation Reviews are completed as planned for the Redbridge House programme / project to ensure that the initial objectives are being met. Medium

APPENDIX A: SCOPE

Scope of the review

The internal audit assignment has been scoped to provide assurance on how the Constabulary manages the following risks.

Objective of the area under review	Risks relevant to the scope of the review	Risk source
To manage and deliver change in an effective way.	Financial incapability (SR3)	OPCC Strategic Risk Register
,	Expected benefits of change portfolio are not met (SR4)	Constabulary Strategic Risk Register

Additional management concerns:

None identified at the scoping meeting.

Areas for consideration:

The following areas have been considered as part of the review:

For two key projects we will review the processes in place around:

- Programme governance programme managers, programme boards, the link to the Corporate Change Board, decision making based on informed reporting, risk and issues and impact assessments.
- Planning (stop, start, continue) commissioning, evaluation and decision making around programmes, 'go / nogos', prioritisation, resourcing, closure of programmes.
- Lifecycle general programme management including management of delays and deadlines.
- Benefits realisation the constabulary's new approach to 'delivering change differently', the impact of change and value for money.

Our audit testing will be undertaken focusing on the Redbridge House project of the Accommodation Mobilisation Programme, and the Operating Model.

Limitations to the scope of the audit assignment:

- We will not undertake testing on the whole Accommodation Mobilisation Programme, only the one selected project within this programme.
- We will not comment on the activities within each project / programme, only on the framework on how the project / programme are managed.
- Testing will be undertaken on a sample basis only.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Office of the Police and Crime Commissioner for Avon & Somerset and Avon & Somerset Constabulary / Benefits of Change Portfolio 4.16/17 | 11

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Sarah Crew, Assistant Chief Constable
- Dan Wood, Head of Strategic Service Improvement
- Ronnie Hext, Head of Change
- · James Davis, Continuous Improvement Network Manager
- Dave Harley, Head of Estates
- Rachael Wright, Programme Manager Accommodation Mobilisation Programme
- Suzanne Poluczanis, Redbridge House Project Manager

Documentation reviewed during the audit:

- Operating Model Programme Preliminary Solutions Paper, September 2013
- Operating Model Programme Validated Solutions Paper, December 2013
- Bath Police Station Relocation Report, February 2015
- Bath Hub Project Full Business Case, July 2015
- Programme Board minutes
- CCB minutes
- Operating Model Programme Final Closure Report, June 2015
- Bath Response Closure Report, February 2016

FOR FURTHER INFORMATION CONTACT

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THE OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET AND AVON AND SOMERSET CONSTABULARY

Follow Up of Previous Internal Audit Recommendations

REVISED FINAL

Internal Audit Follow up report: 3.16/17

1 September 2016

This report is solely for the use of the persons to whom it is addressed. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.



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Debrief held Draft report issued Responses received	10 August 2016 23 August 2016 30 August 2016	Internal Audit team	Mark Jones, Head of Internal Audit Vickie Gould, Manager Cian Spaine, Internal Auditor
Final report issued	31 August 2016 1 September 2016	Client sponsor	Julian Kern, Constabulary Director of Resources Mark Simmonds, OPCC CFO Jane Walmsley, Inspection and Audit Coordinator
		Distribution	Julian Kern, Constabulary Director of Resources Mark Simmonds, OPCC CFO Jane Walmsley, Inspection and Audit Coordinator

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Therefore, the most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the risk management, governance and control processes reviewed within this assignment. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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Office of the Police and Crime Commissioner for Avon and Somerset and Avon and Somerset Constabulary / Follow Up 3.16/17 | 1

1 EXECUTIVE SUMMARY

1.1 Introduction

As part of the approved internal audit plan for 2016/17 we have undertaken a review to follow up progress made by the Constabulary and the OPCC to implement the previously agreed management actions. The audits considered as part of the follow up review were:

- Business Continuity Plans (3.15/16);
- Estates (4.15/16);
- Collaboration (5.15/16);
- Financial Controls (6.15/16);
- Payroll (7.15/16);
- Proceeds of Crime (8.15/16);
- Safeguarding (9.15/16); and
- Follow Up Part 2 (10.15/16).

The 32 management actions considered in this review comprised of 3 'high', 16 'medium' and 13 'advisory'. The focus of this review was to provide assurance that all actions previously made have been adequately implemented.

In line with the request of the Joint Audit Committee we have followed up actions from assurance and advisory reviews.

For actions categorised as 'low' we have accepted management's assurance regarding their implementation.

1.2 Conclusion

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion the Constabulary and the OPCC has demonstrated reasonable progress in implementing agreed management actions.

Excluding uncategorised advisory actions, 63% of actions have been implemented or superseded.

The main areas where actions have not been implemented are:

- Estates (4.15/16) two;
- Financial Controls (6.15/16) four; and
- Follow Up Part 2 (10.15/16) three Estates, one Cyber Crime.

For the 13 outstanding actions that are still on the Force's action tracker we have not reiterated these in the action plan. In one case where we could not confirm full implementation of actions but the Force has recorded these as complete on its action tracker we have reiterated these in the action plan in Section 2.

1.3 Action Tracking

Action tracking is undertaken by The Constabulary's Strategic Service Improvement Team.

We have identified one instance where the implementation status of action reported by management to the Audit Committee differs from our own findings. In light of these findings, our opinion is that the Audit Committee can place substantial reliance on the action tracking reports provided by management.



The following graphs highlight the number and categories of actions issues and progress made to date:

Further details of progress made are provided in Section 2 of this report. It is important to note that until a management action is fully implemented, the organisation is still exposed to risk.

1.4 Progress on Actions

Implementation	Number of		Status of manage	ement actions				
status by review	actions agreed	Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Not Due For Implementation (5)	Confirmation as completed or no longer necessary (1)+(4)	No. Recs Carried Forward For Follow Up At Next Review (2)+(3)+(5)
Business Continuity Planning (3.15/16)	4	4	0	0	-	-	4	0
Estates (4.15/16)	4	1	-	2	1	-	2	2
Collaboration (5.15/16) (All advisory actions)	7	4	2	1	-	-	4	3
Financial Controls (6.15/16)	4	-	2	2	-	-	-	4
Payroll (7.15/16)	2	2	-	-	-	-	1	1
Proceeds of Crime (8.15/16)	2	2	-	-	-	-	2	-
Safeguarding (9.15/16)	1	-	-	1	-	-	-	1
Follow Up Part 2 (10.15/16) (4 advisory actions)	8	3	-	4	1	-	4	4
Implementation	Number of		Status of manage	ement actions				
status by management action priority	actions agreed	Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Not Due For Implementation (5)	Confirmation as completed or no longer necessary (1)+(4)	No. Recs Carried Forward For Follow Up At Next Review (2)+(3)+(5)
High	3	3	0	-	-	-	3	0
Medium	16	8	0	5	1	-	9	7
Advisory	13	5	2	5	1	-	6	7

Total including advisory actions	32 100%	16 50%	4 13%	10 31%	2 6%	-	18 56%	14 44%
Total excluding advisory actions	19 100%	11 58%	2 11%	5 26%	1 5%	-	12 63%	9 47%

2 ACTION PLAN

The table below sets out the actions agreed by management to address the findings:

Categorisation	Categorisation of Internal Audit Findings									
Priority	Definition									
Low	There is scope for enhancing control or improving efficiency and quality.									
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.									
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may, with a high degree of certainty, lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.									

Ref	Findings summary	Priority	Management action	Implementation date	Owner responsible
Safegu	arding (9.15/16)				
3.7.1	During the original safeguarding audit we found that minutes of strategy discussions were not being consistently uploaded on to Niche. In these instances there is no record of what has been agreed during strategy discussions.	Medium	The SCUs will continue to monitor the provision of strategy discussion minutes by the local authorities until minutes are consistently provided and uploaded on to Niche for strategy discussions so that there is an accurate record of the discussion that	31 October 2016	Richard Kelvey - Head of Manage & Intelligence
	A Guidance Document which stipulates expectation for receipt of Strategy Minutes has been prepared and communicated to the local authority, which prepares the strategy minutes.		both parties agree on recorded in Niche.		
	A spot check on 30 strategy discussion meetings was conducted by the Head of Manage & Intelligencein June 2016 which identified that only 9 had minutes attached.				
	The DCI - South confirmed that there has not been a significant improvement; this is a challenging finding to address as it is dependent upon partners providing minutes in a timely fashion. Through CIO the Constabulary will continue to dip sample compliance and share findings with partners to request greater compliance.				

3 FINDINGS AND MANAGEMENT ACTIONS

Each action followed up has been categorised in line with the following:

Stat	us Detail										
1	The entire action has been fully	The entire action has been fully implemented.									
2	The action has been partly though not yet fully implemented.										
3	The action has not been implem	nented.									
4	The action has been supersede	d and is no	longer app	licable.							
Busin	ess Continuity Plans (3.15/16)										
Ref	Recommendation/ Management action	Original priority	Original date	Manager responsible	Status reported to Audit Committee		Comments / Implications / Recommendations				
Area:	Past Issues and Lessons Learnt										
	The Constabulary has already recognised the weaknesses in timely implementation and follow up of actions resulting from Gold Groups following business continuity incidents. As part of the new Continuous Improvement Framework we will look to build in findings and actions from each group into updating and monitoring business continuity plans, so that there is a central resource for monitoring actions so they are clearly allocated a responsible individual and deadline.	High	27 Feb 2016	Corporate Learning Board	Complete	1	The Constabulary is no longer using Gold Groups for Business Continuity Planning. There have been no Gold Groups since the 2015/16 Business Continuity Planning audit. The Contingency Planning Manager conducted Exercise Blue Core 2 as a result of the 2015/16 internal audit report and Operating Model changes. This was a review of the Business Continuity processes in place within the Constabulary and resulted in five recommendations being made. A report on Exercise Blue Core 2 was presented to the Organisational Leading Board in May 2016 and the recommendations were agreed. We have also been provided with evidence of recommendations and lessons being tracked as part of central Business Contunuity processes. We are therefore satisfied that the Constabulary is identifying and addressing weaknesses in the BCP processes and that this action is fully implemented.				

1.2	As part of the development of the Continuous Improvement Framework and updating of BCPs, the Constabulary will implement a new process for more regular testing of BCPs and any changes made to them. There is a plan to test all new BCPs by January 2016.	Medium	31 Jan 2016	Contingency Planning Manager	Complete	1	There are currently nine BCPs. These were all tested in February 2016 as part of an exercise conducted with the relevant staff members. Through review of the updated Business Continuity Plans procedural guidance we found that plans are now required to be reviewed annually.
Area	a: Business Continuity Plans						
1.3	Following the January 2016 deadline for updating all BCPs, a clear review timetable and deadline will be documented to ensure all plans are regularly reviewed and updated to reflect changes in practice.	High	31 Jan 2016	Contingency Planning Manager	Complete	1	Through review of the updated Business Continuity Plans procedural guidance we found that plans are now required to be reviewed annually.
1.4	A policy for the manual storage of hard copy BCPs off site will be implemented following update of all plans in January 2016.	Medium	31 Jan 2016	Contingency Planning Manager	Complete	1	We obtained the Business Continuity Planning procedural guidance and found that it has been recently updated and includes the process and expectation for manual storage of hard copy BCPs. We are therefore satisfied that this action has been fully implemented.
	tes (4.15/16)						
Ref	Recommendation/ Management action	Original priority	Original date	Manager responsible	Status reported to Audit Committee	Current status	Comments / Implications / Recommendations
Area	a: Overarching Strategy, Policies and P	rocedures					
2.1	Overarching policies will be established to support estates	Medium		Dave Harley, Head of Estates	Postponed	3	The Estates Team confirmed that this action has not yet been completed.

Area: Atrium migration and work-around processes 2.2 Terrier Input Forms will be proof Medium With John Sumner. Not 3 The Property Portfolio has been cleansed and checked and reconciled to existing immediat Asset Manager complete reconciled with Terrier Input Forms to ensure data property data by another member of migration is accurate. However, the Terrier Input e effect the Estates team to ensure details Forms are to be revised. This action has been postponed to be completed by 31 Aug 2016 are accurately input to the master property portfolio spreadsheet. Area: Management of external contractors The Estates team and SPS will work Medium 2.3 Nicola Taylor, Complete 1 Through review of the Estates Contract Database, we In together to develop one central Estates Finance confirmed that this has been developed. It has been progress fully populated for 2016/17 and is now managed and process and library whereby and Admin contracts are retained and Manager held by the Estates Team. This is updated regularly monitored. and reviewed at Contract Meetings for any variances However, contracts under £100k do required. not require formal agreements to be in place but rely on simple exchange We are satisfied that this action has been of correspondence (offer and implemented. acceptance). Area: Condition Surveys 2.4 The Constabulary, along with Medium Unknown Julian Kern. Terminated 4 Due to the termination of the contract with SWOne Southwest One, will evaluate the Constabulary there will be no mapping of Atrium Data with SAP and importance of completing the Atrium Director of SAP will be used as the financial tool, whilst Atrium will configuration versus other current IT Resources be used an Asset Management system alone. projects being undertaken, and set a clear deadline for finalisation and This action has therefore been superseded. implementation, which will be monitored and reported against. Despite repeated efforts from Estates it is clear that there has been little progress on getting SWOne to deliver Atrium and in particular the SAP Interface. This needs to be pursued with SWOne/IBM at a senior level for the

current impasse is to be addressed.

Colla	aboration (5.15/16)						
Ref	Recommendation/ Management action	Original priority	Original date	Manager responsible	Status reported to Audit Committee	Current status	Comments / Implications / Recommendations
Area	a: Past Issues and Lessons Learnt						
3.1	As highlighted by the independent report completed by the Yorkshire and Humber ROCU there is significant duplication of reporting between the South West Regional Management Board (SWRMB) and Regional Programme Board (SWRPB) which is leading to confusion and a lack of understanding about what other collaborations are aiming to achieve. This is exaggerated by collaborations such as SW ROCU where different phases of the same collaboration are being reported into different boards. To be more efficient and consistent a new governing structure will be considered for implementation where all collaborations are managed at a single board. This board will then report to the Regional Commissioning Board.		31 March 2016	T/Chief Superintendent Eastwood (Devon & Cornwall)	Complete	1	A report on a proposed new governance structure was presented and agreed at the March 2016 SWPC Commisioning Board meeting. The SW Regional Programme Board is now called South West Police Collaboration (SWPC) Programme Board. The SWRMB is now called SWPC Operations Board. Both these boards report to the SWPC Strategic Board which was previously the SWPC Commissioning Board. While two separate boards, the Operations and Programme Board, still exist that report to the Commissioning Board, we are satisfied that a thorough review of the governance structure was undertaken. Additionally, the development of clear terms of reference will help clarify responsibilities and reduce duplication of reporting. We are satisfied that this action has been implemented.
3.2	Management will work to establish a clear suite of both quantitative and qualitative data reports for collaboration Steering Groups to receive going forward, so that a full assessment of collaboration performance against the objectives included within the business case can be made. These should include value for money, benefits realisation	Advisory	31 March 2016	T/Chief Superintendent Eastwood (Devon & Cornwall)	Postponed to July 2016	2	Two finance resources were recruited and started mid July 2016. Two Collaborated Unit ACCs have also been appointed in July 2016, one for tri-force collaborations and one for regional level collaborations. Both are progressing developing collaboration performance data sets. As these staff members only started in July the action has not been fully implemented yet.

	measures and efficiency savings.						We are therefore rating this action as partly implemented. The revised implementation date is 31 August 2016.
3.3	A suggestion will be made to the SWPCCB that terms of reference are further developed to provide clarity on the reporting and decision making responsibilities and requirements of the Board	Advisory	31 March 2016	T/Chief Superintendent Eastwood (Devon & Cornwall)	Complete	1	The SWPC Commissioning Board has been renamed the SWPC Strategic Board. We obtained the Terms of reference of the SWPC Strategic Board and confirmed that they clearly outline the Board's responsibilities. We are satisfied that this action has been implemented.
3.4	Management will look to provide detailed collaborative financial performance reports to the SWPCCB which record the performance of collaboration against financial performance targets identified in the approved business cases. Where the objective of the collaboration is more focused on efficiencies rather than actual savings made these should be clearly reported to the SWPCCB so performance can be monitored.	Advisory	31 March 2016	T/Chief Superintendent Eastwood (Devon & Cornwall)	Complete	1	We confirmed that more detailed financial information is now presented to the Strategic Board. We obtained the SW Regional Organised Crime Unit (SWROCU) financial report for 2015/16 and confirmed that the financial performance was reviewed against annual budgets, which was previously not the case. We are satisfied that this action has been implemented.
3.5	A suggestion will be made to the SWRMB that centralised terms of reference are developed to provide clarity on the reporting and decision making responsibilities and requirements of the Board.	Advisory	31 March 2016	T/Chief Superintendent Eastwood (Devon & Cornwall)	Complete	1	The SWRMB has been renamed the SWPC Operations Board. We obtained the Terms of reference of the SWPC Operations Board and confirmed that they clearly outline the Board's responsibilities. We are satisfied that this action has been implemented.
3.6	The Constabulary will work to improve the Highlight Reports received by the Regional Programme Board by including detailed financial performance of	Advisory	31 March 2016	T/Chief Superintendent Eastwood (Devon & Cornwall)	Postponed	2	This action was postponed for implementation at a later date. The same financial reports as outlined in 3.4 above are presented to the Operations Board.

	each collaboration against its financial performance targets identified in the approved business case and approved budgets. The requirement for each Force within the collaboration to identify savings is a primary factor behind the collaboration and therefore the achievement of these savings should be closely monitored. Where financial savings are not the						The performance monitoring of benefit realisation post collaboration is still in its infancy and being developed by the regional ACCs. We are therefore rating this action as partly implemented. The revised implementation date is 31 August 2016.
	primary factor behind the collaboration the Highlights Report should report on the benefits realised.						
3.7	The PCC will consider disclosing further information via the PCC	Advisory	31 March 2016	T/Chief Superintendent	Postponed	3	This action was postponed for implementation at a later date.
	website on collaboration and the associated benefits and savings as part of the open and honest approach of the PCC.			Eastwood (Devon & Cornwall)			We found that the Constabulary have just interviewed and will soon appoint a regional communications resource to pick up the collaboration communications.
				Office of the Police and Crime Commissioner			We are therefore rating this action as not completed. The revised implementation date is 30 September 2016.
							2010.
Finar	ncial Controls (6.15/16)						2010.
	ncial Controls (6.15/16) Recommendation/ Management action	Original priority	Original date	Manager responsible	Status reported to Audit Committee	Current status	Comments / Implications / Recommendations
Ref	Recommendation/ Management				reported to Audit		
Ref	Recommendation/ Management action		date		reported to Audit		

Area: HR / Finance Budgets

4.2	The Financial Services and HR teams are already working together to reconcile establishment data and consider a new consistent approach to recording and therefore effectively	Medium	31 March 2016	Southwest One Financial Services Manager	Not complete	3	We confirmed that this action has not been implemented and has a revised implementation date of end of August.
	monitoring performance against this.			Southwest One Principal			
	Further detail will be added to the HR establishment pack spreadsheet			Accountant			
	to allow users to filter on areas and			Southwest One			
	sub-areas, thereby strengthening			Organisation			
	accuracy of analysis in budget			Management and			
	monitoring.			Management Information Manager			

Area: Debt Management

4.3	Management will ensure that a detailed Debt Management Procedure is produced and made available to staff via the Intranet.	Medium	31 Decembe r 2015	Southwest One Financial Services Manager	Not complete	2	During the audit we found that the Debt Management Procedure was in development but was still in draft stage.
	This will be accompanied by training for staff who are likely to be involved in the debt management process.						However training had not been delivered at the time of the audit. We are therefore rating this action as partially implemented. The revised implementation date is 30 September 2016
4.4	As part of the review to update the Debt Management Policy, the Retained Finance and Financial Services teams will consider the current process for debt management and the recording of evidence as to the recovery actions taken to date.	Medium	31 March 2016	Southwest One Financial Services Manager	Not complete	2	Through review of the draft Debt Management Procedure we confirmed that it states "Any contact made with the customer must be recorded on a Debt Recovery Action Log". However, as the procedure has not been finalised yet, we cannot confirm that this action has been fully implemented. The revised implementation date is 30 September 2016

Payr	oll (7.15/16)						
Ref	Recommendation/ Management action	Original priority	Original date	Manager responsible	Status reported to Audit Committee	Current status	Comments / Implications / Recommendations
Area	a: Past Issues and Lessons Learnt						
Area	: Leavers						
5.1	This specific case relates to historic errors that resulted from delays and omissions in process which have been corrected with liaison between SWOne HR/Finance and ASC Finance. Debt management processes are currently being reviewed following the financial controls 2015/16 audit findings, and management will ensure the re-establishment of debt management meetings between HR and Finance to coordinate debt and ensure debts are chased in a timely manner.	Medium	1 April 2016	Cathy Dodsworth, Head of HR Emma O'Brien, HR Service Manager	Complete	1	SWOne HRAP and Finance meet on a monthly basis and review and discuss debt. Actions are tracked through the use of tracking spreadsheets. We obtained and reviewed the debt tracking spreadsheets and confirmed that regular actions are being taken and recorded within.
	Following a joint review in 2014/15 robust processes are now in place for newly identified debts (as identified in the below findings 2.1)						
Area	: Expenses						
5.2	Whilst there is no time limit on expense claims, staff will be encouraged by management to send in claims along with receipts for their expense claims in a timely manner and not group several months of expense claims together. Managers are required to approve all claims prior to payment. Managers will also	Medium	1 April 2016	Cathy Dodsworth, Head of HR Emma O'Brien, HR Service Manager	Complete	1	 We selected expense claims from April to June 2016 for a sample of five staff members, totalling 14 expense claims. Our testing found: all claims were submitted in a timely manner and all were approved by managers in a timely manner. The HR Admin & Payroll Expenses Officer also confirmed that they had noticed a reduction in claims

be reminded of their responsibility to verify the legitimacy of their staff members claims. SWOne HR is piloting a scanned solution for expense receipts which will be reviewed and considered by ASC HR in due course.

being grouped together.

We are satisfied that expense claims are not being consistently grouped together, are being submitted in a timely manner and that managers are authorising claims in a timely manner.

Proc	eeds of Crime (8.15/16)						
Ref	Recommendation/ Management action	Original priority	Original date	Manager responsible	Status reported to Audit Committee	Current status	Comments / Implications / Recommendations
6.1	Whilst the most advantageous way to report on the cost savings generated by the intervention of the FIU on Constabulary operations is to be considered and agreed, a paper should be presented to the OPCC around the benefits and the effectiveness of the FIU together with the value that has been generated, given the Investigation Unit early intervention.	High	June 2016	Manager – Financial Investigation & Economic Crime	Complete	1	During the Joint Audit Committee (JAC) meeting on 10 March 2016 the Financial Investigation & Economic Crime Investigations Manager gave a verbal update to the JAC about the FIU. We were in attendance at the meeting and were therefore able to directly confirm this. No written report was requested from the JAC, so we are therefore satisfied that this action has been implemented.
6.2	To enhance understanding a FIU representative should attend the Joint Audit Committee to provide a presentation for members and OPCC to report on their performance to provide assurances that POCA transactions are being managed, but also and more importantly assurances around the effectiveness of the team and the value that they bring to the Constabulary operations. It is appreciated that the presentation will be restricted due to time available, but could take place over a number of meetings, in order	Medium	In hand – March 2016	Manager – Financial Investigation & Economic Crime	Complete	1	During the Joint Audit Committee (JAC) meeting on 10 March 2016 the Financial Investigation & Economic Crime Investigations Manager gave a verbal update to the JAC about the FIU. We were in attendance at the meeting and were therefore able to directly confirm this. We are satisfied that this action has been implemented.

for members and OPCC to understand a 'day in the life' of an officer within the Financial Investigation Team

Safe	Safeguarding (9.15/16)									
Ref	Recommendation/ Management action	Original priority	Original date	Manager responsible	Status reported to Audit Committee	Current status	Comments / Implications / Recommendations			
7.1	The SCU will raise the audit findings and concerns with the local authority, and ensure a more robust process is adopted for the minutes of strategy discussions to be shared in a timely manner, so that there is an accurate record of the discussion that both parties agree on recorded in Niche.	Medium	1 April 2016	Head of Manage & Intelligence SCU Managers	Complete	3	A spot check on 30 strategy discussion meetings was conducted by the Head of Manage & Intelligence in June 2016. Only 9/30 had minutes attached. A Guidance Document which stipulates expectation for receipt of Strategy Minutes has also been prepared and communicated to the local authority. The DCI - South confirmed that there has not been a significant improvement; this is a challenging finding to address as it is dependent upon partners providing minutes in a timely fashion. Through CIO the Constabulary will continue to dip sample compliance and share findings with partners to request greater compliance. As a guidance document has been developed and shared with local authorities, and the Force is monitoring this we have amended the action in the action plan to make it more relevant.			
							The revised implementation date is 31 October 2016.			

Follo	ow Up Part 2 (10.15/16)						
Ref	Recommendation/ Management action	Original priority	Original date	Manager responsible	Status reported to Audit Committee	Current status	Comments / Implications / Recommendations
HR	ABSENCE MANAGEMENT (7.14/15)						
8.1	Line Managers (along with support from HR) will ensure that when a staff member hits one of the set trigger points of high levels of sickness absence, a Local Attendance Support Meeting is arranged and completed in a timely manner to assist the individual in assessing and managing the reasons for such periods of sickness absence.	Medium	June 2016	Cathy Dodsworth, Head of HR Emma O'Brien, HR Service Manager	Not complete	1	We found that HR is in the process of reviewing sickness absence. This was to be discussed at the July Continuous Improvement Board meeting. As the processes in place were under review we did not follow up the action regarding LASMs. We did undertake some testing on return to work interviews and found these are still not being completed. However, we do not believe this action in place is adding any value to the Constabulary. Having Internal
	If LASMs are not held then the reasons for this must be provided to and recorded by HR.						Audit conduct testing on LASMs and return to work interviews every six months until we are satisfied improvements have been made is not adding value to the Constabulary.
	The new three day leadership programme covers absence management and will help to address this gap.						The Constabulary is aware of the issues regarding absence management. Having internal audit test LASMS and Return to work interviews
	The actions previously agreed have been reinforced through communications, and HR continues to support, monitor, issue communications, and implement improvements to remind managers of their responsibilities.						A four-day leadership course was held in July that all Line Managers were invited to. One of the days was designated to HR, including sickness and absence management. The aim is to have 1000 Line Managers on the course by the end of 2016/17.
	Work is underway to review the current version of the absence management policy to ensure the timeframe for undertaking a LASM						We are therefore satisfied that the Constabulary has identified that it has a weakness in absence management and is undertaking measures to address this. We are therefore rating these two actions as

is clear along with the need to provide HR with a reason if the manager decides not to undertake a LASM.

Dependent on the findings of our internal work, the HR Continuous Improvement Plan for 2016/17 will reflect any improvements required.

8.2

Medium June Cathv Not 1 Once a member of staff returns to 2016 Dodsworth, Head complete work from a period of sickness of HR absence, the return to work 'tick box' on SAP will be completed by Emma O'Brien. the Line Manager. HR Service Return to work interviews will also Manager be undertaken in line with the Sickness Absence Policy with all staff members returning from sickness absence as a matter of priority. All details will be recorded on SAP, including any relevant narrative to explain reasons behind the absence and any needs of the staff moving forward. The new three day leadership programme covers absence management and will help to address this gap. The actions previously agreed have been reinforced through communications, and HR continues to support, monitor, issue communications, and implement improvements to remind managers of their responsibilities. Dependent on the findings of our internal work, the HR Continuous Improvement Plan for 2016/17 will reflect any improvements required.

implemented.

CYB	CYBER CRIME (13.14/15)									
8.3	Further staff training and reminders should be provided to improve the initial recording of incidents as cyber-crime.	Advisory	31 March 2016	Investigative Training Manager	Delayed	3	Through review of the Force's action tracker we found this action to be still outstanding. The revised implementation date is 30 September 2016.			
8.4	The cyber survey identified that training provided was correct but not necessarily benefitting the wider investigative resource dealing with incidents of crime on line. As a result, actions were raised at the November meeting that are documented that fall directly out of the discussion of the survey results. They are: • a force wide review of the Digital Media Investigator (DMI) network, • increased investigative capability and • internal and external awareness media campaign to raise the profile of online crime and prevent people becoming a victim / repeat victim. These actions are on the action log for the Cybercrime working group and will be tracked and reported until complete.	Advisory	May 2016	Detective Superintendent SOLVE	Complete	1	Following the review of the Digital Media Investigators (DMI) network three DMIs have been recruited that will be based in each of the three policing areas and support investigations and local policing. The COG also approved an annual contract with GetSafeOnline. The Force website is in the process of being updated to link directly to the dedicated Avon and Somerset Constabulary page on the GetSafeOnline website. There is also now a rolling 12 month calendar of media campaigns for Cybercrime.			

ESTATES - MAINTENANCE PROGRAMME (13.13/14)

8.5	A structured planning cycle needs to be adopted by the Estates department to ensure the timely	Advisory	1 April 2014	David Harley – Head of Estates	Ongoing	3	This action has not been implemented by the Constabulary and has been postponed for completion by 31 August 2016.
	delivery of the Condition Surveys and a sufficient review period of the information from the Atrium system		Revised to				
	information from the Atrium system in order to inform maintenance		30 March 2015				

	decisions in last six months of the year as well as the future planned programme.						
8.6	An internal group should be set up including key individuals involved in the use of Atrium and Oakleaf with the following objectives:	Advisory	N/a	John Sumner, Asset Manager	Complete	4	Atrium is not fully integrated with SAP and therefore the advisory recommendation cannot be met and should be closed.
	 Identifying the data that needs to be migrated; 						
	 Determining how the data will be migrated; 						
	 Identifying the individual resources needed to accomplish this; 						
	 Identifying any external support required; 						
	 Deciding on the data cleansing and validation process; and 						
	 Setting the timescales for completing the work 						
	Once the exercise has been completed, a reconciliation should take place to ensure that all data has been transferred correctly and in full.						
8.7	All contracts should be subject to contract management arrangements in future. Consideration should be given to introducing a form that would support contractual management arrangements, ensuring that the process is standardised across all contracts.	Advisory	Septemb er 2016	Nicola Taylor – Admin and Finance Manager	Not complete	3	This action has not been implemented by the Constabulary and has been postponed for completion by 30 September 2016.
	In addition, it should be identified what key performance indicators are required to be monitored and						

	sufficient resources made available to undertake a review of the data on a monthly basis.						
8.8	The aggregated expenditure of the contractors used in 2013/14 (and 2012/13 if necessary) should be reviewed to identify areas where there are high levels of expenditure with certain contractors that therefore would lend itself to having a formal contract in place and therefore contract management arrangements. The review should also identify whether the most appropriate procurement route was followed. In addition, greater use should be made of the use of framework agreements enabling mini competitions to be held to appoint contactors during the year.	Advisory	June 2016	John Sumner, Asset Manager	Outstanding 31 August 2016	3	This action has not been implemented by the Constabulary and has been postponed for completion by end of August 2016. Aggregated Expenditure has been analysed and a report and business case has been written and approved to tender for a Building Maintenance Fabrication Contract. The specification is currently under review with SPS and is aimed to be out for tender by end August. In addition, the use of Construction Line has been agreed and will be in use to ensure fair competition for all high value spend projects. The revised implementation date is 31 August 2016.

APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing actions. This opinion relates solely to the implementation of those actions followed up and not does not reflect an opinion on the entire control environment

Progress in implementing actions	Overall number of actions fully implemented	Consideration of high actions	Consideration of medium actions	Consideration of low actions
Good	75%	None outstanding	None outstanding	All low actions outstanding are in the process of being implemented
Reasonable	51 – 75%	None outstanding	75% of medium actions made are in the process of being implemented	75% of low actions made are in the process of being implemented
Little	30 – 50	All high actions outstanding are in the process of being implemented	50% of medium actions made are in the process of being implemented	50% of low actions made are in the process of being implemented
Poor	< 30%	Unsatisfactory progress has been made to implement high actions	Unsatisfactory progress has been made to implement medium actions	Unsatisfactory progress has been made to implement low actions
APPENDIX B: SCOPE

Scope of the review

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

When planning the audit, the following areas for consideration and limitations were agreed:

The audits considered as part of the follow up review were:

- Business Continuity Plans (3.15/16);
- Estates (4.15/16);
- Collaboration (5.15/16);
- Financial Controls (6.15/16);
- Payroll (7.15/16);
- Proceeds of Crime (8.15/16);
- Safeguarding (9.15/16); and
- Follow Up Part 2 (10.15/16).

We undertook discussions and testing to ensure that recommendations have been sufficiently implemented and accurately reported to the Audit Committee.

Limitations to the scope of the audit assignment:

- This follow up covered areas relating to recommendations made in the above audits and did not review the whole control framework of the areas listed above; we are therefore not providing assurance on the entire risk and control framework.
- We did not review the implementation of 'low' level actions.
- We did not review the implementation of suggestions made during the 2014/15 and 2015/16 reports.
- Testing was undertaken on a sample basis to confirm the effectiveness of actions taken to address these recommendations.
- Where testing has been undertaken, our samples will be selected over the period since actions were recorded as implemented or controls enhanced.
- Our work does not provide absolute assurance that material error; loss or fraud does not exist.

APPENDIX C: ACTIONS NOT YET DUE

The table below lists the Management Actions that were Not Yet Due during the time of this Follow up Audit Assignment being carried out.

Assignment title	Management action
Culture (13.15/16)	The new PDR programme is being rolled out in August 2016 and there are no plans to make any further amendments to the process after this. The programme has been designed based on feedback from workshops involving staff from across the Constabulary. This includes a change in name, to focus more on personal responsibility.
	A wider piece of work is needed alongside this to align career progression and training requirements.
	Following roll out of the new PDR process, training and guidance will be provided to all line managers to ensure they have an understanding of the outcomes required. Training data will be reported to management to provide assurance that this has been achieved.

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The Joint Audit Findings for the Police and Crime Commissioner and Chief Constable for Avon and Somerset

Year ended 31 March 2016

9 September 2016

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September 2016

Dear Sue and Andy

Audit Findings for Police and Crime Commissioner and Chief Constable for Avon and Somerset for the year ending 31 March 2016

This Audit Findings report highlights the key findings arising from the audits of the Police and Crime Commissioner and Chief Constable for the benefit of those charged with governance, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. For police bodies, those charged with governance are the Police and Crime Commissioner and the Chief Constable for the respective corporations sole. The contents of the report have been discussed with officers.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and giving a value for money conclusion. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by management, the finance team and other staff during our audit. Yours sincerely

Iain Murray Engagement Lead Chartered Accountants

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Appendices

- A Action plan
- B Audit opinion in respect of the PCC and Group financial statements
- C Audit opinion in respect of the Chief Constable's financial statements

Section 1: Executive summary

01.	Executive summary
02.	Audit findings
03.	Value for Money
04.	Other statutory powers and duties
05.	Fees, non audit services and independence

06. Communication of audit matters

Purpose of this report

This report highlights the key issues affecting the results of the Police and Crime Commissioner for Avon and Somerset ('the PCC') and the Chief Constable for Avon and Somerset and the preparation of the financial statements of the Group, the PCC and the Chief Constable for the year ended 31 March 2016. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing (UK & Ireland) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the PCC's and the Chief Constable's financial statements give a true and fair view of the financial position of the respective bodies and their income and expenditure for the year and whether the financial statements have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting.

We are also required to consider whether other information published together with the audited financial statements is consistent with the financial statements and in line with required guidance.

We are required to carry out sufficient work to satisfy ourselves on whether the PCC and the Chief Constable have each made proper arrangements to secure economy, efficiency and effectiveness in their use of resources ('the value for money (VFM) conclusion').

Auditor Guidance Note 7 (AGN07) clarifies our reporting requirements in the Code and the Act. We are required to provide conclusions whether in all significant respects, the PCC and the Chief Constable have each put in place proper arrangements to secure value for money through economic, efficient and effective use of their resources for the relevant period.

The Act also details the following additional powers and duties for local government auditors, which we are required to report to you if applied:

- a public interest report if we identify any matter that comes to our attention in the course of the audits that in our opinion should be considered by the PCC or the Chief Constable or both, or brought to the public's attention (section 24 of the Act);
- written recommendations which should be considered by the PCC or the Chief Constable or both and responded to publicly (section 24 of the Act);
- application to the court for a declaration that an item of account is contrary to law (section 28 of the Act);
- issue of an advisory notice (section 29 of the Act); and
- application for judicial review (section 31 of the Act)

We are also required to give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts under sections 26 and 27 of the Act.

Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Joint Audit Plan dated 24 February 2016.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- review of the data sent to the actuary
- final senior management and quality reviews
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion
- · receipt and review of your Whole of Government Accounts

We received draft financial statements and accompanying working papers at the commencement of our work, in accordance with the agreed timetable.

Key audit and financial reporting issues

Financial statements opinion

We have identified no adjustments affecting the Chief Constable's reported financial position, and no adjustments affecting the PCC's reported financial position, leading to no adjustments affecting the group. The draft financial statements for the group for the year ended 31 March 2016 recorded net expenditure of \pounds 171,335k, and this therefore remains unchanged in the final version. During our audit we recommended a number of adjustments to improve presentation and disclosure in the financial statements, which management have agreed to make in the final version.

The key messages arising from our audit of the PCC's and Chief Constable's financial statements are:

- The financial statements and working papers were of a good standard. Requests for additional working papers were responded to promptly as were requests for explanations.
- We identified some presentational and disclosures changes which management have agreed to make in relation to the fair value of financial instruments. These did not alter the reported financial performance.

Further details are set out in section two of this report.

We anticipate providing a unqualified audit opinion in respect of the PCC's financial statements, including the group financial statements, which consolidate the financial activities of the Chief Constable (see Appendix B). We also anticipate providing an unqualified opinion in respect of the Chief Constable's financial statements (see Appendix C).

Other financial statement responsibilities

As well as an opinion on the financial statements, we are required to give an opinion on whether other information published together with each of the audited financial statements is consistent with the financial statements. This includes:

• if the Annual Governance Statements do not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or are misleading or inconsistent with the information of which we are aware from our audits.

We have no issues to report in respect of this.

Controls

Roles and responsibilities

The PCC's and Chief Constable's management are responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the systems of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the PCC and Chief Constable.

Findings

We draw your attention in particular to control issues identified in relation to journal entries. Further details are provided within section two of this report.

Value for Money

Based on our review, we are satisfied that, in all significant respects, the PCC and Chief Constable each had proper arrangements in place to secure economy, efficiency and effectiveness in their use of resources.

Further detail of our work on Value for Money are set out in section three of this report.

Other statutory powers and duties

We have not identified any issues that have required us to apply our statutory powers and duties under the Act.

Further details of our work on other statutory powers and duties is set out in section four of this report.

The way forward

Matters arising from the financial statements audits and our review of the PCC's and Chief Constable's arrangements for securing economy, efficiency and effectiveness in their use of resources have been discussed with the Chief Finance Officer to the PCC and the Chief Finance Officer to the Chief Finance Officer.

We have made a number of recommendations, which are set out in the action plan at Appendix A. Recommendations have been discussed and agreed with management, and their responses are included.

Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by management, the finance team and other officers in both the office of the PCC and the Constabulary during our audits.

Grant Thornton UK LLP September 2016

Section 2: Audit findings

	01.	Executi	ive sum	mary
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02. Audit findings

03. Value for Money

04. Other statutory powers and duties

05. Fees, non audit services and independence

06. Communication of audit matters

Materiality

In performing our audits, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our joint audit plan, we determined overall materiality for the financial statements as a proportion of the smaller of gross revenue expenditure of the PCC and the gross revenue expenditure of the Chief Constable. This was \pounds 7,370k (being 2% of gross revenue expenditure of the Chief Constable of Avon and Somerset). We have considered whether this level remained appropriate during the course of the audits and have made no changes to our overall materiality.

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be f_{368k} . This remains the same as reported in our audit plan.

As we reported in our audit plan, we identified no items where we decided that separate materiality levels were appropriate.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA (UK&I) 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Joint Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Relevant to PCC / Chief Constable / Both?	Work completed	Assurance gained and issues arising
1.	The revenue cycle includes fraudulent transactions Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Both	 Having considered the risk factors set out in ISA240 and the nature of the revenue streams, we have determined that the risk of fraud arising from revenue recognition can be rebutted for both the PCC and Chief Constable because: there is little incentive to manipulate revenue recognition; for the PCC opportunities to manipulate revenue recognition are very limited as revenue is principally grant allocations from central and local government; for the Chief Constable opportunities to manipulate revenue is principally an inter-group transfer from the PCC, with no cash transactions; and the culture and ethical frameworks of local authorities, including Avon and Somerset PCC and Chief Constable, mean that all forms of fraud are seen as unacceptable. 	Our audit work has not identified any issues in respect of revenue recognition.
2.	Management over-ride of controls Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.	Both	 Summary of work performed, testing of journal entries review of accounting estimates, judgements and decisions made by management review of unusual significant transactions 	Our audit work has not identified any evidence of management over-ride of controls. The findings of our review of journal controls and testing of journal entries has identified potential control improvements which are noted later in this section of the report. We also set out later in this section of the report our work and findings on key accounting estimates and judgements.

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Joint Audit Plan. Recommendations, together with management responses are attached at appendix A.

Transaction cycle	Description of risk	Relevant to PCC / Chief Constable? Both?	Work completed	Assurance gained & issues arising
Property, Plant and Equipment	Valuation of property, plant and equipment The PCC's land and buildings were valued in 2015/16 by an internal valuation expert. These valuations represent a significant accounting estimate in the financial statements.	PCC	 We have undertaken the following work in relation to this risk: documented our understanding of processes and key controls over the transaction cycle undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding reviewed the competence, expertise and objectivity of the experts used reviewed the instructions issued to valuation experts and considered the scope of their work discussed with the PCC's valuer the basis on which the valuation was carried out, challenging the key assumptions reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding tested revaluations made during the year to ensure they were correctly processed into the PCC's asset register and accounted for correctly. 	Our audit work has not identified any significant issues in relation to the risk identified
Operating expenses	Creditors understated or not recorded in the correct period	Both	 We have undertaken the following work in relation to this risk: documented our understanding of processes and key controls over the transaction cycle undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding tested for unrecorded liabilities by undertaking sample testing of payments made after the year end to ensure that they were accounted for in the correct year. 	Our audit work has not identified any significant issues in relation to the risk identified

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Joint Audit Plan. Recommendations, together with management responses are attached at appendix A

Transaction cycle	Description of risk	Relevant to PCC / Chief Constable / Both?	Work completed	Assurance gained & issues arising
Employee remuneration	Employee remuneration, benefit obligations and expenses understated	Both	 We have undertaken the following work in relation to this risk: documented our understanding of processes and key controls over the transaction cycle undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding completed an analysis of trends and relationships in relation to monthly payroll costs to identify any anomalous areas for further investigation reconciled the payroll system to the general ledger tested individual payments to staff and police officers, ensuring that payments were made in accordance with the individual's contract of employment and relevant legislation. 	Our audit work has not identified any significant issues in relation to the risk identified
Police Pensions Benefits Payable	Benefits improperly computed / claims liability understated	Chief Constable	 We have undertaken the following work in relation to this risk: documented our understanding of processes and key controls over the transaction cycle undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding performed analytical procedures to confirm whether balances and movements were in line with expectations tested a sample of new recurring pension benefits and lump sum commutations coming into payment to confirm eligibility and that they had been calculated in line with scheme and HMRC rules. 	Our audit work has not identified any significant issues in relation to the risk identified

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Joint Audit Plan. Recommendations, together with management responses are attached at appendix A.

Transaction cycle	Description of risk	Relevant to PCC / Chief Constable / Both?	Work completed	Assurance gained & issues arising
Valuation of pension fund net liability	Actuarial amounts not determined properly	Chief Constable	 We have undertaken the following work in relation to this risk: documented our understanding of management's processes and controls related to the IAS 19 valuation undertaken reviewed the competence, expertise and objectivity of the actuary who carried out your pension fund valuation (Barnett Waddingham) reviewed and compared significant assumptions used in the valuation for appropriateness testing data provided to the actuary reviewed the consistency of the pension fund asset, liability and disclosures in the financial statements to the valuation report from your actuary. 	Our audit work has not identified any significant issues in relation to the risk identified
Valuation of new operational PFI	Transactions not properly recorded The PCC is required to recognise her share of the asset and liability related to the PFI firearms training centre that became operational in year in her Balance Sheet. This represents a significant estimate by management, with the liability split between the three police bodies involved in the collaboration.	PCC	 We have undertaken the following work in relation to this risk: documented our understanding of processes and key controls over the transaction cycle undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding reviewed management's processes and assumptions for the calculation of the estimate for inclusion in the financial statements reviewed the PFI model and arrangements with the other bodies involved in the PFI to ensure that they are consistent with the supporting schedules 	Our audit work has not identified any significant issues in relation to the risk identified

Group audit scope and risk assessment

ISA (UK&I) 600 requires that as Group auditors we obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Significant?	Level of response required under ISA 600	Work completed	Assurance gained & issues raised
Police and Crime Commissioner (parent)	Yes	Comprehensive	Full scope UK statutory audit performed by Grant Thornton UK LLP	Our audit work has not identified any issues.
Chief Constable (subsidiary)	Yes	Comprehensive	Full scope UK statutory audit performed by Grant Thornton UK LLP	Our audit work has not identified any issues.

Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the PCC's and Chief Constable's financial statements.

Accounting area	Relevant to PCC / Chief Constable / Both?	Summary of policy	Comments	Assessment
Revenue recognition		 PCC Income is recorded in the accounts when it becomes due, rather than when it is received (the accruals basis). External income in the form of sales, fees, charges and rents are accrued and accounted for in the period to which they relate. Chief Constable Income is recorded in the accounts when it becomes due, rather than when it is received. 	 PCC audit The policy used is appropriate and in line with the accounting framework (CIPFA Code of Practice on Local Authority Accounting) The accounting policy is adequately disclosed. Chief Constable audit The policy used is appropriate and in line with the accounting framework (CIPFA Code of Practice on Local Authority Accounting) The accounting policy is adequately disclosed. 	Green
Judgements and estimates		 Key estimates and judgements include: Useful lives of PPE (estimate) Valuations of land and buildings (estimate) Income and expenditure accruals (estimate) Valuation of the pension fund net liability (estimate) Provisions (estimate) Fair values of financial assets and liabilities (estimate) 	 PCC audit The key estimates are appropriate. The accounting policies are adequately disclosed. From the work undertaken the judgements and estimates made are reasonable. Chief Constable audit The key estimates are appropriate. The accounting policies are adequately disclosed. From the work undertaken the judgements and estimates made are reasonable. 	Green

Accounting policies, estimates and judgements continued

Accounting area	Relevant to PCC / Chief Constable / Both?	Summary of policy	Comments	Assessment
Cost recognition	Both	 PCC Expenditure is recorded in the accounts when the goods or services are received or supplied. Chief Constable All expenditure is currently funded by the PCC. Costs recognised in the Chief Constable's accounts reflect the use of resources and the economic benefit in providing a service to the PCC. 	 PCC audit The policy used is appropriate and in line with the accounting framework (CIPFA Code of Practice on Local Authority Accounting) The accounting policy is adequately disclosed. Chief Constable audit The policy used is appropriate and in line with the accounting framework (CIPFA Code of Practice on Local Authority Accounting) The accounting policy is adequately disclosed. 	Green
Going concern	Both	The Police and Crime Commissioner and Chief Constable both have a reasonable expectation that the services they provide will continue for the foreseeable future. For this reason, the bodies continue to adopt the going concern basis in preparing the financial statements.	We have reviewed the PCC's and Chief Constable's assessments and are satisfied with their assessment that the going concern basis is appropriate for the 2015/16 financial statements.	Green
Other accounting policies	Both		We have reviewed the PCC's and Chief Constable's policies against the requirements of the CIPFA Code of Practice. The accounting policies are appropriate and consistent with previous years.	Green

Assessment

- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate and disclosures sufficient

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	• We have previously discussed the risk of fraud with the Joint Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	Matters in relation to related parties	• From the work we carried out, we have not identified any related party transactions which have not been disclosed
3.	Matters in relation to laws and regulations	• You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4.	Written representations	• A standard letter of representation has been requested from each of the PCC and Chief Constable, including specific representations in respect of the Group.
5.	Confirmation requests from third parties	• We requested from management permission to send confirmation requests to the Treasury Manager, organisations with which the PCC holds investments and organisations which the PCC has loans agreements with. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
6.	Disclosures	Our review found no material omissions in the final versions of the PCC and Chief Constable financial statements
7.	Matters on which we report by exception	 We are required to report on a number of matters by exception in a number of areas: We have not identified any issues we would be required to report by exception in the following areas If the Annual Governance Statements do not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audits The information in the Narrative Reports is materially inconsistent with the information in the audited financial statements or our knowledge of the PCC and Chief Constable acquired in the course of performing our audit, or otherwise misleading.
8.	Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. As the PCC Group exceeds the specified group reporting threshold we are required to examine and report on the consistency of the
		 WGA consolidation pack with the PCC Group's audited financial statements. Note that work is not yet completed and the planned timescale for the work is September 2016.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for Employee Remuneration, Operating Expenses, Property, Plant and Equipment, Debt (including PFI), Police Officer's Pension Scheme Benefit Payments and Member Data as set out above.

The significant matters that we identified during the course of our audit are set out in the table below. These and other recommendations, together with management responses, are included in the action plan attached at Appendix A.

	Assessment	Issue and risk	Recommendations
1.	Amber	Journals do not require authorisation prior to being posted to the system. A random sample check is performed by the Head of Financial Services (Southwest One) on a quarterly basis, which involves a high level scan of all journals and a random sample check of at least five journals. It is possible that fraudulent / erroneous journals could be posted without detection if they are not selected as part of the random review.	The policy for journals authorisation should be noted and it should be confirmed that those charged with governance are satisfied with this policy.
2.	Amber	It was also noted that the description of a journal can be changed in SAP after the posting has been made. There is the possibility that this ability could be used to mask the true purpose of a journal.	Consideration should be given to removing the ability to overwrite journal descriptions once postings have been made.

Assessment

• Significant deficiency – risk of significant misstatement

Deficiency – risk of inconsequential misstatement

The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Unadjusted misstatements – Police and Crime Commissioner and Group

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. Those charged with governance are required to approve management's proposed treatment of all items recorded within the table below:

			Balance Sheet £'000	
1	After submission of the financial statements, the finance team identified a provision that should have been included in the 2015/16 financial statements. This relates to deductions of Employment Support Allowance taken from Injury On Duty Pensions that have been paid since 2008. These deductions are not included within the scheme rules, and therefore should not have been made. An estimate of the provision by finance officers suggests that the potential impact would be $\pounds 1,075k$. We have reviewed this calculation and are satisfied that it is materially correct.	Dr expenditure 1,075	Cr provisions 1,075	Value is immaterial to the financial statements
	Overall impact	1,075	1,075	

Misclassifications and disclosure changes – Police and Crime Commissioner and Group

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

1 Disclosure	1,392	Financial instruments – the financial liabilities disclosures were understated as the bank overdraft balance was incorrectly excluded. Management have made the recommended adjustments in the final version of the financial statements.
2 Disclosure	N/A	The CIPFA Code of Practice on Local Authority Accounting 2015/16 requires the disclose of the fair value hierarchy and the allocation of financial assets and liabilities within this, classified as either level 1, 2 or 3. This disclosure was not made in the draft version of the financial statements. It has been added to the financial instruments note in the final version of the financial statements.
3 Disclosure	540	Our review of the IAS 19 disclosure notes identified a transposition error in Note 18 – Pension Costs and Liabilities - OCC. The total for "Experience gain/(loss) on defined benefit obligations" for Police Officers of $-\pounds6,067$ k should have been disclosed as $-\pounds6,607$ k per the actuary's report. All of the other disclosures, and the transactions within the financial ledger were correct.
4 Disclosure	N/A	 Our review of the accounts highlighted some minor improvements to the presentation of the financial statements and clarity for the reader. Examples include: typographical errors and incorrect cross references the narrative report was also updated to reflect the disclosures per the financial statements a note on the impact of Brexit was also added as a non-adjusting post balance sheet event.

Unadjusted misstatements – Chief Constable

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. Those charged with governance are required to approve management's proposed treatment of all items recorded within the table below:

			Balance Sheet £'000	
1	After submission of the financial statements, the finance team identified a provision that should have been included in the 2015/16 financial statements. This relates to deductions of Employment Support Allowance taken from Injury On Duty Pensions that have been paid since 2008. These deductions are not included within the scheme rules, and therefore should not have been made. An estimate of the provision by finance officers suggests that the potential impact would be \pounds 1,075k. We have reviewed this calculation and are satisfied that it is materially correct.	Dr expenditure 1,075	Cr provisions 1,075	Value is immaterial to the financial statements
	Overall impact	1,075	1,075	

Misclassifications and disclosure changes - Chief Constable

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

1 Disclosure	540	Our review of the IAS 19 disclosure notes identified a transposition error in Note 12 – Pension Costs and Liabilities - OCC. The total for "Experience gain/(loss) on defined benefit obligations" for Police Officers of -£6,067k should have been disclosed as -£6,607k per the actuary's report. All of the other disclosures, and the transactions within the financial ledger were correct.
2 Disclosure	N/A	 Our review of the accounts highlighted some minor improvements to the presentation of the financial statements and clarity for the reader. Examples include: typographical errors and incorrect cross references the narrative report was also updated to reflect the disclosures per the financial statements a note on the impact of Brexit was also added as a non-adjusting post balance sheet event.

Section 3: Value for Money

- 01. Executive summary
- 02. Audit findings
- 03. Value for Money
- 04. Other statutory powers and duties
- 05. Fees, non-audit services and independence
- 06. Communication of audit matters

Background

We are required by section 21 of the Local Audit and Accountability Act 2014 ('the Act') and the NAO Code of Audit Practice ('the Code') to satisfy ourselves that the PCC and Chief Constable have each put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at both the Office of the PCC and the Force. The Act and NAO guidance state that for local government bodies, auditors are required to give a conclusion on whether the PCC and Chief Constable have put proper arrangements in place.

In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2015. AGN 03 identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

AGN03 provides examples of proper arrangements against three sub-criteria but specifically states that these are not separate criteria for assessment purposes and that auditors are not required to reach a distinct judgement against each of these.

Risk assessment

We carried out an initial risk assessment and identified the following significant risks, which we communicated to you in our Joint Audit Plan presented to the Joint Audit Committee 10 March 2016.

We identified risks in respect of specific areas of proper arrangements using the guidance contained in AGN03.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Significant qualitative aspects

AGN 03 requires us to disclose our views on significant qualitative aspects of the PCC's and Chief Constable's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the PCC's and Chief Constable's arrangements.

We have set out more detail on the risks we identified, the results of the work we performed and the conclusions we drew from this work on pages 26 to 29.

Overall conclusion – Police and Crime Commissioner

Based on the work we performed to address the significant risks, we concluded that:

• the PCC has proper arrangements in all significant respects to ensure they delivered value for money in their use of resources. The text of our reports, which confirm this, can be found at Appendices B and C.

Overall conclusion – Chief Constable

Based on the work we performed to address the significant risks, we concluded that:

• the Chief Constable has proper arrangements in all significant respects to ensure they delivered value for money in their use of resources. The text of our reports, which confirm this, can be found at Appendices B and C.

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Work to address	Findings and conclusions
Collaboration and strategic alliance Avon and Somerset has a history of collaborating with local forces and other public sector bodies, however some of these arrangements will shortly be coming to an end. A proposed strategic alliance with Wiltshire Police has been paused. Government have also announced proposals on the devolution of power to Local Authorities and closer working with the Police and Fire sectors. These developments could lead to uncertainty over Avon and Somerset's future collaborative arrangements.		Collaborations Avon & Somerset Police are involved in a number of operational policing collaborations, some of which have been in place for a number of years. They have also been a partner in the Southwest One joint venture between Somerset County Council, Taunton Deane Borough Council, Avon and Somerset Police and IBM which provides a number of back office functions since October 2007. An independent peer review on the Zephyr regional collaboration was undertaken by Yorkshire and the Humber Regional Organised Crime Unit in March 2015. Zephyr is a collaboration between the forces in the South West designed to combat serious and organised crime. A subsequent Internal Audit report reviewed this and other regional collaborations. Both reports identified recommendations in relation to the governance structures of the arrangements. The Regional Collaboration Programme introduced a new governance structure in March 2016 following these recommendations, comprising a Strategic Board, Operations Board, Programme Board, and Design Authority. Strategic Alliance and Enabling Services Collaboration A Heads of Terms dated 17 February 2015 set out the high level principles and design brief for a proposed Strategic Alliance between Avon and Somerset Police and Wiltshire Police. This document also set out the high level governance structure for the programme including the relevant boards and their remit. A programme team was established and a Programme Initiation Document dated June 2015 set out the desired outcomes and benefits of the programme. At this time it was estimated that a Programme Business Case would be produced by 29 February 2016. Following changes in the Chief Officer team at both Avon and Somerset Police and Wiltshire Police in February 2016 and June 2015 respectively, and the Poli

Significant risk	Work to address	Findings and conclusions
Collaboration and strategic alliance Continued		A Strategic Outline Programme was signed off by PCC's and Chief Constables on 11 July 2016. A governance structure has been established to oversee this work, supported by a programme team headed by T/ACC Julian Moss.
		<u>Fire</u> The areas covered by Avon and Somerset Police and the respective Fire Authorities of Avon and Devon and Somerset are not co-terminus, this presents a challenge. Avon Fire Authority have agreed their preferred option for a move of their headquarters from their existing Bristol City Centre site to share accommodation at Avon and Somerset Police's headquarters site at Portishead. Other discussions are underway and the move may lead to further collaboration between the two organisations in the future.
		Devolution On 29 June 2016 Bristol City Council, Bath & North East Somerset Council and South Gloucestershire Council voted to continue to pursue the 'West of England' devolution deal announced in the 16 March 2016 budget by the Chancellor. The agreement does not include mention of policing, and neither the Police and Crime Commissioner or the Chief Constable are signatories to the agreement although the PCC supports the devolution deal. The agreement focuses on funding and responsibilities for local transport, planning, growth, adult education and a National Work and Health Programme.
		In Somerset, progress is less well advanced. The 'Heart of the South West' bid includes Devon and Somerset county councils, Plymouth and Torbay councils, the 13 district councils in the two counties and Dartmoor and Exmoor national parks. The proposals have yet to be agreed by respective councils, which is required next before any negotiation can begin with Government on the powers, responsibilities and funding. There is no mention of policing in this proposal either.
		Give the powers that are being devolved, the impact on local policing could be considered low, and therefore the lack of inclusion of the PCC and Chief Constable may not be a significant risk at this stage. It is currently too early to say how the introduction of a Metro-Mayor could impact upon the role of Police and Crime Commissioner.
		Taking the above information into account, we concluded that the risk was sufficiently mitigated and the PCC and Chief Constable each has proper arrangements for working with partners and third parties.

Significant risk	Work to address	Findings and conclusions
Financial Strategy and position Avon and Somerset Police have been required to deliver substantial savings since 2010/11 and forecast continued significant savings requirements going forward, which has been alleviated to some extent with the autumn statement. However, the current Medium Term Financial Plan (MTFP) still includes a number of unidentified savings and so there will remain a challenge to ensure the delivery of balanced budgets over the medium term.	 We have: Reviewed the MTFP, including the assumptions that underpin the plan. Reviewed how savings are identified and monitored to ensure that they support the delivery of budgets. 	In their PEEL 2015 Police efficiency report, HMIC rated Avon and Somerset as "good". They found that the Constabulary is very well prepared to face its future financial challenges. The constabulary successfully reduced spending over the last spending review period through robust financial management and a commitment to continuous improvement. They noted that the constabulary has a comprehensive understanding of the demands for its services and is planning effectively for future financial challenges. The constabulary also has a solid track record of achieving savings. The constabulary is well positioned to identify savings for years beyond 2015/16, but further work is required to develop the detailed proposals. Recent digital modelling of the workforce is accurately identifying savings for the mid-term financial plan. The report also noted that "the savings required beyond 2015/16 are not yet agreed, although the constabulary has identified possible areas of business where potential savings can be made. Therefore, there is a need to develop detailed plans that identify the savings required beyond 2016 ¹ . The latest MTFP, which runs from 2016/17 to 2020/21, identifies a total funding shortfall of £16.8m. Over the period, identified savings total £11.034m, leaving £5.753m of savings still to be identified. Of this balance, £1.391m related to the 2016/17 budget, with proposals not fully developed for these savings. Savings from increased collaboration are planned, although it is recognised that these onsideration of changes to grant funding, council tax funding and pay increases. The supporting paper also outlines the key assumptions in relation to the MTFP. Our review of the key assumptions in relation to the MTFP. Our review of the key assumptions deemed these to reasonable and appropriate.

Significant risk	Work to address	Findings and conclusions
Police and Crime Plan The new Police and Crime Plan represents the possibility that the strategic direction of the Constabulary could change.	 We have: Reviewed transition arrangements, including how the old Police and Crime Plan will be evaluated and how lessons learned will be shared and actioned. Considered if the operating model could be affected by any change in strategic direction set out in the new Police and Crime Plan. 	The original Police and Crime Plan set out the priorities for Avon and Somerset Police for 2013-2017, covering the first term of the Police and Crime Commissioner (PCC). The elections for PCCs in May 2016 created a risk that the priorities and strategic direction of the Constabulary could change. The re-election of the PCC reduces this risk and a public consultation on the proposed priorities for the next Police and Crime Plan for 2016 – 2021 is underway. The strategic direction for the Constabulary remains broadly in line with that of the old plan. The priorities in the original plan have been effectively subsumed within the proposed new priorities (domestic abuse and sexual violence into 'protecting the most vulnerable from harm', road safety into 'strengthening local policing teams' for example) or are a cross-cutting theme/principle – in the case of 'victims first': victim-centred approach is at the heart of each priority. A public consultation is underway on the new priorities for the Police and Crime Plan 2016-2021 and a sub-group of the Strategic Plan Working Group is overseeing the process of updating the plan. There has been no formal review of lessons learned on development and delivery of the old plan, though informal discussions have taken place within the Senior Leadership Team and predominantly these have centred around the clarity of the priority, the importance of meaningful measures and governance arrangements to focus on plan. Governance arrangements over the plan and priorities have been discussed by both the Chief Officer Group and the Senior Leadership Team of the OPCC and new arrangements will be in place from September 2016. Measures are also being developed for each priority to allow evaluation of whether priorities have been met or not. It is not clear whether the operating model would be affected by implementing the new police and crime plan as it is to cearly to say. The Chief Constable has operational independence and therefore can organise the resources of the Constabulary di

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Any other matters

There were no other matters from our work which were significant to our consideration of your arrangements to secure value for money in your use of resources.

Section 4: Other statutory powers and duties

- 01. Executive summary
- 02. Audit findings
- 03. Value for Money
- 04. Other statutory powers and duties
- 05. Fees, non audit services and independence
- 06. Communication of audit matters

Other statutory powers and duties

We set out below details of other matters which we, as auditors, are required by the Act and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	Public interest report • We have not identified any matters that would require a public interest report to be issued	
2.	Written recommendations	• We have not made any written recommendations that the Group, PCC or Chief Constable are required to respond to publicly
3.	Application to the court for a declaration that an item of account is contrary to law	We have not used this duty
4.	Issue of an advisory notice	We have not used this duty
5.	Application for judicial review	we have not used this duty

Section 5: Fees, non-audit services and independence

- 01. Executive summary
- 02. Audit findings
- 03. Value for Money
- 04. Other statutory powers and duties
- 05. Fees, non audit services and independence
- 06. Communication of audit matters
We confirm below our final fees charged for the audit and provision of non-audit services.

Fees

	Budget £	Actual £
Police and Crime Commissioner audit	36,353	36,353
Chief Constable audit	18,750	18,750
Total audit fees (excluding VAT)	55,103	55,103

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

Fees for other services

Service	Fees £
Review of Whistleblowing policy and training workshop	3,600
VAT assistance in relation to the disposal of vehicles	8,800

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 6: Communication of audit matters

- 01. Executive summary
- 02. Audit findings
- 03. Value for Money
- 04. Other statutory powers and duties
- 05. Fees, non audit services and independence
- 06. Communication of audit matters

Communication to those charged with governance

International Standards on Auditing ISA (UK&I) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<u>http://www.psaa.co.uk/appointing-auditors/terms-of-appointment/</u>)

We have been appointed as the PCC's and Chief Constable's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO (<u>https://www.nao.org.uk/code-audit-practice/about-code/</u>). Our work considers the PCC's and Chief Constable's key risks when reaching our conclusions under the Code.

It is the responsibility of the PCC and Chief Constable to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the PCC and Chief Constable are fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	~	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	√	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	~	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		\checkmark
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		~
Expected modifications to auditor's report		✓
Uncorrected misstatements		√
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓
Significant matters in relation to the Group audit including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud.	~	✓

Appendices

Appendix A: Joint action plan

Priority

High - Significant effect on control system **Medium** - Effect on control system **Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	The policy for journals authorisation should be noted and it should be confirmed that those charged with governance are satisfied with this policy.	Medium		
2	Consideration should be given to removing the ability to overwrite journal descriptions once postings have been made.	Medium		

Appendix A: Audit opinion – Police and Crime Commissioner

We anticipate we will provide the PCC and the group with an unmodified audit report

DRAFT INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET

We have audited the financial statements of the Police and Crime Commissioner for Avon and Somerset (the "Police and Crime Commissioner") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Group and Police and Crime Commissioner Movement in Reserves Statements, the Group and Police and Crime Commissioner Comprehensive Income and Expenditure Statements, the Group and Police and Crime Commissioner Balance Sheet, the Group and Police and Crime Commissioner Cash Flow Statement and the related notes and include the police pension fund financial statements of Avon and Somerset Police comprising the Fund Account and the Net Assets Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Police and Crime Commissioner and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- present a true and fair view of the financial position of the Police and Crime Commissioner and Group as at 31 March 2016 and of the Police and Crime Commissioner's and Group's expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement is consistent with the Group audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Police and Crime Commissioner's arrangements to secure value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Police and Crime Commissioner and auditor

The Police and Crime Commissioner is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1)(c) of the Act to be satisfied that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Police and Crime Commissioner's arrangements to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Police and Crime Commissioner had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code in satisfying ourselves whether the Police and Crime Commissioner put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Police and Crime Commissioner has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects *the Police and Crime Commissioner* has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Certificate

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Police and Crime Commissioner for the year ended 31 March 2016. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Police and Crime Commissioner's arrangements for securing value for money through economic, efficient and effective use of its resources.

[Signature]

[Name to complete] for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House Euston Square London, NW1 2EP

TO BE DATED (2016)

Appendix B: Audit opinion - Chief Constable

We anticipate we will provide the Chief Constable with an unmodified audit report

DRAFT INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR AVON AND SOMERSET POLICE

We have audited the financial statements of the Chief Constable for Avon and Somerset Police (the "Chief Constable") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes and include the police pension fund financial statements of Avon and Somerset Police comprising the Fund Account and the Net Assets Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- present a true and fair view of the financial position of the Chief Constable as at 31 March 2016 and of
 its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Chief Constable under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Chief Constable's arrangements to secure value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Chief Constable and auditor

The Chief Constable is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1)(c) of the Act to be satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Chief Constable's arrangements to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code in satisfying ourselves whether the Chief Constable put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Chief Constable has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects *the Chief Constable* has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Certificate

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Chief Constable for the year ended 31 March 2016. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Chief Constable's arrangements for securing value for money through economic, efficient and effective use of its resources.

[Signature]

[Name to complete] for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House Euston Square London, NW1 2EP

TO BE DATED (2016)



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9th September 2016

Public Sector Audit Appointments

Executive Summary

On 13 August 2010, the Government announced its intention to abolish the Audit Commission and put in place new decentralised arrangements for the audit of local public bodies.

The Local Accountability and Audit Bill, published in May 2013, delivered the Government's commitment to close the Audit Commission and transfer its remaining functions. The Bill gave local bodies the freedom to appoint their own auditors from an open and competitive market; manage their own audit arrangements, with appropriate safeguards to ensure auditor independence; and retain the same high standards.

Section 17 of the Local Audit and Accountability Act 2014 allows for sector-led collective procurement arrangements, under which relevant authorities would be able to opt to have their auditor appointed by a specified sector-led body, rather than appoint locally.

This report provides information on the sector-led procurement approach from Public Sector Audit Appointments Limited (PSAA) - an independent, not for profit company limited by guarantee and established by the Local Government Association.

1 Introduction and background

- 1.1 On 13 August 2010, the Government announced its intention to abolish the Audit Commission and put in place new decentralised arrangements for the audit of local public bodies.
- 1.2 In March 2012 the Audit Commission completed a procurement exercise to outsource the work of its in-house audit practice, covering 70% of principal audits. This exercise, and other efficiencies, allowed the Commission to make reductions of up to

40% in audit and certification fees from 2012/13, subject to annual review.

- 1.3 As a result of this procurement exercise Grant Thornton were appointed to audit the PCC and Chief Constable of Avon & Somerset for a five year period from 2013/13 i.e. ending with the audit of the 2017/18 accounts.
- 1.4 The Local Audit and Accountability Bill, published in May 2013, delivered the Government's commitment to close the Audit Commission and transfer its remaining functions. The Bill put in place a new local audit and accountability framework for local public bodies in England. This replaces the centralised arrangements for the audit of local bodies with a more localist approach, giving local bodies the freedom to appoint their own auditors from an open and competitive market; manage their own audit arrangements, with appropriate safeguards to ensure auditor independence; and retain the same high standards.
- 1.5 Although the Minister of State was very keen that all local public bodies should establish Auditor Panels to select and appoint their own auditors, local public bodies including the police were not as enthusiastic and lobbied the Government to change the proposed legislation to enable sector-led collective procurement arrangements in order to benefit from economies of scale.
- 1.6 The Government clearly listened since Section 17 of the Local Audit and Accountability Act 2014 (the 2014 Act) gives the Secretary of State the power to make provision, by regulations, for certain relevant authorities to have a local auditor appointed on their behalf by a body (an 'appointing person') specified by the Secretary of State. This is to allow for sector-led collective procurement arrangements, under which relevant authorities would be able to opt to have their auditor appointed by a specified sector-led body, rather than appoint locally.

Public Sector Audit Appointments Limited (PSAA)

1.7 In July 2016 the Secretary of State confirmed that PSAA has been specified as an appointing person under the provisions of the 2014

Act and the Local Audit (Appointing Person) Regulations 2015. This means that PSAA will make auditor appointments to relevant principal local government bodies that choose to opt into the national appointment arrangements they are developing, for audits of the accounts for 2018/19.

- 1.8 PSAA is an independent, not-for-profit company limited by guarantee and established by the Local Government Association.
- 1.9 According to PSAA the benefits of joining their scheme are:
 - Assured appointment of a qualified, registered, independent auditor
 - Appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives or combined authorities, if the parties believe that it will enhance efficiency and value for money
 - On-going management of independence issues
 - Securing highly competitive prices from audit firms
 - Minimising scheme overhead costs
 - Savings from one major procurement as opposed to a multiplicity of small procurements
 - Distribution of surpluses to participating bodies
 - A scale of fees which reflects size, complexity and audit risk
 - A strong focus on audit quality to help develop and maintain the market for the sector
 - Avoiding the necessity for individual bodies to establish an auditor panel and to undertake an auditor procurement
 - Enabling time and resources to be deployed on other pressing priorities
 - Setting the benchmark standard for audit arrangements for the whole of the sector

2 Issues for consideration

- 2.1 The Committee's current operating principles include the following in respect of external audit:
 - Consider and comment upon any proposals affecting the provision of the external audit service

- Consider the level of fees charged, and
- To undertake the future role of the Independent Audit Panel, as set out in the Local Audit and Accountability Act 2014, including considering and recommending appropriate arrangements for any future appointment of External Auditors
- 2.2 It is wholly appropriate therefore that the Committee considers and discusses the recommendation from Officers that we join the PSAA sector-led procurement.
- 2.3 **PSAA anticipate that invitations to formally opt in will be issued before December 2016**. In their prospectus, PSAA has asked for feedback on six specific questions concerning their plans for the future. These are set out below, together with a suggested response to each.
 - 1. Is PSAA right to place emphasis on both quality and price as the essential pre-requisites for successful auditor appointments?

Yes, these are the primary considerations for the next round of audit contracts

2. Is three to five years an appropriate term for initial contracts and for bodies to sign up to scheme membership?

Yes, three years with an option to extend to five would be appropriate for a contract of this value and importance.

3. Are PSAA's plans for a scale of fees which pools scheme costs and reflects size, complexity and audit risk appropriate? Are there any alternative approaches which would be likely to command the support of the sector?

Yes, the scale fee should reflect all three considerations set out above. In addition, the overall risk associated with auditing the 'PCC Group' should be considered when setting individual fees for PCCs and Chief Constables.

4. Are the benefits of joining the national scheme, as outlined here, sufficiently attractive? Which specific benefits are most

valuable to local bodies? Are there others you would like included?

Yes, the benefits are adequately summarised in the prospectus.

The savings in audit fees since 2012 highlight the benefits, particularly in terms of economy of scale savings, that be obtained through national procurement exercises. Being able to select (or request) the same auditor for collaboration partners should facilitate a quicker and smoother audit closedown.

Being a not for profit organisation, any savings generated through the careful management of audit contracts will be redistributed to members.

I presume the PSAA will undertake contract management on behalf of local bodies. If correct, this is an additional benefit that should be highlighted in the prospectus.

5. What are the key issues which will influence your decisions about scheme membership?

Cost and quality are the key issues. Timeliness of the tender process and award of contract is also very important.

6. What is the best way of us continuing our engagement with you on these issues?

Regular newsletters and email updates to chief finance officers

3 Financial comments

- 3.1 The audit scale fee charges for 2016/17 are £36,353 for the PCC and £18,750 for the Chief Constable (i.e. a total charge of £55,103). Fee charges for 2017/18 are likely to be announced next March, following consultation with local public bodies. This will be the final year of fees under the present contracts.
- 3.2 It is too early to estimate the new audit fee with effect from 2018/19 but the cost is expected to be lower through a wider

sector-led procurement rather than from local procurement. This view is shared by CFOs in the region.

4 Legal comments

4.1 The Local Audit and Accountability Act 2014 explain the process to be adopted for the next round of audit contracts in 2018/19.

5 Equality comments

5.1 There are none arising specifically from this report

Recommendation:

The Committee is asked to:

- 1. Support the principle of joining the Public Sector Audit Appointments (PSAA) Limited for the procurement of audit contracts with effect from 2018/19.
- 2. Provide feedback on the draft response to the six consultation questions in paragraph 2.3



PCC FOR AVON & SOMERSET **STATEMENT OF ACCOUNTS**

Police & Crime Commissioner for Avon & Somerset

Officers of the Police & Crime Commissioner

The statutory officers of the Police & Crime Commissioner are as follows:

Sue Mountstevens	Police & Crime Commissioner for Avon & Somerset Phone: 01275 816378
John Smith	Chief Executive and Monitoring Officer to the Police & Crime Commissioner for Avon & Somerset Phone: 01275 816379
Mark Simmonds	Chief Finance Officer to Police & Crime Commissioner for Avon & Somerset Phone: 01275 816380
Address for chief officers:	Valley Road Portishead Bristol BS20 8JJ

The statutory officers of the Office of the Chief Constable (OCC) are as follows:

Nick Gargan	Chief Constable to 16 October 2015 Phone: 01275 816007
John Long	Acting Chief Constable from 13 May 2014 to 31 August 2015 Phone: 01275 816007
Gareth Morgan	Temporary Chief Constable from 1 September 2015 to 31 January 2016 Phone: 01275 816007
Andy Marsh	Chief Constable from 1 February 2016 Phone: 01275 816007
Julian Kern	Chief Finance Officer to OCC Phone: 01275 816012
Address for chief officers:	Valley Road Portishead Bristol BS20 8QJ





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Police & Crime Commissioner for Avon & Somerset

Chief Finance Officer's Narrative Report

This section highlights and explains some of the more important matters of finance, financial strategy and other key issues that are reported in the accounts and provides commentary on the key issues that have had a major effect on the finances now and in the future. This statement should be read in conjunction with the Chief Finance Officer's Narrative Report in the Office of the Chief Constable's Statement of Accounts.

1 Introduction

2015/2016 was the final year of the first term in office for the Police and Crime Commissioner (PCC) who was elected in November 2012 in accordance with the Police Reform and Social Responsibility Act 2011.

The PCC for Avon and Somerset has set out a clear agenda to improve public connection with their police service, working with partners to drive through improvements in the criminal justice system and putting the voice of residents and victims of crime at the heart of police and criminal justice services. To support this, the PCC has published her Police and Crime Plans, setting out in more detail her priorities.

The Statement of Accounts summarises the financial year for 2015/2016. The income and expenditure, assets, liabilities and reserves which are recognised in the PCC's accounts reflect the current legislative framework as well as the local arrangements operating in practice. The key elements of the legislative framework and local arrangements include:

- The Police Reform and Social Responsibility Act 2011 (The Act);
- The Home Office Financial Management Code of Practice for the Police Services of England and Wales (published in October 2013);
- Avon & Somerset PCC's Scheme of Governance.

These financial statements include the following:-

- A statement of responsibilities This sets out the responsibilities of the PCC and the CFO in respect of the Statement of Accounts;
- An annual governance statement This statement reviews the effectiveness of the PCC's internal control systems;
- A movement in reserves statement This statement shows the movement during the year on the different reserves held by the PCC;
- A 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. Taxation is raised to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement;
- A balance sheet at 31 March 2016 The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the PCC. The net assets of the PCC (assets less liabilities) are matched by the reserves held;
- A cash flow statement The cash flow statement shows the changes in cash and cash equivalents during the year. The statement shows how cash and cash equivalents are generated and used by classifying cash flows under operating, investing or financing activities;
- A police officers pension fund account statement This statement summarises the total police officer pension contributions and pension benefits paid. The difference is funded by the Home Office.

2 Presentation of the Statement of Accounts

This Statement of Accounts is prepared in accordance with Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom (referred to hereafter as the CIPFA Code).

The Police Reform and Social Responsibility Act 2011 set up new accountability and governance arrangements, establishing both the Office of the PCC and the Office of the Chief Constable (OCC) as separate 'corporations sole'. In this new regime, each is a separate legal entity, though the Chief is accountable to the PCC. Both the PCC and OCC are Schedule 2 bodies under the Local Audit and Accountability Act 2014 and are both required to publish a statement of accounts and be subject to audit.

Since 1 April 2014 the employment of all police officers and most staff was transferred to the Chief Constable and the PCC retained employment only of her immediate Office of Police and Crime Commissioner (OPCC) team.

The PCC retained ownership of all existing and future assets and all contracts will still be let in the name of the PCC.

The approach of how to account for costs and assets follows CIPFA guidance in so far as it is available and generally accepted accounting principles which look at the underlying substance of a transaction as opposed to its legal status. In applying the accounting treatment, consideration was given as to who ultimately exercised financial control and carried the risks and rewards of assets and liabilities with reference to the principles outlined in the PCC's scheme of governance including the scheme of delegation, standing orders and financial regulations.

As in the previous two years, the accounts are prepared after consideration of the above factors and having regard to:

- The scheme of governance as set by the PCC;
- The financial regulations and standing orders as set by the PCC;
- The police and crime plan as established and set by the PCC;
- The allocation of resources as set through the budget approved by the PCC;
- The power to appoint the Chief Constable resting with the PCC;
- Ownership and control of the general fund resting with the PCC;
- Powers to borrow funds resting with the PCC only;
- Consent of the PCC required to buy and sell property;
- Day to day command and control of staff undertaken by the Chief Constable.

The result of this review is that ultimately the control and risks associated with assets and liabilities rest with the PCC, whereas the day to day command and control of operational staff rests with the Chief Constable.

Therefore, the accounting treatment adopted is:

- The PCC will produce the group accounts;
- The OCC is treated as a wholly owned subsidiary of the PCC for accounting purposes;
- All assets/liabilities are under the control of the PCC and are reported in the books of this entity, with the exception of the IAS 19 pension liability and associated assets, the short-term absences accrual (which places a financial value on holiday and time off owed to employees) and other employee expense accruals and provisions, all of which are reported in the books of the OCC. These liabilities are matched by an inter-group debt to the PCC;
- The accounts of the OCC show the operating cost of policing together with an equal notional transfer of funding from the PCC. In addition, we show other disclosures in the

notes to the OCC's accounts concerning police officers and police staff remuneration and pensions costs;

All notes to this statement of accounts should be considered to relate to the PCC and group position, unless it expressly states that they relate to the OCC in which case they wholly or materially relate to the OCC primarily.

3 Revenue Spending in 2015/2016

3.1 The Revenue Budget

In February 2015 the PCC approved a total 2015/2016 revenue budget of £273m (2014/2015 £276m). This budget was then divided as follows:

- Constabulary budget £268.3m (2014/2015 £272.2m);
- OPCC budget £1.38m (2014/2015 £1.41m);
- Commissioning of Victims, Community Safety, and Offender services £3.3m (2014/2015 £2.55m).

Having consulted with the residents of Avon and Somerset, the PCC made the decision supported by the Police and Crime Panel to increase council tax in 2015/2016 by 1.99%. This raised the average household council tax bill for policing to £174.78, an increase of £3.41 per annum.

Setting a budget in 2015/2016 under the prevailing conditions of reduced central government funding, inflation and other unavoidable financial commitments meant it was necessary to identify and deliver substantial savings.

The main budget challenges and planning parameters for 2015/2016 were:

- Total reduction in funding of £3.2m;
- Inflationary and other cost increases for both pay and non-pay expenditure of £9.7m;
- Total savings taken from the budget of £12.9m;
- A commitment to maintain front line police officer numbers as far as possible;
- A commitment to increase investment in strategic technology programmes;
- A commitment to local partnership funding initiatives;
- Funding required to meet the PCC's Police and Crime Plan objectives.

3.2 **Revenue Financial Performance**

The PCC, alongside the Chief Constable, continued to drive savings across all areas of the organisation, managing an ongoing reduction in headcount, to meet the known and expected funding reductions from the Government's spending reviews.

The reported outturn for 2015/2016 was a small underspend of $\pounds 0.88m/0.3\%$, this being the amount that will be transferred to the general fund.

This revenue performance was the consequence of a number of factors, including:-

- Delivery of savings in accordance with the budget plan;
- Above budget spend on overtime being offset by savings in core headcount.

A full account of the financial performance for the 2015/2016 has been provided to the PCC, and the paper which sets this out can be found published on the PCC's website.

The following table summarises the revenue financial performance for 2015/2016:

	Budget	Expenditure	Over/ Under (-)
	£'000	£'000	£'000
Police officers	138,074	135,469	-2,605
Police staff and PCSO's	73,947	71,886	-2,061
Other employee expenses	7,441	7,184	-257
Premises costs	11,942	12,282	340
Travel and transport costs	5,093	5,011	-82
Supplies and services	20,567	21,094	527
Partnership costs	25,376	26,409	1,033
Central costs (inc savings contingency)	4,594	6,362	1,768
Miscellaneous and grants	43	17	-26
Income	-18,748	-19,797	-1,049
Constabulary sub total	268,329	265,917	-2,412
Office of the PCC	1,381	1,561	180
Commissioning (inc exceptional items)	3,266	2,707	-559
Total before provisions and earmarked reserves	272,976	270,185	-2,791
Adjustments for provisions	0	1,708	1,708
Contributions to earmarked reserves	0	199	199
Total after provisions and earmarked reserves	272,976	272,092	-884

It should be noted that the expenditure figure above cannot be directly agreed with the comprehensive income and expenditure statement on page 30 where the costs of our activities include items which do not have an impact on the tax payer and are adjusted through the general fund balance.

The charts below show, in percentages, the main areas of income and expenditure. Spending on employees made up the largest share. The largest area of income is government grants.





3.3 Impact on Reserves

During 2015/2016 the PCC agreed with the Chief Constable to utilise reserves in support of capital funding to further the estates and ICT strategies. Earmarked revenue reserves have also been utilised during the year in accordance with their purpose.

The insurance reserve has been reduced to £1.9m following an independent review of our insurance fund.

In addition £4m of revenue reserves were also utilised to support change costs in the year. These projects included the digital policing programme and the roll out of the accommodation strategy.

In total our earmarked reserves have increased over the course of the year. At 31 March 2015 our earmarked reserves stood at £28.8m and at the year-end 31 March 2016 they have increased to £29.3m. More details on our earmarked reserves can be found at note 33 of these accounts.

3.4 Accounting for Pensions

In line with the International Accounting Standard IAS 19 employee benefits there is a significant pension liability of £3.2bn shown on the balance sheet. This liability is reduced to £3.0bn when pension scheme assets of £0.2bn are taken into account. More detail around this liability is disclosed in notes 18 to 20 to the accounts. The liability has no impact on the reported outturn and the usable reserves.

3.5 Employee Numbers

The number of full time equivalent employees as at 31 March 2016 is shown in the table below:

Employees	Male Number	Female Number	Total 2015/2016 Number
Number of Employees			
OPCC OCC	3 3,022	15 2,284	18 5,306
Total	3,025	2,299	5,324
Number of Senior Employees			
OPCC including the PCC OCC	2 9	1 4	3 13
Total	11	5	16

3.6 Operational Performance

The total number of recorded crimes has increased by 20.3% in the last twelve months. The number of calls to the police (999 and 101) has not materially increased (897,962 calls received in 2015-2016). The HMIC inspection this summer (Crime Data Integrity) will confirm whether standards of crime recording have improved, but the Constabulary's view is that the increase of recorded crimes is a combination of increased confidence to report crimes and improved crime recording standards. The types of crime that have seen dramatic increases in recorded numbers in the last year are child sexual exploitation (139%), rape (44%), serious sexual offences (34%), domestic abuse (41%), hate crime (25%), and cyber-crime (91%). These are complicated and lengthy investigations and therefore are resource-hungry.

HMIC's 2015 PEEL Assessment for Avon and Somerset¹ concluded that the force overall 'requires improvement' following this rating being applied to the "Effectiveness" element of the PEEL inspections.

The Force was rated "good" in "Efficiency" (incorporating value for money) and "good" in "Legitimacy".

Overall victim satisfaction rates fell in 2015/2016 below 80%, making the Constabulary a bottom quartile performer in this area (Police Victim Survey).

Recorded levels of domestic and sexual abuse rose significantly in 2015/2016 which has led to more victims of abuse being identified and supported. The proportion fully resolved, however, has fallen from a strong position compared to other forces nationally (33%) to a below average position (17%) over the last year.

Victim satisfaction in cases of domestic burglary have fallen slightly to 88% (Police Victim Survey), whilst the proportion of investigations fully resolved has fallen from an average position compared to other forces nationally (12%) to a below average position (below 10%) over the last year. Levels of burglary recorded in the area also began to increase marginally over the last year, after 12 previous years of sustained reductions (recorded crime).

Satisfaction rates amongst non-vulnerable victims of crime fell from a strong comparative position nationally to a below average position during the year, coinciding with a significant shift in focus towards vulnerable victims and the organisation's response to threat, risk and harm. Work is underway to improve feedback to less vulnerable victims of crime in view of these changes and improve the measurement of victim satisfaction for the vulnerable victims supported through the Integrated Victim Care approach.

The proportion of Anti-Social Behaviour (ASB) cases fully resolved has declined since last year and satisfaction among victims of ASB has fallen to 75%.

Avon and Somerset maintains a low rate of people killed and seriously injured on its roads compared to other police force areas nationally.

Overall public confidence in policing of Avon and Somerset was on track at top quartile levels during the majority of the year, but fell in the last quarter to an average level for police forces nationally, as measured via the Crime Survey for England and Wales, which is an independent survey managed by the Office for National Statistics.

The PCC's Independent Residents Panel continues to dip-sample complaints against the police and review areas of policing in an open and transparent way. This work is contributing successfully to public confidence in policing.

The PCC established a new Service Delivery Assurance regime in 2015 to scrutinise Constabulary service delivery in key areas of priority for the PCC.

¹ https://www.justiceinspectorates.gov.uk/hmic/avon-and-somerset/

3.7 Performance – Looking Ahead

The performance aspirations for the next four years will be set by the newly re-elected PCC and set out in her Police and Crime Plan. The new Chief Constable and PCC are working together to ensure the "lessons learnt" are captured from the recent deterioration in performance and the findings from external investigations. The Constabulary are embedding changes into their people and processes via a continuous improvement programme overseen by a dedicated continuous improvement board and chief officers.

4 Capital Expenditure in 2015/2016

Alongside routine day-to-day costs, money is spent on core assets such as buildings, vehicles, communications equipment, information technology systems and software. During the year continued investment was made in the Accommodation Programme to deliver improved facilities which will enable the effective and efficient policing of Avon and Somerset and in technology to better support police officers and staff.

During 2015/2016 capital spending amounted to £15.8m. The following table shows how the money was spent.

2015/2016 £'000	%
5,818	36.7
7,723	48.7
2,025	12.8
279	1.8
15,845	100.0
	£'000 5,818 7,723 2,025 279

4.1 Estate Strategy and Private Finance Initiative (PFI) Scheme

During the year construction work was completed at the new PFI funded specialist training centre, a shared facility with Gloucestershire and Wiltshire police, which became operational from the summer of 2015. This is now accounted for as a shared asset in these financial statements.

Continued funding pressures will require us to prioritise spend on our officers, PCSOs and staff. Our estates strategy will therefore focus on meeting the needs of our changing police operating model, support the needs of the public and deliver savings where possible.

The PFI construction work has generated over £40m new work for local contractors of which nearly half has been awarded to local SME businesses boosting the local economy. As such, this PFI provides significant financial benefit to Avon and Somerset funded by savings and PFI credits from central government.

4.2 Treasury Management

In the financial year 2015/2016 the PCC complied in full with the CIPFA prudential code and operated within all agreed prudential indicators.

The PCC continued to adopt a passive borrowing strategy and will only take new borrowing if absolutely required to manage risk and manage cash holdings. As a result total borrowing was marginally reduced by £0.8m in 2015/2016 to £37m. In advance of taking any new debt funding, the PCC utilises direct revenue funding, capital reserves, receipts from the sale of assets and other government grants in order to fund capital programmes which must all have approved business cases.

Cash balances slightly reduced during the year but are still sufficient to underwrite the reserve levels required by the PCC for risk and capital funding and manage working capital movements. Deposit rates remain very low at an average of around 0.7% (as last year). With the cash holdings, the PCC has extended the approved counterparties that may be used to spread risk and maximise returns whilst always adhering to the agreed counterparty ratings limits and prudential indicators set out in the published treasury management strategy.

5 Looking Ahead to 2016/2017 and the Medium Term

The PCC is developing detailed plans (Medium Term Financial Plan or "MTFP") with the Chief Constable to achieve further savings that will help to balance the revenue budget over the remainder of the Government's current Spending Review (SR) period to 2019/2020 and the subsequent year 2020/2021.

The successful achievement of planned changes from 2010 to the end of March 2016 generated over £59m of savings. The PCC has agreed a savings plan with the Constabulary and other partners to release a further saving of £8m in 2016/2017 to balance the budget for that year.

In total £11m of savings for the next five years have been agreed with the Chief Constable and this leaves a further £6m of savings to find over the MTFP period. This residual savings target is considered low risk and achievable given the emerging scale of large savings programmes that are currently being scoped for collaboration and technology investment.

5.1 2016/2017 Revenue Budget

In February 2016 the PCC approved a total 2016/2017 revenue budget of £276m (2015/2016 £273m). This budget was then divided as follows:

- Constabulary budget £271.5m (2015/2016 £268.3m);
- OPCC budget £1.38m (2015/2016 £1.38m);
- Commissioning services for Victims, Community Safety, and Offender services -£3.3m (2015/2016 £3.3m). This budget includes the cost of a victims service which has been funded from existing budgets and from part of a new £1.8m grant to the PCC from the Ministry of Justice (MoJ) for victims services. The £1m balance of the MoJ grant is used to part fund the integrated victim care "Lighthouse" service delivered by a newly recruited team in the Constabulary.

The main budget challenges and planning parameters for 2016/2017 are:

- Total increase in funding of £3.1m, after accounting for:-
 - Net reduction grant funding of £0.7m;
 - Increase in council tax income of £3.8m, as consequence of a 2.03% increase in council tax base, and a 1.99% increase in precept;
- Inflationary and other cost increases for both pay and non-pay expenditure (including increased victims commissioning funded by MoJ grant) of £11.2m;
- Total savings budgeted in the year of £8.1m.

5.2 Policing Precept 2016/2017

The PCC chose to raise increased funding through the council tax police precept level in 2016/2017 with a 1.99% increase taking the average (band D) council tax police precept up to £178.26 per annum for a band D household, up from £174.78 per annum. This increase was necessary to share the burden of funding cuts between savings and additional income.

The PCC consulted with local communities and conducted a survey of over 3,000 residents during the year about her council tax precept strategy and approach for future years before forming plans for the precept in 2015/2016 and beyond and found

continued support for increases in the policing precept to protect front line policing in the region.

The PCC benefited from a higher than planned increase in the council tax base for the region in 2014/2015 but is not able to directly control this base. The PCC plans on council tax base increases of 1.5% per annum and any increase above this is used to offset savings required.

5.3 Capital Programme 2016/2017 and beyond

The PCC has agreed a fully funded capital programme over the next five years which sets out £60m of investments in ICT, Estates, Fleet and other assets. All these capital investments are subject to final business case approval.

ICT projects include: mobile working; workforce management; regional systems; national systems (ESMCP). The capital costs of not extending the Southwest One (SW1) contract in 2018 are not yet fully established and may well increase the ICT budget in 2017/2018/2019 depending on collaboration options and the status of ICT assets returned from SW1.

Estates projects are designed to support moving to new lower cost sites where required across the region as the estates strategy is progressed. The move to PFI buildings is complete and the subsequent rationalisations are well underway.

These investments will:

- Support the new police operating model with more efficient digital data collection, input and management in key areas of crime, intelligence, case and custody;
- Improve mobile working;
- Enable increased volumes of digital evidence including body worn video to be collected, stored and managed; and
- Enable better collaboration with other forces and local partners.

5.4 Home Office Innovation Fund

The PCC was successful with a two year innovation fund bid for 2015/2016 and 2016/2017 to develop, in conjunction with Wiltshire PCC and Barnardo's, a new West of England child sexual exploitation (CSE) victim identification and support service. This work is on track after the first year.

The PCC was also a party to £2m bids involving new funding awarded in the 2016 innovation fund bidding round, shared across a number of forces participating in six successful ICT and national bids.

5.5 Victims Commissioning and Safer Communities

The PCC believes that all partner agencies have a role to play to prevent and reduce crime and the PCC has applied this principle in her approach to commissioning services and making community safety grants.

The PCC's total commissioning budget of £3.3m in 2016/2017 is unchanged from the previous year and includes a new integrated victim care service which is part funded from a £1.8m victims services grant from the MoJ. In addition the PCC has commissioned emotional support and specialist advocacy services for victims.

The PCC continues to directly commission: services with Community Safety partnerships in all areas of the region for local community projects and to deliver outcomes that help build stronger and safer communities and prevent crime; drug and alcohol testing and treatment programmes; work with younger offenders to reduce re-offending; and specialist care for victims of sexual violence.

The new Avon & Somerset wide integrated victim service has been live from October 2014, funded by grants from the MoJ alongside existing PCC and Constabulary

budgets. Victims of crime in the region are already receiving an enhanced and more joined-up service.

The PCC is committed to safer and stronger communities and this in turn will continue to make the region an attractive place for people to be resident. In addition, the PCC has run a Business Crime Forum which is improving working practices and relationships between the police and business crime reduction partners in the region. The PCC wishes to engage the police more closely with businesses and other partners to drive out best practice and drive down business crime, hence boosting business growth, investment and employment in the region.

5.6 Commissioner's Community Action Fund

The PCC has completed a successful third year of her Commissioner's Community Action Fund that provided up to £200,000 to local community projects. This money was allocated during the year to successful bids for small (up to £5,000 each) grants.

5.7 Approach to Future Challenges and Funding

The PCC is committed to delivering the financial cuts required to meet the SR and will focus on core themes:

- Improving police efficiency through the Constabulary's operating model and by deploying mobile digital technology to support officers;
- Reducing non-pay overheads by category management of procurement (which has already delivered over £16m of savings since 2008) and the ongoing reduction of estate costs by implementing the estates strategy;
- Collaboration with other forces and other blue light services to share the costs of common services and systems;
- Preventative policing to intervene early, reduce the risk of offending, safeguard the vulnerable from harm and manage police demand;
- Freeing up police time by working with partners to integrate and coordinate local services and improve efficiency.

These thematic areas will be supported by the capital programme investments in property and technology as well as the Constabulary's new Operating Model that streamlines the way the police provide services to the public and seeks to better tackle long term priority locations, vulnerability, and complex need.

5.8 Efficiency and Effectiveness

The challenge of maintaining improvement in operational performance with less financial resources is to be met through an even greater emphasis by the PCC on outcomes, efficiency and effectiveness. Many of the initiatives to achieve efficiency have already been outlined in this report, but in summary this is being achieved through the combined approach of:

- seeking opportunities for collaboration with other Forces and other partners;
- better matching resources to demand and so prioritizing resources;
- centralising functions where appropriate to remove duplication and reduce the management overhead;
- rationalising the estate utilising the new PFI funded custom built custody and operational police area centres and closing buildings that are underutilised or not fit for purpose;
- investing in technology to support mobile working, digital evidence processing;
- investing in integrated services with local partners such as shared enquiry office functions;

appropriate use of our reserves to fund change programmes.

An external assessment in these areas is conducted by HMIC in their annual PEEL inspections.

The Constabulary are rated as "Good" by HMIC in the area of "Efficiency" as part of the HMIC's 2015 PEEL inspections.

The Constabulary are rated as "Requires improvement" by HMIC in the area of "Effectiveness" as part of the HMIC's 2015 PEEL inspections and this is discussed in more detail in the Annual Governance Statement.

5.9 Risk profile, management, and mitigation

The PCC and OCC risk registers are constantly under review and the risk registers are now published quarterly with Joint Audit Committee papers. The annual level of general reserve in the accounts is based on assigning values and probability to all material known risks. This has been held at the same level as last year.

Risk management is considered by the Joint Audit Committee supported by independent audits from the internal auditors.

The PCC and OCC make regular risk assessments and ensure that a minimum level of reserves is held, so that any such liability, should it arise, would be met from reserves.

The risk profile has changed over the last year with a reduction in the levels of funding risk, whilst risks associated with service delivery have increased. The main issues and uncertainty areas that may affect future risk and performance management may be summarised as:

- Delivery of the current Police & Crime Plan priorities has been mixed in the last 12-18 months after a promising start in 2012/2013/2014 and behind the level required in some of the first PCC's priority areas. In particular victim satisfaction levels are decreasing and the rates of resolving ASB and burglary are decreasing. The PCC retains close scrutiny of performance and the new Chief Constable has committed to review and improve delivery of Police & Crime Plan priorities;
- £5-6m of new savings are required over the next four years in addition to £11m of savings already planned in order to balance the budget over this period. This is less onerous than had been feared before the Autumn Statement and the basket of savings options from new collaboration and efficiency from new systems exceeds the £5m level;
- Accessibility of the police to the public is a concern for local people, especially through the 101 service. The PCC and Constabulary have close scrutiny of this area of the business and have invested in short term extra resources to manage demand whilst longer term solutions are being delivered;
- In some areas, police resources and capability are not always matching changing demand (including: cybercrime, safeguarding, CSE, domestic abuse, sexual violence and human trafficking). This is under close review from demand management working groups and resources are being prioritised to these areas;
- Past performance in delivering ICT change and major projects has been mixed. The delivery now of large collaboration, ICT and enabling services projects will underpin effective delivery of policing services in the next 4-8 years. Programme boards have been established both locally and regionally and budgets are only agreed against approved business cases to mitigate and manage these risks. Programme management is in place and the PCC and Chief retain close scrutiny of major projects;
- Police officer and staff morale and levels of engagement have dipped in recent years. Officer and PCSO workload has increased and demands have changed, all during the time of changing leadership in the Constabulary, implementing a new operating model, new policing systems (Niche) and accommodation moves. Staff and officer recruitment; staff and officer and supervisor training; and embedding the new culture and ethics work help mitigate these risks;

- There are a high number of Independent Police Complaints Commission (IPCC) investigations at Avon & Somerset as at the end of 2015/2016. The time taken by the IPCC to bring these to conclusion has been a concern. The Constabulary and PCC have agreed the "lessons learnt" from these investigations and are embedding changes into the Constabulary via a continuous improvement process overseen by a dedicated continuous board and the programme of culture and ethics;
- HMIC rated the Constabulary "improvement needed" in 2015, resulting from their "PEEL" inspections in particular the "Effectiveness" element – with recommendations raised in the area of 'identifying vulnerability'. The Constabulary and PCC have established the "lessons learnt" from the HMIC inspections and are tracking the implementation of the HMIC's recommendations and are embedding changes into the Constabulary via a continuous improvement process overseen by a dedicated board;
- Crime recording remains an area of concern with improvements required in officer training, culture, supervision and use of the new crime and intelligence system. A dedicated working group has been established chaired by an Assistant Chief Constable.

5.10 Conclusion

The financial affairs of OCC and PCC have been and continue to be prudently and effectively managed. Best practices in financial management, governance and treasury management are being followed.

The PCC, the Chief Constable and their CFOs have a strong focus on managing costs, achieving value for money, driving collaboration and innovation to deliver better and more efficient services, investment to save and achieving savings targets, whilst ensuring that service performance is still being maintained or improved.

Looking ahead the PCC has important decisions to take in 2016/2017 on future budget priorities and council tax precepts, making investments in major infrastructure projects and collaborating effectively with partners in police and other agencies.

The PCC has been committed to delivering a safe and secure region in Avon and Somerset and ensuring the policing service is efficient and effective and reflects the wishes and needs of its communities. In a region as diverse as Avon and Somerset the task of representing all the residents is a considerable challenge, especially at a time of continued downwards pressure on all public sector funding - including policing budgets. The PCC has worked tirelessly in her first term to listen to the widest possible spectrum of her residents and local businesses and ensure their voices are heard when setting policing and funding plans and when strategic changes to the service are considered.

Mark Simmonds BSc (Hons), ACA Chief Finance Officer to PCC 9 September 2016

Police & Crime Commissioner for Avon & Somerset

Statement of Responsibilities

This section explains our responsibilities for our financial affairs and how we make sure we carry out these responsibilities properly.

1 Police and Crime Commissioner's Responsibilities

The Police and Crime Commissioner is required to:

- Make arrangements for the proper administration of the Police and Crime Commissioner's financial affairs and to make sure that one of its officers, the Chief Finance Officer, has responsibility for the management of those affairs;
- Manage its affairs to secure the use of resources efficiently and effectively and safeguard assets;
- Approve the Statement of Accounts.

2 The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for preparing the Statement of Accounts for the Police and Crime Commissioner for Avon and Somerset in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The 'Code').

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

- chosen suitable accounting policies and then applied them consistently;
- made reasonable and prudent judgements and estimates;
- complied with the CIPFA Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud, including preparing an audit and risk-management strategy; and
- made sure that the internal control systems are effective pages 19 to 27 show this in more detail.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Police and Crime Commissioner as at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

Mark Simmonds BSc (Hons), ACA Chief Finance Officer to PCC 9 September 2016

Auditor's Report

Draft independent auditors' report to the Police and Crime Commissioner for Avon and Somerset

We have audited the financial statements of the Police and Crime Commissioner for Avon and Somerset (the "Police and Crime Commissioner") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Group and Police and Crime Commissioner Movement in Reserves Statements, the Group and Police and Crime Commissioner Balance Sheet, the Group and Police and Crime Commissioner Balance Sheet, the Group and Police and Crime Commissioner Statement and the related notes and include the police pension fund financial statements of Avon and Somerset Police comprising the Fund Account and the Net Assets Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Police and Crime Commissioner and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- present a true and fair view of the financial position of the Police and Crime Commissioner and Group as at 31 March 2016 and of the Police and Crime Commissioner's and Group's expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement is consistent with the Group audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Police and Crime Commissioner's arrangements to secure value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Police and Crime Commissioner and auditor

The Police and Crime Commissioner is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1)(c) of the Act to be satisfied that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Police and Crime Commissioner's arrangements to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Police and Crime Commissioner had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code in satisfying ourselves whether the Police and Crime Commissioner put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Police and Crime Commissioner has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects the Police and Crime Commissioner has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Certificate

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Police and Crime Commissioner for the year ended 31 March 2016. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Police and Crime Commissioner's arrangements for securing value for money through economic, efficient and effective use of its resources.

[Name to complete] for and on behalf of Grant Thornton UK LLP, Appointed Auditor Grant Thornton House Euston Square London, NW1 2EP [To be dated] 2016

Police & Crime Commissioner for Avon & Somerset

Annual Governance Statement

There is a statutory requirement to prepare the Annual Governance Statement which sets out the internal controls in place to ensure 'proper practices' in accordance with the CIPFA/SOLACE Good Governance Framework.

The statement sets out the detailed arrangements which support the view of the Commissioner and her Chief Finance Officer (CFO) that the Commissioner's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the CFO in Local Government (2010) as set out in the Addendum (2012) to Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE).

These statements report a conclusion of our yearly assessment of the systems of internal control which facilitate the effective exercise of good governance functions and which include arrangements for the control, mitigation and the management of risk.

1 Scope of Responsibilities

The Police Reform and Social Responsibility Act 2011 sets out the accountability and governance arrangements for police and crime. The Act establishes both the PCC and Office of the Chief Constable (OCC) as 'corporations sole'. This means each is a separate legal entity, though the OCC is accountable to the PCC. Both the PCC and OCC are Schedule 2 bodies under the Local Audit and Accountability Act 2014 and are both required to publish a statement of accounts and be subject to audit.

This statement covers the PCC's own office and the group position of the PCC and OCC. A separate governance statement for the OCC is included in the accounts for the OCC.

The PCC and OCC share most core systems of control including the SAP ERP systems, various services from Southwest One, internal policies and processes. Under the scheme of governance, most of the staff, officers and processes deployed in the systems of internal control are under the direction and control of the OCC.

The PCC has oversight and scrutiny of the OCC's delivery arrangements including governance, risk management and systems of internal control. As a result, the PCC places reliance on the OCC to deliver and support the governance and risk management processes and the framework described in this statement refers to the PCC's own activity and where reliance is placed on the systems, people and processes of the OCC.

The PCC and OCC 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 economically, efficiently and effectively.

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

The PCC and OCC have adopted corporate governance principles which are consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government. A copy of the Avon and Somerset Joint Scheme of Governance is on the website at www.avonandsomerset-pcc.org.uk or can be obtained from the PCC's office at Police Headquarters, Valley Road, Portishead, BS20 8JJ, or by contacting 01275 816377.

The PCC's Chief Finance Officer (PCC CFO) has responsibility for providing advice on all financial matters, maintaining financial records and accounts and ensuring an effective system of financial control is in place. This role (together with the OCC Chief Finance Officer) conforms to the governance requirements established in the CIPFA statement on the role of
the Chief Financial Officer of the Police and Crime Commissioner and the Chief Financial Officer of the Chief Constable.

2 The Governance Framework

The governance framework in place throughout the 2015/2016 financial year covers the period from 1 April 2015 to 31 March 2016 and up to the date of approval of the Annual Statement of Accounts.

This framework comprises the systems, processes, culture and values by which the PCC and OCC operate and the activities through which the PCC engages with and is accountable to the public. It enables the PCC to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services which provide value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot, however, eliminate all risk of failure to achieve aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is an ongoing process designed to identify and prioritise the risks to achieving the PCC's aims and objectives, evaluate the likelihood and impact of those risks being realised and manage them effectively, efficiently and economically.

Although the Chief Constable is responsible for operational policing matters, direction of police personnel and making proper arrangements for the governance of the Constabulary, the PCC is required to hold him, and those under his direction and control, to account for the exercise of those functions. The PCC must therefore satisfy itself that the Constabulary has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

This statement provides a summary of the extent to which the aspirations set out in the PCC's Code of Corporate Governance are currently being met. It is informed by assurances set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and by ongoing internal and external audit and inspection opinion. The PCC's and OCC's principles of good governance are:

2.1 Focusing on the Policies of the PCC, on the Outcomes for the Community and Creating and Implementing a Vision for the Local Area

- **2.1.1** The purpose, vision, values, priorities and strategic objectives of the PCC are reviewed on an ongoing basis and with a focus during the PCC's business planning process and are set out in the PCC's Police and Crime Plan. The PCC's Police and Crime Plan focuses on the efficiency and effectiveness of the Constabulary and key priority areas for the PCC based on her engagement with the public: Tackling Anti-social behavior, burglary and road safety issues; tackling violence especially against women and children; and putting victims at the heart of the criminal justice system.
- **2.1.2** The PCC has engaged with the Constabulary on her planning via a joint needs assessment and planning process that culminated in the finalisation of the PCC's Police and Crime Plan which has been developed by a Strategic Planning Working Group, comprising Constabulary leads, PCC and PCC's lead officers. This working group has enabled a considered and informed approach to objective and priority setting built upon the election work of the PCC, findings of stakeholder and community engagement, strategic assessments of risk and threat, local performance, audit and inspection findings and improvement plans. For 2015/2016, the PCC has added roads policing to her existing priorities to respond to public interest in this area.
- **2.1.3** The OPCC has its own business plan setting out the PCC's vision and values and focusing on value for money, and the efficient and effective use of funds and delivery of services to the public to meet the priorities set out in the PCC's plans.

In order to achieve the strategic aims, the PCC is committed to collaboration and partnership working, listening to community views and reflecting these in policing priorities, ongoing and visible community engagement and consultation, promoting equality, diversity, human rights and sustainability. The plan has taken account of relevant national guidance, legislation and policies. Performance reports are scrutinised regularly in meetings between OCC and OPCC leads and summary information is published on the PCC and OCC websites.

2.2 Ensuring PCC, Officers for the PCC and Partners Work Together Efficiently and Effectively to Achieve a Common Purpose With Clearly Defined Functions and Roles

- **2.2.1** The PCC's scheme of governance including Standing Orders, Financial Regulations and Scheme of Delegation sets out a governance framework for the PCC, her officers and the Constabulary to work together. These documents were substantively reviewed and amended on transition to the PCC in November 2012 and updated again in 2014 to reflect the stage two transfer of staff to the Chief Constable.
- **2.2.2** The PCC holds regular meetings with the Chief Constable, other senior officers and her senior leadership team to consider and scrutinize service delivery. In addition, the PCC holds regular informal seminars with the Constabulary to discuss emerging issues and key developments. The PCC and OCC have agreed a joint vision to give clarity to their roles and responsibilities.
- **2.2.3** The PCC has allocated officers to lead scrutiny and joint working with the Constabulary and other partners in her priority areas and key areas of service, including: public consultation; media & communications; public contact; finance; human resources; victims; professional standards & equalities; specialist operations; Constabulary & other partner's performance; roads policing; volunteering including custody visiting; crimes of violence; business and cybercrime; young people; anti-social behavior and burglary. Lead officers meet regularly with the PCC, key partners and with the lead officers from the Constabulary to consider emerging opportunities and threats, service delivery, funding matters, commissioning outcomes and other developments.
- **2.2.4** The PCC scrutinizes major projects at a quarterly major projects governance board and business cases for new investments are presented at the Constabulary's corporate change board, force Chief Officer Group and then to the PCC.

2.3 Promoting Values for the PCC and Demonstrating the Values of Good Governance Through Upholding High Standards of Conduct and Behaviour

- **2.3.1** The OPCC has implemented a code of conduct that encompasses the code of conduct issued by the College of Policing. The PCC has adopted an ethical framework in accordance with national best practice which also encompasses the code of conduct issued by the College of Policing.
- **2.3.2** The PCC has agreed and published values for her office. The OPCC has published policies and procedures covering: appeals; attendance; bullying & harassment; capability; discipline; data protection; equal opportunities; grievance; health & safety; performance & development; and safeguarding & whistleblowing.
- **2.3.3** The PCC maintains scrutiny of the Constabulary's Professional Standards and continues to oversee the Constabulary's complaints process. All new Constabulary employees are given a briefing on force standards and ethical behaviour and practices, whilst Professional Standards form a component of leadership training. New PCC staff receive an induction which includes a briefing on the code of conduct.

2.3.4 Independent Residents Panel

The PCC has established a best in class independent panel to dip sample complaints made by members of the public about aspects of the Constabulary's service. The Panel provides reports to the PCC and Chief Constable which are published on the PCC website.

2.3.5 The PCC has been a member of the new joint Constabulary/PCC Ethics Committee which has delivered a program of cultural change and provides a forum to address ethical issues.

2.4 Ensuring Laws and Regulations are Complied With

- **2.4.1** All decision making is carried out in accordance with the PCC's Governance framework including the Scheme of Governance, Standing Orders and Financial Regulations.
- **2.4.2** The Governance arrangements ensure that key decisions taken by the PCC are documented and published alongside all supporting information. Where possible the PCC's portfolio scrutiny meetings publish all supporting documents and minutes. In addition, performance reports and notes of other portfolio update meetings are made available on the PCC's website.
- **2.4.3** The PCC has appropriate oversight and scrutiny of Constabulary decision making through the PCC's meetings with the Chief and by lead PCC officers meetings with senior Constabulary officers and staff, often attended by the PCC. The OPCC also attends a number of Constabulary Boards and planning sessions.
- **2.4.4** The PCC is complying with the requirements of the Elected Local Policing Bodies (Specified Information) Order 2011 and the Freedom of Information Act 2000 model publication scheme, which set out the responsibilities and recommendations of Police and Crime Commissioners to publish information.
- **2.4.5** The PCC also takes account of their statutory obligations and key legislative/policy developments in setting out the plans and priorities.
- **2.4.6** The PCC considers risk management in discharging all core functions. The PCC's strategic risk register and detailed operational issues log remain live documents and are routinely considered at all key meetings, including OPCC team meetings, Joint Finance, Human Resources and the Audit Committees.

2.5 Effective and Efficient Management of Human, Financial, and Other Resources

- **2.5.1** The PCC has a policy of Performance and Development Reviews (PDR) in place.
- **2.5.2** PCC staff continue to undergo a broad programme of development in order to build capacity, resilience and continuity. Training and development activity has included specially commissioned seminars, local and regional and partnership training events, presentations by the Constabulary and attendance at relevant conferences and workshops.
- **2.5.3** PCC officers and staff complete a regular PDR process with the Chief Executive, Chief Finance Officer and other managers from the PCC's senior leadership team. These have enabled staff to transition into new functions and roles in the OPCC and develop training requirements for individual officers.
- **2.5.4** The PCC will undertake specific training as required for the emerging challenges of this new role and also benefits from forum meetings with other PCC's, membership of the Association of Police and Crime Commissioners (APCC) and input to senior OPCC officers from the Police and Crime Commissioners Treasurers' Society (PACCTS).

2.6 Engaging with Local People and Other Stakeholders to Ensure Robust Public Accountability

- **2.6.1** During the year the PCC built on the success of the previous year's consultation and engagement programme. Key activities included attendance at high profile community events during the summer, meeting business leaders and business organisations, meeting charities, community groups and other key partners on a regular basis, holding public forum meetings and a series of surveys to discuss and seek views on budget and precept options. The PCC has been awarded "Highly Commended" for public engagement from CoPaCC, a national organisation which compares Police and Crime Commissioners.
- 2.6.2 Community Days

The PCC has continued to lead the way amongst PCC's in attendance at community events and stakeholder meetings and the PCC has continued to spend at least one day each week out and about and accessible in the various communities of the region. During the PCC's "out and about" days, the PCC will typically meet members of the public, volunteer and charity groups, other key partners and stakeholders and focus on listening to the views of the people in Avon & Somerset – especially the "quiet" voices that are not always heard in the "noise" of pressure and lobby groups. In addition the PCC and OPCC attend a number of public events during the summer and engage with the public visitors to these events to listen to their issues and concerns and explain more about the role of the PCC.

2.6.3 Independent Residents Panel

The PCC has established an independent panel to dip sample complaints made by members of the public about aspects of the Constabulary's service.

- **2.6.4** An Out of Court Disposal Scrutiny Panel has been successfully established and brings together professionals from criminal justice agencies, victims and independent members to review the use of out of court disposals.
- 2.6.5 Public Forums

The PCC and the Chief Constable hold bi-monthly public forum events across the force area, targeted at members of the public and held in community venues. These are focused on addressing issues and concerns of local people and include presentations from the local Area Commander and opportunities for local people to ask questions or raise issues. The dates and notes of these meetings including questions and answers are published on the PCC website. Feedback and comments from these meetings are captured and fed into the data which is used to work with the force to influence the quality of policing service.

2.6.6 Service Delivery Assurance

The PCC and members of her team hold a series of assurance audits which focus on reviewing service delivery on a number of case files.

2.6.7 Partner Engagement Meetings

The PCC meets regularly with MPs, leaders of local authorities and other key stakeholders in Avon and Somerset. The PCC has agreed an approach with the local Community Safety Partnerships (CSP) to joint planning and monitoring effective delivery of projects commissioned through the Community Safety Grant at CSP meetings.

A similar approach of agreeing appropriate agenda items is taken with the Avon and Somerset Health and Wellbeing Boards.

The PCC or a member of her team attends the local Criminal Justice Board and the Regional Criminal Justice Board.

The PCC or senior members of her OPCC team meet regularly with the Chairs of local independent safeguarding adults/children's boards to improve multiagency working for vulnerable people.

2.6.8 Regional Representation

The PCC and Chief Constable meet every 2 months with the other four regional PCCs and Chief Constables in the South West of England and have developed a joint vision for working together which is included in the Police and Crime Plan.

2.6.9 National Representation

The PCC is a member of the National Association of Police and Crime Commissioners - through this access is gained to various national agencies and groups. The Commissioner represents PCCs on the national Policing Oversight Group which is a national group of strategic police leaders.

2.7 Ensuring Required Processes are Adhered to, and Performance Statements and other Published Information are Accurate and Reliable

- **2.7.1** The PCC and Constabulary were rated as "good" at delivering efficiency and value for money at the conclusion of the HMIC's 2015 PEEL inspection.
- **2.7.2** Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the PCC's overall objectives and targets. Internal financial control systems are in place to minimize the risk of loss, unlawful expenditure or poor value for money, and to maximize the use of the PCC's assets and limited resources.
- **2.7.3** The PCC's and Constabulary's financial management and performance reporting framework follows national and/or professional best practice and its key elements are set out below:
 - Financial Regulations establish the principles of financial control. They are designed to ensure that the PCC conducts its financial affairs in a way which complies with statutory provision and reflects best professional practice. Standing Orders set out the rules to be followed in respect of contracts for the supply of goods and services;
 - Responsibility and accountability for resources rest with managers who are responsible for their allocated budgets and their service provision;
 - The PCC has adopted the CIPFA Code of Practice on Treasury Management requiring the PCC to consider, approve and publish an annual treasury management strategy including an annual investment strategy;
 - In accordance with the Prudential Code and best accounting practice the Constabulary and PCC produce a rolling four-year Medium Term Financial Plan (MTFP) and a five-year capital programme. These are considered on an ongoing basis and form the core of further detailed deliberation on setting the precept level, the annual revenue budget and capital programme;
 - The MTFP and supporting working are published and include full provision for inflation, known commitments and other expenditure items which the PCC and Chief Constable have identified as necessary to deliver the national policing requirements and the PCC's police and crime plan;
 - The revenue budget is published and provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the PCC's policies. It provides chief officers with the authority to incur expenditure and a basis on which to monitor the financial performance of the PCC;
 - The PCC presents her precept proposals to the Police & Crime Panel (PCP) by the end of February for their consideration and considers their recommendations, prior to finalising the budget and precept in March;
 - Capital expenditure published and the PCC considers and then approves a capital programme each year and monitors its implementation and funding closely at Joint Finance meetings;

- The PCC has established an oversight framework and set of principles for projects designed to deliver the savings required to meet reduced levels of funding from the latest Comprehensive Spending Review (CSR);
- The PCC has approved a balanced budget for 2016/2017 with a 1.99% increase in council tax precept and identified a much reduced deficit gap of £5m to close for the next four years thereafter after £11m of savings have been agreed with the Constabulary;
- The work to identify ongoing savings is being delivered via the ongoing Change Programme. This will include planned investment in the Constabulary's new operating model, as well as investment in estates and technology to make delivery of policing better and more efficient. Collaboration and alliance programmes with other police forces, local partners and other blue light services are an increasingly important element of future savings plans;
- Quarterly financial performance reports are presented to the PCC through the Joint Finance meeting, and are published through the PCC's website enabling wider scrutiny of financial performance by the public;
- Savings to date have been achieved on or ahead of plan and the resulting under spends in previous years have been used to secure provisions and reserves to meet risk assessed and actuarially assessed levels as well as funding the costs of change.

3 Review of Effectiveness

The PCC has a responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal audit and system of internal control. This is informed by the internal audit assurance, information gathered from PCC and Constabulary senior management, external audit opinions and reviews conducted by other agencies and inspectorates.

For 2015/2016 these considerations took account of:

- the internal auditor's reports to the Joint Audit Committee (JAC) throughout the year and their annual report to JAC in July 2016;
- external auditors' comments reported at JAC meetings;
- the HMIC 'PEEL' inspection;
- the Force Strategic Risk Register;
- the PCC's Strategic Risk Register;
- the Outturn position for 2015/2016 that delivered savings as planned; and
- the planning and development of the MTFP for 2016/2017 and the following four years.

Matters arising from the audit and inspection activities are detailed below and have appropriate ownership and action plans in place to address the items raised.

4 Governance

Following completion of the review of effectiveness we are satisfied that our arrangements for governance, risk management and control are generally adequate and effective.

4.1 Joint Audit Committee (JAC)

The JAC has concluded another year of work in accordance with their work plan and publishes an annual report which sets out the work of the committee, the training and development of JAC members and the outcomes of the programme of audit work from the last year.

The JAC Chair has been appointed for a second term beginning March 2016 until December 2017.

4.2 HMIC PEEL inspections 2015

The HMIC Peel 2015 inspections rated the Constabulary as "Good" in the key areas of Legitimacy and Efficiency (value for money).

HMIC found that Avon and Somerset Constabulary is very well prepared to face its future financial challenges and that the Constabulary has successfully reduced spending over the last spending review period through robust financial management and a commitment to continuous improvement.

However, the HMIC police effectiveness 2015 (vulnerability) report has rated Avon and Somerset as "Requires improvement". This rating also applied to the majority of forces in this year's inspection round.

Vulnerability and victim care are of high importance to the PCC as delivering a policing service that best protects the vulnerable people within Avon and Somerset is at the heart of the PCC's strategic vision.

The PCC has agreed remedial action plans with the Chief Constable in this area. The key issues identified within the inspection that are being addressed are:

- Increasing the number of trained resources available;
- Ensuring that effective business process is followed in all geographical areas;
- Improving the quality of data within IT systems.

Despite the rating, the PCC and Chief are pleased that the report identified Avon and Somerset are directing resources towards providing maximum protection for vulnerable people. The report also acknowledged the innovative Lighthouse (victims) programme and the robust processes within the force service centre and commitment of its staff to identifying vulnerability at first point of contact.

4.3 Internal Audit Programme 2015/2016

The report of our internal auditors supports the conclusion that our arrangements for governance, risk management and control are adequate and effective. This financial year, the Internal Audit providers completed eight substantive audits and presented two advisory reports and conducted follow-up work on previous audits. Following the work carried out in 2015/2016 the internal auditor and head of internal audit have concluded that:

- This year's Internal Audit opinion, which is based on the 12 months ended 31 March 2016, reports that the PCC and OCC have an adequate and effective framework for risk management, governance, and internal control. In particular "green" substantial assurance was awarded against audit work completed in key areas of risk and financial control: payroll and commissioning victims services and reasonable assurance was reported "amber green" for financial controls and estates with only minor recommendations made;
- The audit work has been based on the PCC and Constabulary's risk profile. The risk maturity review indicated no areas of specific concern, only general improvement measures.

This internal audit work and wider work of the JAC has highlighted in most cases good systems of risk management and internal control. The most significant improvements recommended are being addressed by PCC and Constabulary and are:

Business Continuity Planning

Business continuity plans need updating and the Constabulary needs to continue to strengthen its understanding of single points of failure within the infrastructure. The Constabulary is working towards this and agree that action is needed to further strengthen the control framework in this area.

Project Management of ICT

The audit work highlighted areas for improvement following review of a major new systems implementation in the areas of: training and business readiness; organisational change management; business representation and sponsorship on the project; data migration and cleansing; and IT management. The Constabulary is ensuring that organisational learning from this major project is built into future ICT projects to aid their successful implementation.

Risk Management

The JAC has worked with the PCC and Chief Constable during the year, supported by recommendations from internal audit, to improve the alignment and presentation of the PCCs and Chief's strategic risk registers and the framework for risk assurance. This work has led to an improved risk assurance framework with the PCC and Chief Constable to better review and monitor assurances that mitigate and manage risk. The revised risk registers are now published with JAC papers since March 2016.

5 Conclusion

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

However, on the basis of the review of the sources of assurance set out in this statement, we are satisfied that the PCC for Avon and Somerset has in place satisfactory and adequate systems of internal control which facilitate the effective exercise of their functions and which include arrangements for good governance and for the control, mitigation, and management of risk.

Sue Mountstevens Police & Crime Commissioner for Avon and Somerset J Smith Chief Executive to PCC for Avon and Somerset

Group Movement in Reserves Statement 2014/2015 and 2015/2016

	Movement in R	eserves Stater	nent 2014/201	15		
	Revenue General Fund £'000	Revenue Specific Reserves £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2014	14,400	31,311	4,127	49,838	-2,576,216	-2,526,378
Surplus or deficit(-) on provision of services Other comprehensive income and	-161,515	0	0	-161,515	0	-161,515
expenditure	0	0	0	0	-372,067	-372,067
Total comprehensive income and expenditure	-161,515	0	0	-161,515	-372,067	-533,582
Adjustments between accounting & funding basis under regulations	165,236	-6,184	12,882	171,934	-169,043	2,891
Net increase/decrease(-) before transfers to earmarked reserves (note 6) Transfers to/from earmarked	3,721	-6,184	12,882	10,419	-541,110	-530,691
reserves (note 33)	-3,721	3,721	0	0	0	0
Increase/decrease(-) in 2014/2015	0	-2,463	12,882	10,419	-541,110	-530,691
Balance as at 31 March 2015	14,400	28,848	17,009	60,257	-3,117,326	-3,057,069

	Movement in re	serves statem	ent 2015/201	6		
	Revenue General Fund £'000	Revenue Specific Reserves £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2015	14,400	28,848	17,009	60,257	-3,117,326	-3,057,069
Surplus or deficit(-) on provision of services Other comprehensive income and expenditure	-160,319	0	0	-160,319 0	0 331,654	-160,319 331,654
Total comprehensive income and expenditure	-160,319	0	0	-160,319	331,654	171,335
Adjustments between accounting & funding basis under regulations	156,869	-59	-5,431	151,379	-151,136	243
Net increase/decrease(-) before transfers to earmarked reserves (note 6)	-3,450	-59	-5,431	-8,940	180,518	171,578
Transfers to/from earmarked reserves (note 33)	-550	550	0	0	0	0
Increase/decrease(-) in 2015/2016	-4,000	491	-5,431	-8,940	180,518	171,578
Balance as at 31 March 2016	10,400	29,339	11,578	51,317	-2,936,808	-2,885,491

PCC Movement in Reserves Statement 2014/2015 and 2015/2016

	Revenue General Fund £'000	Revenue Specific Reserves £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2014	14,400	31,311	4,127	49,838	-2,576,216	-2,526,378
Surplus or deficit(-) on provision of services Other comprehensive income and	-543,081	0	0	-543,081	0	-543,081
expenditure	0	0	0	0	9,499	9,499
Total comprehensive income and expenditure	-543,081	0	0	-543,081	9,499	-533,582
Adjustments between accounting & funding basis under regulations	546,802	-6,184	12,882	553,500	-550,609	2,891
Net increase/decrease(-) before transfers to earmarked reserves (note 6) Transfers to/from earmarked	3,721	-6,184	12,882	10,419	-541,110	-530,691
reserves (note 33)	-3,721	3,721	0	0	0	0
Increase/decrease(-) in 2014/2015	0	-2,463	12,882	10,419	-541,110	-530,691
Balance as at 31 March 2015	14,400	28,848	17,009	60,257	-3,117,326	-3,057,069

	Movement in re	serves statem	ent 2015/2010	6		
	Revenue General Fund £'000	Revenue Specific Reserves £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2015	14,400	28,848	17,009	60,257	-3,117,326	-3,057,069
Surplus or deficit(-) on provision of services Other comprehensive income and expenditure	164,805	0	0	 164,805 0	0 6,530	164,805
Total comprehensive income and expenditure	164,805	0	0	164,805	6,530	171,335
Adjustments between accounting & funding basis under regulations	-168,255	-59	-5,431	-173,745	173,988	243
Net increase/decrease(-) before transfers to earmarked reserves (note 6) Transfers to/from earmarked reserves (note 33)	-3,450 -550	- 59 550	-5,431 0	-8,940 0	180,518	171,578
Increase/decrease(-) in 2015/2016	-4,000	491	-5,431	-8,940	180,518	171,578
Balance as at 31 March 2016	10,400	29,339	11,578	51,317	-2,936,808	-2,885,491

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

Gross Expenditure £'000	Gross Income £'000	2014/2015 £'000	Comprehensive Income and Expenditure Statement - Group	Gross Expenditure £'000	Gross Income £'000	2015/2016 £'000
			Expenditure			
139,432	-3,516	135,916	Local policing	133,553	-3,607	129,946
30,015	-2,154	27,861	Dealing with the public	32,386	-2,072	30,314
30,445	-1,417	29,028	Criminal justice arrangements	27,796	-1,709	26,087
13,367	-5,702	7,665	Road policing	12,118	-6,037	6,081
27,766	-8,779	18,987	Operational support	25,905	-5,279	20,626
22,009	-297	21,712	Intelligence	25,607	-753	24,854
78,906	-3,490	75,416	Investigation	78,371	-5,142	73,229
10,884	-679	10,205	Investigative support	11,459	-1,338	10,121
15,695	-18,464	-2,769	National policing	15,521	-16,302	-781
3,240	0	3,240	Corporate and democratic core	2,720	0	2,720
371,759	-44,498	327,261	Net cost of police services	365,436	-42,239	323,197
		-7,215	Gain(-)/loss on disposal of non-current assets			240
		-7,215	Other operating expenditure			240
		5,058	External interest payable			6,154
		-478	Interest and investment income			-556
		116,147	Net interest on pensions			104,730
		120,727	Financial and investment income and expenditure			110,328
		-112,510	Police - revenue grant			-105,624
		-58,676	DCLG funding			-56,815
		-2,384	Capital grant and contributions			-2,447
		-3,331	Council tax top-up grant			-3,331
		-11,378	Council tax support and transition grant			-11,378
49,328	-49,328	0	Police pension top-up grant (note 19)	44,322	-44,322	11,070 C
10,020	10,020	-90,979	Council tax - local authorities (note 10)	11,022	11,022	-93,851
		-279,258	Taxation and non-specific grant income			-273,446
		161,515	Surplus(-)/deficit on provision of services			160,319
		,	Re-measurement of pension assets			,
		398,842	and liabilities (note 18)			-331,176
		-17,276	Return on pensions assets (note 18)			6,052
		-9,499	Gain on revaluation			-6,530
			Other comprehensive income			
		372,067	and expenditure			-331,654
		533,582	Total comprehensive income and expenditure			-171,335

Sue Mountstevens

Police and Crime Commissioner 9 September 2016

Mark Simmonds BSc (Hons), ACA Chief Finance Officer to PCC

9 September 2016

PCC Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

OCC Expenditure £'000	PCC Expenditure £'000	Re-stated PCC Income £'000	PCC Total £'000	Group 2014/2015 £'000	Comprehensive Income and Expenditure Statement - PCC	OCC Expenditure £'000	PCC Expenditure £'000	PCC Income £'000	PCC Total £'000	Group 2015/20 £'000
					Expenditure					
139,432	0	-3,516	-3,516	135,916	Local policing	133,553	0	-3,607	-3,607	129,94
30,015	0	-2,154	-2,154	27,861	Dealing with the public	32,386	0	-2,072	-2,072	30,31
30,445	0	-1,417	-1,417	29,028	Criminal justice arrangements	27,796	0	-1,709	-1,709	26,08
13,367	0	-5,702	-5,702	7,665	Road policing	12,118	0	-6,037	-6,037	6,08
27,766	0	-8,779	-8,779	18,987	Operational support	25,905	0	-5,279	-5,279	20,62
22,009	0	-297	-297	21,712	Intelligence	25,607	0	-753	-753	24,85
78,906	0	-3,490	-3,490	75,416	Investigation	78,371	0	-5,142	-5,142	73,22
10,884	0	-679	-679	10,205	Investigative support	11,459	0	-1,338	-1,338	10,12
15,695	0	-18,464	-18,464	-2,769	National policing	15,521	0	-16,302	-16,302	-78
0	3,240	0	3,240	3,240	Corporate and democratic core	0	2,720	0	2,720	2,72
368,519	3,240	-44,498	-41,258	327,261	Net cost of police services before funding	362,716	2,720	-42,239	-39,519	323,19
-368,519	368,519	0	368,519	0	Inter-group funding	-362,716	362,716	0	362,716	
0	371,759	-44,498	327,261	327,261	Net cost of police services	0	365,436	-42,239	323,197	323,1
			-7,215	-7,215	Gain(-)/loss on disposal of non-current assets				240	24
			-7,215	-7,215	Other operating expenditure				240	2
			5,058	5,058	External interest payable				6,154	6,1
			-478	-478	Interest and investment income				-556	-5
116,147			0	116,147	Net interest on pensions	104,730			0	104,73
-116,147	116,147		116,147	0	Inter-group adjustment (pension interest cost)	-104,730	104,730		104,730	
			120,727	120,727	Financial and investment income and expenditure				110,328	110,3
					•					
			-112,510	-112,510	Police - revenue grant				-105,624	-105,62
			-58,676	-58,676	DCLG funding				-56,815	-56,8
			-2,384	-2,384	Capital grant and contributions				-2,447	-2,4
			-3,331	-3,331 -11,378	Council tax top-up grant				-3,331	-3,3
49,328			-11,378 0	49,328	Council tax support and transition grant Police pension top-up grant - Expenditure	44,322			-11,378 0	-11,3 44,3
-49,328			0	-49,328	Police pension top-up grant - Expenditure	-44,322			0	-44,3
-40,020			-90,979	-90,979	Council tax - local authorities (note 10)	-44,522			-93,851	-93,8
			00,010	00,010	Inter-group adjustment (Re-measurement				00,001	00,0
-381,566	381,566		381,566	0	of pension assets and liabilities)	325,124	-325,124		-325,124	
			102,308	-279,258	Taxation and non-specific grant income				-598,570	-273,4
-381,566			543,081	161,515	Surplus(-)/deficit on provision of services	325,124			-164,805	160,3
					Re-measurement of pension					
398,842			0	398,842	assets and liabilities (note 18)	-331,176			0	-331,1
-17,276			0	-17,276	Return on pensions assets (note 18)	6,052			0	6,0
0			-9,499	-9,499	Gain on revaluation	0			-6,530	-6,53
381,566			-9,499	372,067	Other comprehensive income and expenditure	-325,124			-6,530	-331,6
					Total comprehensive income					
0			533,582	533,582	and expenditure	0			-171,335	-171,3

Sue Mountstevens

Police and Crime Commissioner 9 September 2016

Mark Simmonds BSc (Hons), ACA

Chief Finance Officer to PCC 9 September 2016

Balance Sheet as at 31 March 2016

Note that the inter-group liability has been removed on consolidation at the group level. These financial statements replace the unaudited financial statements certified by the Chief Financial Officer on 21 June 2016.

000	PCC	Group 2014/2015	Balance Sheet	000	PCC	Group 2015/2016	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
			Property, plant and equipment				21
0	153,545	153,545	Land and buildings	0	154,687	154,687	
0	24,237	24,237	Vehicles plant and equipment	0	25,060	25,060	
0	2,890	2,890	Assets under construction	0	4,242	4,242	
0	1,024	1,024	Intangible fixed assets	0	705	705	
			Long term assets				
0	37	37	Loans to officers	0	58	58	23
0	1,284	1,284	Prepayments	0	1,009	1,009	24
0	1	1	Shares in Southwest One Ltd	0	1	1	25
0	3,000	3,000	Long term investments	0	3,000	3,000	
3,213,904	0	0	Long term liability - Intra-group prov	3,021,960	0	0	
235,897	0	235,897	Police staff pension assets	244,689	0	244,689	20
3,449,801	186,018	421,915	Total non-current assets	3,266,649	188,762	433,451	
0	611	611	Inventories (stock)	0	509	509	
0	23,500	23,500	Short term investments	0	21,750	21,750	
0	41,168	41,168	Debtors and payments in advance	0	28,292	28,292	26
0	36,880	36,880	Cash and cash equivalents	0	26,623	26,623	27
0	4,328	4,328	Assets held for sale	0	5,873	5,873	28
8,588	0	0	Intra-group debtor	9,609	0	0	
8,588	106,487	106,487	Total current assets	9,609	83,047	83,047	
0	-1,170	-1,170	Bank overdraft	0	-1,392	-1,392	
0	-12,092	-12,092	Short term borrowings	0	-7,492	-7,492	29
-8,588	-25,028	-33,616	Creditors and receipts in advance	-9,609	-18,133	-27,742	30
0	-8,588	0	Intra-group creditor	0	-9,609	0	
0	-1,392	-1,392	Short term PFI Lease liability	0	-1,329	-1,329	
-8,588	-48,270	-48,270	Total current liabilities	-9,609	-37,955	-37,955	
0	-25,707	-25,707	Long term borrowing	0	-29,516	-29,516	29
-10,446	-7,594	-18,040	Provisions	-607	-7,550	-8,157	31
0	-814	-814	Capital grants receipts in advance	0	-904	-904	
0	-53,285	-53,285	PFI liability	0	-59,415	-59,415	22
0	-3,213,904	0	Pension liability - intra-group prov	0	-3,021,960	0	
-3,439,355	0	-3,439,355	Pension liability	-3,266,042	0	-3,266,042	
-3,449,801	-3,301,304	-3,537,201	Total long term liabilities	-3,266,649	-3,119,345	-3,364,034	
0	-3,057,069	-3,057,069	Net assets	0	-2,885,491	-2,885,491	
0	60,257	60,257	Total usable reserves	0	51,317	51,317	6
0	-3,117,326	-3,117,326	Total unusable reserves	0	-2,936,808	-2,936,808	6
0	-3,057,069	-3,057,069	Total reserves	0	-2,885,491	-2,885,491	

Sue Mountstevens Police and Crime Commissioner 9 September 2016 Mark Simmonds BSc (Hons), ACA Chief Finance Officer to PCC 9 September 2016

Cash Flow Statement

000	PCC	Group 2014/2015	Cash Flow Statement	000	PCC	Group 2015/20	
£'000	£'000	£'000		£'000	£'000	£'000	
-381,566	543,081	161,515	Net surplus(-)/deficit on the provision of services	325,124	-164,805	160,31	
0	-28,504	-28,504	Depreciation and impairment of property, plant and equipment	0	-19,232	-19,23	
0	-344	-344	Amortisation of intangible assets	0	-319	-31	
-9,637	-1,992	-11,629	Increase(-)/decrease in provision charged back to service	9,839	-19	9,82	
381,566	-531,380	-149,814	Charges for retirement benefits in accordance with IAS 19	-325,124	182,105	-143,01	
0	-8,197	-8,197	Carrying amounts of non-current assets sold	0	-4,753	-4,75	
0	-7,418	-7,418	Other	0	-11,217	-11,21	
8,069	4,484	12,553	Increase/decrease(-) in long and short term debtors	-8,818	-1,948	-10,76	
1,568	-5,267	-3,699	Increase(-)/decrease in long and short term creditors	-1,021	5,677	4,65	
0	8	8	Increase/decrease(-) in stock/WIP	0	-102	-1(
381,566	-578,610	-197,044	Adjust net surplus or deficit on the provision of services for non-cash movements	-325,124	150,192	-174,93	
0	15,412	15,412	Proceeds from the sale of property, plant and equipment	0	4,513	4,5	
0	13,412	13,412	Capital grants credited to the surplus or deficit on the provision	0	4,010	ч,5	
0	2,393	2,393	of service	0	2,447	2,44	
	47 905	47 905	Adjust net surplus or deficit on the provision of		6.060	6.00	
0	17,805	17,805	services that are investing or financing activities	0	6,960	6,90	
0	-17,724	-17,724	Net cash flows from operating activities	0	-7,653	-7,6	
0	14,774	14,774	Purchase of property, plant and equipment	0	16,275	16,27	
0	-15,412	-15,412	Capital receipts	0	-1,516	-1,51	
0	-2,393	-2,393	Capital grant/contribution income due for the year	0	-2,447	-2,44	
0	5,500	5,500	Purchase of short & long term investments	0	-1,750	-1,75	
0	-472	-472	Interest received	0	-561	-56	
0	1,997	1,997	Net cash flow from investing activities	0	10,001	10,00	
0	-410	-410	Bank overdraft	0	-222	-22	
0 0	0	0	Loans taken out	0 0	-5,000	-5,00	
0	1,591	1,591	Repayment of long term loans	0	5,792	5,79	
0	620	620	Repayment of PFI liability	0	1,224	1,22	
0	5,069	5,069	Interest paid	0	6,115	6,1	
0	6,870	6,870	Net cash flow from financing activities	0	7,909	7,90	
0	-8,857	-8,857	Net increase(-)/decrease in cash and cash equivalents	0	10,257	10,2	
			Cash and cash equivalents at the beginning of the reporting				
0	-28,023	-28,023	period	0	-36,880	-36,88	
	-36,880	-36,880	Cash and cash equivalents at the end of the reporting period	0	-26,623	-26,62	

Notes to the Financial Statements

1 Statement of Accounting Policies

1.1 General Principles

The general principles adopted in compiling these accounts are in accordance with the recommendations of CIPFA. They accord with CIPFA's Code of Practice on Local Authority Accounting 2015/2016, the Service Reporting Code of Practice (CIPFA Code) 2015/2016 and the Accounts and Audit Regulations 2015 and are based on the following standards:

- International Financial Reporting Standards (IFRSs) as adopted by the EU;
- International Public Sector Accounting Standards (IPSASs);
- UK Generally Accepted Accounting Practice (GAAP); (Financial Reporting Standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) abstracts) as far as they are applicable.

1.2 Accruals of Income and Expenditure

Activity is accounted for and recorded on an accruals basis. This means that income is recorded in the accounts when it becomes due, rather than when it is received, and the outstanding amounts are included as debtors. Expenditure is included in the accounts when the goods or services are received or supplied, and any outstanding amounts are included as creditors. The PCC Group established a de minimis level of £100 for accruals in both 2014/2015 and 2015/2016.

1.3 Council Tax

Council tax income included within the comprehensive income and expenditure statement includes our share of the surplus or deficits from other local authority collection funds.

1.4 Government Grants

1.4.1 Revenue Grant

Government grants are shown as income within the comprehensive income and expenditure statement and are used to fund the expenditure on policing activities.

1.4.2 Capital Grant

Income received from the Home Office in respect of the capital grant is shown within the comprehensive income and expenditure statement. When the income is matched to the capital expenditure it is transferred to the capital adjustment account. Any unused capital grant has been allocated to the capital grant unapplied account within reserves. Capital grants with outstanding conditions attached have been transferred to the capital receipts in advance account.

1.4.3 Specific Grants

Specific grant income is recognised immediately within the comprehensive income and expenditure statement on an accruals basis. If there are conditions outstanding to be achieved on the specific grants at the end of the financial year they are recognised as a creditor receipt in advance.

1.5 Overhead Allocations

Overheads are allocated to service areas based either on headcount or expenditure depending on which is considered the most appropriate cost driver for the service area in question.

1.6 Interest

External interest receivable on investments and the interest payable on borrowing are charged to the comprehensive income and expenditure statement.

1.7 Minimum Revenue Provision

Under the Local Government and Housing Act 1989, we must charge a minimum revenue provision (MRP) to the comprehensive income and expenditure account to repay loans. The amount of this charge is calculated by reference to the useful life of the asset in respect of which the finance has been raised.

1.8 VAT

Value-Added Tax is not included as income or expenditure of the PCC except where it is non-recoverable.

1.9 Employee Benefits

1.9.1 Benefits Payable During Employment

The full cost of employees (including salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits) is charged to the accounting period in which the employees worked. An accrual is made for the cost of any leave earned by employees but not taken before the year end which employees can carry forward into the next financial year. This accrual is charged to the provision of services within the comprehensive income and expenditure statement in the year that the benefit has arisen and is shown as a liability on the balance sheet.

1.9.2 Termination Benefits

Termination benefits arise as a result of a decision to terminate the employment of police staff before the normal retirement date. These benefits are charged on an accruals basis to the comprehensive income and expenditure statement.

1.9.3 Pension Benefits

There are different pension arrangements for police officers and police staff. In both cases pensions and other benefits are paid to retired staff which relate to the individual's length of service.

Until 31 March 2006 retired police officers were paid their pensions from the contributions received each year. However, from 1 April 2006, although the OCC makes the payments and collects the contributions, responsibility for the cost of these payments was transferred to the Government.

Police staff including PCSO's are part of the Local Government Pension Scheme. Both the PCC and the staff in the scheme pay into the pension fund at agreed rates. When an individual retires, the fund pays all the usual benefits.

Occasionally extra costs for both police officers and police staff have to be met when an employee retires early or retires due to ill health. These costs are charged to the comprehensive income and expenditure statement.

In accordance with IAS 19 – Employee benefits, long term pension liabilities have been included in the OCC balance sheet.

1.9.4 Re-Measurement of Pension Assets and Liabilities

The IAS 19 actuarial gains and losses and the return on the pension fund assets are fully recognised immediately within the comprehensive income and expenditure statement.

1.10 Leased Assets

All leases have been reviewed to determine if they are operational or finance leases.

- Finance leases these are recognised where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. Property, plant and equipment held under finance lease is recognised as an asset on the balance sheet at the commencement of the lease, matched by a liability for the obligation to pay the lessor;
- Operating leases rents payable under operating leases are charged to the comprehensive income and expenditure statement.

All significant contracts or transactions have been reviewed for any 'embedded leases' (which convey the right to use an asset in return for a payment or series of payments). If embedded leases are found to exist they would be treated in line with formal leases as described above. No embedded leases have currently been identified.

1.11 Property, Plant and Equipment

Expenditure on capital assets is recognised in the accounts when the work is carried out or when the asset has been delivered. The latest valuation was undertaken on 31 March 2016 by our internal Chartered Valuation Surveyor.

Properties are valued in the following ways using a current value basis:

- Existing use value where it could be shown that similar properties had recently been offered for sale or within an active market;
- Depreciated replacement cost (DRC) where an asset is of a specialist nature, such as police stations or where there is insufficient market based evidence of current value available. DRC valuations include the cost of replacing the asset and an allowance for the age of the asset. The value may be adjusted when the age and condition of the assets are taken into account.

In accordance with the requirements of the CIPFA code, the value of our assets is considered as at the balance sheet date in order to assess that the value presented is not materially different to that which would have been presented if a full valuation were carried out as at that date. An adjustment will be made to the value of assets if we assess there to be a material change in their value during the period between valuations.

All material differences in value, be they upwards, or downwards, are accounted for through the revaluation reserve. The next planned full valuation is going to be undertaken 31 March 2018.

When a valuation for an asset is undertaken, components of the asset are separately identified when the asset value is over \pounds 1,000,000 and the components value is over 20% of the total value of the asset. Components are identified as:-

- Parts of the asset that can be disposed or replaced separately from other components of the assets; and/or
- Parts of the asset which have a different useful life to other components.

When assets are disposed the value of the asset on the balance sheet is written off to the comprehensive income and expenditure statement as part of the gain or loss on disposal. The reversal of this is shown within the movement in reserves statement so that there is no impact to council tax.

Vehicles and other non-property assets are carried in the balance sheet at depreciated historical cost. Assets under construction are carried at cost until the asset is made operational at which point they are classified accordingly and depreciation commences.

It is the PCC's policy not to capitalise expenditure on individual items with a cost of less than £12,000.

1.12 Depreciation

All assets are depreciated except for land and assets under construction. The following policies are used:

- Depreciation on buildings is based upon information provided within the latest valuation report regarding the useful life of the buildings and their components, and is based on the 'straight-line' method. The straight line method writes off the value of an asset in equal annual instalments over the estimated useful economic life of the asset. The buildings are estimated to have useful lives up to 50 years. Once a building is operational and transferred from assets under construction depreciation commences on the building;
- The value of other assets such as vehicles, computers and other equipment falls steadily throughout their lives. These assets are expected to have shorter useful lives of up to seven years. The depreciation starts from the month of acquisition. Again the straight-line method of depreciation is used;
- Intangible assets are amortised using the straight-line method over the period the software is in use, which is typically four years. An exception to this is the SAP licence which is amortised over 25 years.

1.13 Impairments

The PCC's properties are reviewed for impairment at the end of each financial year. Impairment could arise as the result of physical damage to a property or a general fall in prices. Where impairment is identified resulting from physical damage then the loss in value will be recognised in the comprehensive income and expenditure statement. Where impairment is identified resulting from a general fall in prices this will first be charged to the revaluation reserve to the extent that there are any previous gains in respect of the asset in question and thereafter in the comprehensive income and expenditure statement.

1.14 Assets Held for Sale

When a property is actively being marketed for sale and is likely to be sold within the next 12 months then the property has been classified under current assets held for sale in the balance sheet.

When assets are classified as "held for sale" the asset value is shown at the lower of the carrying value and fair value of the asset less the disposal costs.

1.15 Private Finance Initiatives (PFI)

A private finance initiative has been entered into with Blue Light Partnership to construct new facilities, including the provision of services and building maintenance over the 25 year contract. At the end of the contract the ownership of the properties will pass to the PCC for no additional charge. Once these properties are operational, the buildings are shown on the balance sheet as part of property, plant & equipment. The original recognition of these assets is shown at the fair value and was balanced by the recognition of the liability for the amounts due to the Blue Light Partnership to pay for the capital investment. These non-current assets which are recognised on the balance sheet are revalued and depreciated in the same way as property, plant & equipment owned by the PCC.

The amounts payable to the Blue Light Partnership each year are analysed into the following elements:

- Fair value of services received during the year this is charged to the net cost of Police services within the comprehensive income and expenditure statement;
- Finance cost this is the interest charge on the outstanding balance sheet liability, shown within the financial and investment income and expenditure within the comprehensive income and expenditure statement;

- Contingent rent increases in the amount to be paid for the property during the contract charged to the financial and investment income and expenditure within the comprehensive income and expenditure statement;
- Payment towards liability this writes down the outstanding liability on the balance sheet.

1.16 Inventory Valuation

Inventory held in respect of clothing, uniform, equipment and stationery is valued at moving average price.

Vehicle parts and petrol are valued at cost.

Certain low value miscellaneous items are treated as consumed stock and are not included as assets in the balance sheet.

1.17 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits repayable within 24 hours. Cash equivalents are investments with maturity date of no more than 3 months which are easily convertible into known amounts of cash and have insignificant risk of a change in value.

1.18 Short and Long Term Investments

Investments are deposits with UK and overseas banks, building societies and local authorities. Short term investments are convertible to cash from between 3 months and one year of the balance sheet date. Long term investments are convertible to cash over one year from the balance sheet date. Surplus funds are managed on behalf of the PCC by Somerset County Council Treasury. Funds are invested in line with policy approved by the PCC.

1.19 Fair Value

Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measured date. The PCC uses the most appropriate method of valuation within the hierarchy to assess the fair value.

Level 1 – Fair value is derived from quoted prices in an active market for identical assets or liabilities

Level 2 – The fair value is calculated from quoted prices that are observable from similar assets or liabilities

Level 3 – Fair value is determined from unobservable data where there is no market data available.

1.20 Financial Instruments

1.20.1 Financial Liabilities

Financial liabilities comprise borrowings and creditors. These are recognised on the balance sheet when the PCC becomes a party to the contractual provisions and are initially measured at fair value and carried at their amortised cost. Annual charges to the comprehensive income and expenditure statement in respect of interest payable are based on the carrying value of the liability and the effective rate of interest contained in the loan agreement. In respect of borrowings the amounts included in the balance sheet are the outstanding principal repayments.

1.20.2 Financial Loans and Receivables

Financial loans and receivables comprise car loans made to employees, investments and debtors. They are recognised on the balance sheet when the PCC becomes party to the contractual provisions, and are initially measured at fair value and carried at amortised cost. Annual credits to the comprehensive income and expenditure statement for interest receivable are based on the

carrying value of the investment multiplied by the effective rate of interest included in the loan agreement. Investments included in the balance sheet represent the outstanding principal amounts receivable. Debtors are impaired to reflect an assessment of the amounts likely to be irrecoverable.

1.21 Provisions

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

Provisions are charges to the appropriate service line in the comprehensive income and expenditure statement in the year the PCC Group 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 the relevant risks and uncertainties. When settled the amounts agreed will be charged against the provision.

1.22 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the PCC Group a possible obligation whose existence can only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the PCC Group. Contingent liabilities also arise in the situation where a provision would otherwise be made but where 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.

1.23 Reserves

The reserves that are held by the PCC are split between usable and unusable reserves on the balance sheet.

Usable reserves are amounts of money we keep to pay for future projects, and to protect against unexpected events. The useable reserves include:

- The general fund is risk assessed annually by the Chief Financial Officer of the PCC for the level of funds that the PCC needs to hold at the end of each financial year;
- Earmarked reserves are balances we hold to meet future expenditure in defined areas and within approved policies;
- Capital receipts reserve is where income is received from the sale of property, plant and equipment and held in reserve to fund new capital expenditure;
- The capital grant unapplied reserve holds grant income which will be used to fund future capital expenditure.

The unusable reserves include:

- The revaluation reserve, which represents the changes in the value of assets as a result of revaluation after 1 April 2007; revaluations made prior to the 31 March 2007 were transferred to the capital adjustment account below;
- The capital adjustment account absorbs the timing differences arising from the consumption of property, plant and equipment and for the financing of the acquisitions and enhancements of the assets under statutory provision. This account also includes any revaluation gain/loss prior to 1 April 2007;
- The collection fund adjustment account represents the PCC's share of the surplus or deficits on the local authorities' collection funds that have been charged to the comprehensive income and expenditure statement and reversed out to this account so there is no impact on the general fund;
- The short term compensated absences account represents outstanding employee benefits at the year end that have been earned and not taken during the year. The

cost of these benefits has been charged to the comprehensive income and expenditure statement and then reversed to this account ensuring there is no impact on the council tax payer and the general fund;

1.24 Post Balance Sheet Events

These are events occurring after the balance sheet date before the Statement of Accounts are authorised for issue. Two types of events can be identified:

- Adjusting events where there is evidence that the conditions existed at the end of the reporting period and the accounts are adjusted to reflect these events;
- Non-adjusting events where these are indicative of conditions that arose after the balance sheet date, the Statement of Accounts are not amended, but a note is included to provide an explanation of the nature and the effect of the event.

Events that have taken place after the authorised date of issue are not reflected within the Statement of Accounts.

2 Critical Judgements in Applying Accounting Policies

The PCC's accounts have been prepared on a going concern basis.

Following the Police Reform and Social Responsibility Act 2011, two new corporate entities were created being the PCC and OCC. All payments for the PCC Group are made by the PCC and no cash movements are made between the PCC and OCC. The PCC has the responsibility for managing the financial relationships with third parties and has legal responsibility discharging the contractual terms and conditions of suppliers. The PCC holds all the assets, liabilities and reserves, with the exception of the IAS 19 pension liabilities, the accumulated short term absences creditor accrual and other employee related accruals and provisions, as the OCC employs officers and staff. These are offset by an inter-group adjustment. These are matched on the balance sheet of the OCC by an inter-group adjustment with the PCC.

3 Accounting Standards Issued But Not Adopted

The following accounting standards have been amended and not adopted until 2016/2017 and are unlikely to have a material impact on the financial statements.

- IAS 19 Employee Benefits: The amendments to this standard relate to changes to the format of the pension fund account.
- IFRS 11 Joint Arrangements: The amendments to this standard relate to the accounting for acquisitions.
- IAS 16 Plant, Property and Equipment, IAS 38 Intangible Assets: The amendments to these standards provide clarification on methods of depreciation and amortisation.

There is however an amendment to IAS 9 Presentation of Financial Statements which introduces a new format for the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and introduces a new Expenditure and Funding Analysis. These changes will be implemented in next year's accounts, and will include the restatement of the comparative year in the new format.

4 Assumptions Made About the Future and the Sources of Estimations

In some areas figures in the accounts are based on estimates which take into account past experience, current trends and other relevant factors. By their nature these figures could vary and as such the material areas based on estimates are detailed below.

4.1 Pension Liability - OCC

The estimation of the net liability to pay pension depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are expected to

increase, changes in retirement ages, mortality rates and the expected return on the fund's assets. Actuaries provide the OCC with expert advice about the assumptions that have been applied.

Further information is included within notes 18 to 20 regarding the assumptions that have been used by the actuaries to provide an estimate of the liability.

The following tables show the impact of a small change in the assumptions made for the Police Officer and Police Staff Pension Schemes.

Police Officer Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate Present value of total obligation Projected service cost	+0.1% 2,791,490 48,288	0.0% 2,843,444 49,460	-0.1% 2,896,437 50,662
Adjustment to long term salary increase Present value of total obligation Projected service cost	+0.1% 2,850,039 49,674	0.0% 2,843,444 49,460	-0.1% 2,836,884 49,247
Adjustment to pension increases and deferred revaluation Present value of total obligation Projected service cost	+0.1% 2,890,469 50,462	0.0% 2,843,444 49,460	-0.1% 2,797,346 48,485
Adjustment to mortality age Present value of total obligation Projected service cost	+1 year 2,933,558 50,722	None 2,843,444 49,460	-1 year 2,756,178 48,229

Police Staff Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	413,156	422,598	432,266
Projected service cost	17,004	17,470	17,949
Adjustment to long term salary			
increase	+0.1%	0.0%	-0.1%
Present value of total obligation	424,048	422,598	421,160
Projected service cost	17,470	17,470	17,470
Adjustment to pension increases			
and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	430,930	422,598	414,467
Projected service cost	17,954	17,470	16,998
Adjustment to mortality age	+1 year	None	-1 year
Present value of total obligation	434,709	422,598	410,835
Projected service cost	17,916	17,470	17,035

4.2 Provisions

In determining the provisions set aside at 31 March 2016 to pay for known future costs it has been necessary to estimate and make assumptions about the future. More detail around the sources of these estimations and the underlying assumptions made are included within note 31 Provisions.

4.3 Valuation of Assets

A full valuation was undertaken of the land and buildings as at 31 March 2016 and the value of the properties has been amended to reflect the new valuation figures. Valuation of land and buildings are of a subjective nature and could vary by +/-10%.

In assessing the fair value of the assets held for sale, the activity within the local property market was considered.

5 Events After the Balance Sheet Date

Sue Mountstevens was re-elected as Police and Crime Commissioner for Avon and Somerset and took up her position on 12 May 2016.

The UK held a referendum on 23 June 2016 to decide whether the UK should leave or remain in the EU. The result of the referendum was that the UK would leave the EU. As a result of this decision, there has been increased volatility within the global stock markets with significant fluctuations. Therefore, the fair values of the balances reported for investments, including the Local Government Pension Scheme and liabilities may have moved significantly from the position as at 31 March 2016.

6 Notes to the Movement in Reserves Statement

These notes support the movement in reserves statement shown on page 28.

Group Movement in Reserves Statement 2014/2015	Revenue General Fund £'000	Revenue Specific Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment Account £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Balance as at 31 March 2014	14,400	31,311	4,127	49,838	1,681	8,870	-2,672,078	-6,199	91,510	-2,576,216
Surplus or deficit(-) on provision of services Other comprehensive income and expenditure	-161,515 0	0 0	0 0	-161,515 0	0 0	0 9,499	0 -381,566	0 0	0 0	0 -372,067
Total comprehensive income and expenditure	-161,515	0	0	-161,515	0	9,499	-381,566	0	0	-372,067
Adjustments between accounting & funding basis under regulations										
Reversal of items included to I&E										
Amortisation of intangible assets	344	0	0	344	0	0	0	0	-344	-344
Depreciation of non-current assets (note 21)	12,793	0	0	12,793	0	0	0	0	-12,793	-12,793
Revaluation loss	15,711	0	0	15,711	0	0	0	0	-15,711	-15,711
Capital grants and contributions	-2,393	0	0	-2,393	0	0	0	0	2,393	2,393
Council tax collection fund adjustment	-681	0	0	-681	681	0	0	0	0	681
Gain(-)/loss on disposal of non-current assets	-7,215	0	15,413	8,198	0	-464	0	0	-7,733	-8,197
Holiday pay accrual adjustment	175	0	0	175	0	0	0	-175	0	-175
Net IAS 19 charge for retirement benefits	191,173	0	0	191,173	0	0	-191,173	0	0	-191,173
Insert amounts excluded in I&E										
Minimum revenue provision (note 9)	-2,473	0	0	-2,473	0	0	0	0	2,473	2,473
Revenue contribution to finance capital	-839	0	0	-839	0	0	0	0	839	839
IAS 19 employers contributions payable	-41,359	0	0	-41,359	0	0	41,359	0	0	41,359
Other adjustments include:										
Use of capital receipts reserve to finance capital	0	0	-2,531	-2,531	0	0	0	0	2,531	2,531
Reserves used to finance capital	0	-7.144	2,001	-7.144	0	0 0	0	Õ	7,144	7,144
Reversed excluded from I&E e.g. DPR,	Ŭ	.,	Ū	.,	Ŭ	0	Ū.	Ū	.,	.,
air support	0	960	0	960	0	0	0	0	1,930	1,930
Net increase/decrease(-) before					· · · ·					
transfers to earmarked reserves	3,721	-6,184	12,882	10,419	681	9,035	-531,380	-175	-19,271	-541,110
Transfers to/from earmarked reserves	-3,721	3,721	0	0	0	0	0	0	0	0
Increase/decrease(-) in 2014/2015	0	-2,463	12,882	10,419	681	9,035	-531,380	-175	-19,271	-541,110
Balance as at 31 March 2015	14,400	28,848	17,009	60,257	2,362	17,905	-3,203,458	-6,374	72,239	-3,117,326

Group Movement in Reserves Statement 2015/2016	Revenue General Fund £'000	Revenue Specific Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment Account £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Balance as at 31 March 2015	14,400	28,848	17,009	60,257	2,362	17,905	-3,203,458	-6,374	72,239	-3,117,326
Surplus or deficit(-) on provision of services Other comprehensive income and expenditure	-160,319 0	0 0	0 0	-160,319 0	0 0	0 6,530	0 325,124	0 0	0 0	0 331,654
Total comprehensive income and expenditure	-160,319	0	0	-160,319	0	6,530	325,124	0	0	331,654
Adjustments between accounting & funding basis under regulations										
Reversal of items included to I&E										
Amortisation of intangible assets	319	0	0	319	0	0	0	0	-319	-319
Depreciation of non-current assets (note 21)	15,265	0	0	15,265	0	0	0	0	-15,265	-15,265
Revaluation loss	3,967	0	0	3,967	0	0	0	0	-3,967	-3,967
Capital grants and contributions	-2,447	0	0	-2,447	0	0	0	0	2,447	2,447
Council tax collection fund adjustment	239	0	0	239	-239	0	0	0	0	-239
Gain(-)/loss on disposal of non-current assets	240	0	4,513	4,753	0	-618	0	0	-4,135	-4,753
Holiday pay accrual adjustment	243	0	0	243	0	0	0	-243	0	-243
Net IAS 19 charge for retirement benefits	184,144	0	0	184,144	0	0	-184,144	0	0	-184,144
Insert amounts excluded in I&E										
Minimum revenue provision (note 9)	-3,233	0	0	-3,233	0	0	0	0	3,233	3,233
Revenue contribution to finance capital	-743	0	0	-743	0	0	0	0	743	743
IAS 19 employers contributions payable	-41,125	0	0	-41,125	0	0	41,125	0	0	41,125
	, -			, -	-		, -			, -
Other adjustments include:	0	0	0.044	0.044	0	0	0	0	0.044	0.044
Use of capital receipts reserve to finance capital Reserves used to finance capital	0 0	0 -199	-9,944 0	-9,944 -199	0 0	0	0	0 0	9,944 199	9,944 199
	0	-199	0	-199	0	0	0	0	199	199
Reversed excluded from I&E e.g. DPR,	0	140	0	140	0	0	0	0	102	102
air support	0	140	0	140	0	0		0	102	102
Net increase/decrease(-) before										
transfers to earmarked reserves	-3,450	-59	-5,431	-8,940	-239	5,912	182,105	-243	-7,018	180,517
Transfers to/from earmarked reserves	-550	550	0	0	0	0	0	0	0	0
Increase/decrease(-) in 2015/2016	-4,000	491	-5,431	-8,940	-239	5,912	182,105	-243	-7,018	180,517
Balance as at 31 March 2016	10,400	29,339	11,578	51,317	2,123	23,817	-3,021,353	-6,617	65,221	-2,936,809

PCC Movement in Reserves Statement 2014/2015	Revenue General Fund £'000	Revenue Specific Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment Account £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Balance as at 31 March 2014	14,400	31,311	4,127	49,838	1,681	8,870	-2,672,078	-6,199	91,510	-2,576,216
Surplus or deficit(-) on provision of services Other comprehensive income and expenditure	-543,081 0	0 0	0 0	-543,081 0	0 0	0 9,499	0 0	0 0	0 0	0 9,499
Total comprehensive income and expenditure	-543,081	0	0	-543,081	0	9,499	0	0	0	9,499
Adjustments between accounting & funding basis under regulations										
Reversal of items included to I&E										
Amortisation of intangible assets	344	0	0	344	0	0	0	0	-344	-344
Depreciation of non-current assets (note 21)	12,793	0	0	12,793	0	0	0	0	-12,793	-12,793
Revaluation loss	15,711	0	0	15,711	0	0	0	0	-15,711	-15,711
Capital grants and contributions	-2,393	0	0	-2,393	0	0	0	0	2,393	2,393
Council tax collection fund adjustment	-681	0	0	-681	681	0	0	0	0	681
Gain(-)/loss on disposal of non-current assets	-7,215	0	15,413	8,198	0	-464	0	0	-7,733	-8,197
Holiday pay accrual adjustment	175	0	0	175	0	0	0	-175	0	-175
Net IAS 19 charge for retirement benefits	191,173	0	0	191,173	0	0	-191,173	0	0	-191,173
Net IAS 19 charge Inter group adjustment	381,566	0	0	381,566	0	0	-381,566	0	0	-381,566
Insert amounts excluded in I&E										
Minimum revenue provision (note 9)	-2,473	0	0	-2,473	0	0	0	0	2,473	2,473
Revenue contribution to finance capital	-839	0	0	-839	0	0	0	0	839	839
IAS 19 employers contributions payable	-41,359	0 0	0	-41,359	0	0	41,359	0	0	41,359
	41,000	Ŭ	Ũ	41,000	Ŭ	Ŭ	41,000	0	0	41,000
Other adjustments include:		_				_	_	_		
Use of capital receipts reserve to finance capital	0	0	-2,531	-2,531	0	0	0	0	2,531	2,531
Reserves used to finance capital Reversed excluded from I&E e.g. DPR,	0	-7,144	0	-7,144	0	0	0	0	7,144	7,144
air support	0	960	0	960	0	0	0	0	1,930	1,930
Net increase/decrease(-) before										
transfers to earmarked reserves	3,721	-6,184	12,882	10,419	681	9,035	-531,380	-175	-19,271	-541,110
Transfers to/from earmarked reserves	-3,721	3,721	0	0	0	0	0	0	0	0
Increase/decrease(-) in 2014/2015	0	-2,463	12,882	10,419	681	9,035	-531,380	-175	-19,271	-541,110
Balance as at 31 March 2015	14,400	28,848	17,009	60,257	2,362	17,905	-3,203,458	-6,374	72,239	-3,117,326

PCC Movement in Reserves Statement 2015/2016	Revenue General Fund £'000	Revenue Specific Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment Account £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Balance as at 31 March 2015	14,400	28,848	17,009	60,257	2,362	17,905	-3,203,458	-6,374	72,239	-3,117,326
Surplus or deficit(-) on provision of services Other comprehensive income and expenditure	164,805 0	0 0	0 0	164,805 0	0 0	0 6,530	0 0	0 0	0 0	0 6,530
Total comprehensive income and expenditure	164,805	0	0	164,805	0	6,530	0	0	0	6,530
Adjustments between accounting & funding basis under regulations										
Reversal of items included to I&E		_	_			_	_	_		
Amortisation of intangible assets	319	0	0	319	0	0	0	0	-319	-319
Depreciation of non-current assets (note 21)	15,265	0	0	15,265	0	0	0	0	-15,265	-15,265
Revaluation loss	3,967	0	0	3,967	0	0	0	0	-3,967	-3,967
Capital grants and contributions	-2,447	0	0	-2,447	0	0	0	0	2,447	2,447
Council tax collection fund adjustment	239 240	0	0	239	-239	0 -618	0	0	0	-239
Gain(-)/loss on disposal of non-current assets	240 243	0	4,513	4,753 243	0	-618 0	0	-243	-4,135	-4,753 -243
Holiday pay accrual adjustment		•	0		, v	0	0		0	
Net IAS 19 charge for retirement benefits	184,144	0	0	184,144	0	0	-184,144	0	0	-184,144
Net IAS 19 charge Inter group adjustment	-325,124	0	0	-325,124	0	0	325,124	0	0	325,124
Insert amounts excluded in I&E										
Minimum revenue provision (note 9)	-3,233	0	0	-3,233	0	0	0	0	3,233	3,233
Revenue contribution to finance capital	-743	0	0	-743	0	0	0	0	743	743
IAS 19 employers contributions payable	-41,125	0	0	-41,125	0	0	41,125	0	0	41,125
Other adjustments include:										
Use of capital receipts reserve to finance capital	0	0	-9,944	-9.944	0	0	0	0	9,944	9,944
Reserves used to finance capital	0	-199	-9,944 0	-9,944 -199	0	0	0	0	9,944 199	5,544 199
Reversed excluded from I&E e.g. DPR,	0	-199	0	-135	0	0	0	0	199	155
air support	0	140	0	140	0	0	0	0	102	102
	<u> </u>			140	<u> </u>					
Net increase/decrease(-) before			_			_			_	
transfers to earmarked reserves	-3,450	-59	-5,431	-8,940	-239	5,912	182,105	-243	-7,018	180,517
Transfers to/from earmarked reserves	-550	550	0	0	0	0	0	0	0	0
Increase/decrease(-) in 2015/2016	-4,000	491	-5,431	-8,940	-239	5,912	182,105	-243	-7,018	180,517
Balance as at 31 March 2016	10,400	29,339	11,578	51,317	2,123	23,817	-3,021,353	-6,617	65,221	-2,936,809

7 Service Analysis

This note shows the analysis of income and expenditure by main service area.

Service Analysis 2014/2015	Employee Costs	Premises	Transport	Supplies & Services	Third Party Payments	Other	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
			00	C			PCC	Group
Fees, charges and other								•
service income	0	0	0	0	0	0	-32.949	-32,949
Government grants	0	0	0	0	0	0	-11.549	-11,549
<u> </u>			Ĵ				,e .e	,••
Total income	0	0	0	0	0	0	-44,498	-44,498
Employee expenses	214,459	0	0	0	0	19,207	951	234,617
Other operating expenses	0	13.262	5,242	23.560	23.030	4,622	4,692	74,408
		10,202	0,242	20,000	20,000	4,022	4,002	74,400
Total operating expenses	214,459	13,262	5,242	23,560	23,030	23,829	5,643	309,025
Net cost of services	214,459	13,262	5,242	23,560	23,030	23,829	-38,855	264,527

This note reconciles the service analysis with the surplus/deficit on the provision of services as shown in the comprehensive income and expenditure statement.

Reconciliation to Subjective Analysis 2014/2015	Service Analysis £'000	Not Reported to Management £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges and other service income	-32,949	0	-32,949	0	-32,949
Interest and investment income	-52,949	0	-52,545	-478	-32,949 -478
	0	0	0	-	-
Income from council tax	0	0	0	-90,979	-90,979
Government grants	-11,549	0	-11,549	-188,279	-199,828
Total income	-44,498	0	-44,498	-279,736	-324,234
Employee expenses	234,617	175	234,792	0	234,792
Employee expenses - IAS 19 pensions	0	33,667	33,667	116,147	149,814
Other operating expenses	74,408	44	74,452	0	74,452
Depreciation, amortisation and impairment	0	28,848	28,848	0	28,848
Interest payments	0	0	0	5,058	5,058
Gain(-)/loss on disposal of assets	0	0	0	-7,215	-7,215
Total operating expenses	309,025	62,734	371,759	113,990	485,749
Surplus(-)/deficit on the provision of services	264,527	62,734	327,261	-165,746	161,515

This note shows the analysis of income and expenditure by main service area.

Service Analysis 2015/2016	Employee Costs £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Third Party Payments £'000	Other £'000	Total £'000	Total £'000
Fees, charges and other			00	с С			PCC	Group
service income Government grants	0 0	0 0	0 0	0 0	0 0	0 0	-30,303 -11,935	-30,303 -11,935
Total income	0	0	0	0	0	0	-42,238	-42,238
Employee expenses Other operating expenses	215,157 0	0 12,282	0 5,011	45 22,250	0 26,409	17,456 7,276	954 511	233,612 73,739
Total operating expenses	215,157	12,282	5,011	22,295	26,409	24,732	1,465	307,351
Net cost of services	215,157	12,282	5,011	22,295	26,409	24,732	-40,773	265,113

This note reconciles the service analysis with the surplus/deficit on the provision of services as shown in the comprehensive income and expenditure statement.

Reconciliation to Subjective Analysis 2015/2016	Service Analysis £'000	Not Reported to Management £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges and other service income	-30,303	0	-30,303	0	-30,303
Interest and investment income	0	0	0	-556	-556
Income from council tax	0	0	0	-93,851	-93,851
Government grants	-11,935	0	-11,935	-179,595	-191,530
Total income	-42,238	0	-42,238	-274,002	-316,240
Employee expenses	233,612	243	233,855	0	233,855
Employee expenses - IAS 19 pensions	0	38,289	38,289	104,730	143,019
Other operating expenses	73,739	0	73,739	0	73,739
Depreciation, amortisation and impairment	0	19,552	19,552	0	19,552
Interest payments	0	0	0	6,154	6,154
Gain(-)/loss on disposal of assets Total operating expenses	0	0	0	240	240
	307,351	58,084		111,124	476,559
Surplus(-)/deficit on the provision of services	265,113	58,084	323,197	-162,878	160,319

8 Income

2014/2015 £'000	Income	2015/2016 £'000
394	Sales	378
14,161	Fees and charges	12,170
293	Rents	267
1,347	Seconded officers	1,672
9,232	Southwest One recharges	9,021
19,071	Specific grants	18,730
44,498	Total income	42,238

Capital grant income has been included in taxation and non-specific grant income within the comprehensive income and expenditure statement.

9 Minimum Revenue Provision

The charge for 2015/2016 is $\pounds 2,009,000$ ($\pounds 1,853,000$ for 2014/2015). In addition, the MRP on the PFI liability for 2015/2016 is $\pounds 1,224,000$ ($\pounds 620,000$ for 2014/2015).

10 Council Tax

Council tax is collected by the local authorities in our area. The amounts receivable from each local authority are shown in the following table.

2014/2015 £'000	Council Tax	2015/2016 £'000
6,764	Mendip District Council	6,860
6,545	Sedgemoor District Council	6,832
6,593	Taunton Deane Borough Council	6,866
2,302	West Somerset District Council	2,369
9,731	South Somerset District Council	10,097
10,580	Bath and North East Somerset Council	10,863
20,385	Bristol City Council	21,114
15,467	South Gloucestershire Council	15,729
12,612	North Somerset Council	13,121
90,979		93,851

11 Paying Staff

Post Holder Information (post title and name)	Note	Salary (including fees & allowances)	Expense Allowances	Compensation for Loss of Office	Kind	Total Remuneration Including Pension Contributions 2014/2015	Pension Contributions	Total Remuneration Including Pension Contributions 2014/2015
		£	£	£	£	£	£	£
PCC - S Mountstevens		85,000	15	0	0	85,015	9,350	94,365
Chief Constable - N Gargan	1	154,254	0	0	6,172	160,426	36,433	196,859
Acting Chief Constable - J Long	2	150,727	0	0	6,188	156,915	34,899	191,814
	-	389,981	15	0	12,360	402,356	80.682	483,038

Disclosure of Remuneration for Senior Employees 2015/2016 Post Holder Information Note Salary Expense Comper

Post Holder Information (post title and name)	Note	Salary (including fees & allowances) £	Expense Allowances £	Compensation for Loss of Office £	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2015/2016 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2015/2016 £
PCC - S Mountstevens		85,000	19	0	0	85.019	9,350	94,369
Chief Constable - N Gargan	1	90.145	0	39,116	3,052	132,313	19,912	152,225
Acting Chief Constable - J Long	2	73,529	0	0	3,364	76,893	4,103	80,996
Temporary Chief Constable - G Morgan	3	65,402	0	0	0	65,402	15,396	80,798
Chief Constable - A Marsh	4	25,859	0	0	473	26,332	6,158	32,490
		339,935	19	39,116	6,889	385,958	54,919	440,877

Note 1: The Chief Constable, suspended from post on 13/05/2014, resigned on 16/10/2015. The annualised salary for 2015/2016 was £152,685.

Note 2: The Acting Chief Constable, in post from 13/05/2014, retired on 31/08/2015. The annualised salary for 2015/2016 was £151,173.

Note 3: The Temporary Chief Constable was temporarily promoted from 01/09/2015 until 31/01/2016. The annualised salary was £152,685.

Note 4: The Chief Constable started on 01/02/2016. The annualised salary was £152,685.

Disclosure of Remuneration for Senior Employees 2014/20	015						
Post Holder Information (post title)	Note	Salary (including fees & allowances) £	Expense Allowances £	Benefits in Kind £	Total Remuneration Excluding Pension Contributions 2014/2015 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2014/2015 £
		~	~	~	~	-	~
PCC Employees		_/	-	-	_/	/ -	
Chief Finance Officer to the PCC	1	71,059	0	0	71,059	7,816	78,875
Chief Executive to the PCC		101,778	16	0	101,794	11,196	112,990
OCC Employees			0.470	4 4 9 9		40 707	
Director of Resources and Chief Finance Officer to the OCC	_	124,795	2,172	4,160	131,127	13,727	144,854
Director of HR	2	12,319	115	3,103	15,537	1,265	16,802
Chief Operating Officer - College of Policing (secondment)	_	131,748	2,205	4,402	138,355	30,618	168,973
ACC Local Policing and Performance	3	21,889	0	4,567	26,456	5,082	31,538
ACC Specialist Operations		97,818	0	5,876	103,694	23,363	127,057
T/ACC Prevention, Protection and Prosecution		98,451	0	1,239	99,690	23,049	122,739
T/ACC Local Policing	4	86,679	0	1,423	88,102	19,626	107,728
T/ACC Unassigned	5	97,880	0	1,615	99,495	22,423	121,918
Force Medical Officer		130,225	572	0	130,797	14,075	144,872
CSUPT Programme Lead-Operating Model		78,443	0	1,239	79,682	18,983	98,665
CSUPT Somerset Area Commander		89,747	1,094	1,373	92,214	20,026	112,240
CSUPT Bristol Area Commander		78,443	0	1,433	79,876	18,983	98,859
CSUPT North East Area Commander		82,054	15	1,426	83,495	19,190	102,685
CSUPT North East Area Commander	6	32,516	0	601	33,117	4,878	37,995
CSUPT Head of Criminal Justice		82,134	0	1,520	83,654	18,983	102,637
T/CSUPT Head of Specialist Operations	7	72,626	0	1,413	74,039	17,520	91,559
CSUPT Manage		74,031	0	1,239	75,270	17,027	92,297
CSUPT Local Policing	8	17,714	0	281	17,995	4,148	22,143
		1,582,349	6,189	36,910	1,625,448	311,978	1,937,426

Disclosure of Remuneration for Senior Employees 2015/20	016						
Post Holder Information (post title)	Note	Salary (including fees & allowances) £	Expense Allowances £	Benefits in Kind £	Total Remuneration Excluding Pension Contributions 2015/2016 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2015/2016 £
PCC Employees Chief Finance Officer to the PCC	9	72,489	0	0	72,489	7,974	80,463
Chief Executive to the PCC	9	101,778	0	0	101,778	11,196	112,974
OCC Employees		101,770	0	0	101,170	11,100	112,574
Director of Resources and Chief Finance Officer to the OCC		129,264	2,400	4,643	136,307	14,219	150,526
Chief Operating Officer - College of Policing (secondment)	10	,	_,0	2,740	135,396	30,841	166,237
Deputy Chief Constable	11	21,707	0	1,245	22,952	5,081	28,033
Temporary Deputy Chief Constable	12	,	0	5,497	105,363	21,245	126,608
T/ACC - Specialist Operations	13	100,018	0	1,305	101,323	23,524	124,847
ACC - Prevention, Protection and Prosecution	14	107,938	0	2,364	110,302	24,469	134,771
ACC - Wiltshire Constabulary (secondment)	15	99,653	0	1,097	100,750	20,226	120,976
ACC - Local Policing	16	94,900	0	113	95,013	22,966	117,979
Force Medical Officer		135,778	0	0	135,778	14,798	150,576
C SUPT North East Area Commander	17	85,600	0	1,529	87,129	19,822	106,951
C SUPT Bristol Area Commander		81,909	0	1,427	83,336	19,822	103,158
C SUPT Somerset Area Commander	18	42,748	0	755	43,503	8,830	52,333
C SUPT Somerset Area Commander	19	73,539	732	1,443	75,714	17,796	93,510
C SUPT Specialist Operations	20	84,664	15	1,362	86,041	19,822	105,863
C SUPT Specialist Operations	21	63,466	0	985	64,451	14,457	78,908
T/C SUPT Specialist Operations	22	10,791	0	490	11,281	2,101	13,382
T/C SUPT - Prevention, Protection and Prosecution	23	40,271	0	1,443	41,714	9,419	51,133
		1,579,035	3,147	28,438	1,610,620	308,608	1,919,228

Notes to Remuneration for 2014/2015

- Note 1: The Chief Finance Officer to the PCC works 29.6 hours per week. The full time equivalent salary is £90,611.
- Note 2: The Director of HR resigned on 15/06/2014. The annualised salary was £106,940.
- Note 3: The Assistant Chief Constable resigned on 15/06/2014. The annualised salary was £101,805.
- Note 4: The Assistant Chief Constable was temporarily promoted to this rank on 22/12/2014 at an annualised salary of £95,640.
- Note 5: The Assistant Chief Constable was temporarily promoted to this rank on 16/06/2014 and went to the Strategic Command Course in December 2014.
- Note 6: The Chief Superintendent retired on 30/07/2014. The annualised salary was £81,435.
- Note 7: The Chief Superintendent was temporarily promoted to this rank on 22/12/2014 at an annualised salary of £78,768.
- Note 8: The Chief Superintendent resigned on 15/06/2014. The annualised salary was £83,094.

Notes to Remuneration for 2015/2016

- Note 9: The Chief Finance Officer to the PCC works 29.6 hours per week. The full time equivalent salary is £90,611.
- Note 10: The Chief Operating Officer College of Policing (Secondment) retired on 31/03/2016. The annualised salary was £125,964.
- Note 11: The Acting Chief Constable moved to the Deputy Chief Constable role on 01/02/2016 at an annualised salary of £125,964.
- Note 12: The Assistant Chief Constable Specialist Operations was temporarily promoted to Deputy Chief Constable on 01/09/2015, then resigned on 31/01/2016. The annualised salary was £125,964.
- Note 13: The Temporary Assistant Chief Constable moved to the Chief Superintendent Prevent Protect & Prosecute post, then temporarily promoted to Assistant Chief Constable Specialist Operations on 01/09/2015 at an annualised salary of £102,822.
- Note 14: The Temporary Assistant Chief Constable moved to the permanent Assistant Chief Constable Prevention, Protection and Prosecution role on 04/05/2015 at an annualised salary of £102,822.
- Note 15: The Chief Superintendent was temporarily promoted to ACC Programme Director Strategic Alliance on 01/06/2015, then seconded to PCC for Wiltshire on 04/01/2016 at an annualised salary of £96,597.
- Note 16: The Chief Superintendent Programme Lead Operating Model was appointed ACC Local Policing on 04/05/2015 at an annualised salary of £96,597.
- Note 17: The Chief Superintendent Head of Criminal Justice moved to the Chief Superintendent North East Area Commander post on 07/12/2015 at an annualised salary of £82,248.
- Note 18: The Chief Superintendent retired on 08/09/2015. The annualised salary was £83,094.
- Note 19: The Chief Superintendent Standards Culture and Ethics,was temporarily promoted to this rank on 27/04/2015, then promoted permanently into the Somerset Area Commander role in 07/09/2015 at an annualised salary of £79,557.
- Note 20: The Chief Superintendent North East Commander moved to the Chief Superintendent Specialist Operations post on 07/12/2015 at an annualised salary of £82,248.
- Note 21: The Chief Superintendent Manage moved to the Chief Superintendent Specialist Operations post on 01/06/2015, then retired on 29.12.2015. The annualised salary was £82,248.
- Note 22: The Chief Superintendent's temporary promotion ended on 10/05/2015. The annualised salary was £78,768.
- Note 23: The Chief Superintendent was temporarily promoted to this rank on 05/10/2015 at an annualised salary of £79,557.

000	PCC	Total 2014/2015	Pay Range	000	PCC	Total 2015/2016
Number	Number	Number		Number	Number	Number
136	0	136	£50,000 - £54,999	175	0	175
89	0	89	£55,000 - £59,999	73	0	73
25	0	25	£60,000 - £64,999	25	0	25
7	0	7	£65,000 - £69,999	13	0	13
6	1	7	£70,000 - £74,999	8	1	9
11	0	11	£75,000 - £79,999	8	0	8
2	0	2	£80,000 - £84,999	5	0	5
2	1	3	£85,000 - £89,999	3	1	4
1	0	1	£90,000 - £94,999	1	0	1
2	0	2	£95,000 - £99,999	0	0	0
1	1	2	£100,000 - £104,999	3	1	4
0	0	0	£105,000 - £109,999	1	0	1
0	0	0	£110,000 - £114,999	1	0	1
0	0	0	£115,000 - £119,999	0	0	0
0	0	0	£120,000 - £124,999	0	0	0
0	0	0	£125,000 - £129,999	0	0	0
2	0	2	£130,000 - £134,999	0	0	0
1	0	1	£135,000 - £139,999	3	0	3
0	0	0	£140,000 - £144,999	0	0	0
0	0	0	£145,000 - £149,999	0	0	0
0	0	0	£150,000 - £154,999	0	0	0
1	0	1	£155,000 - £159,999	0	0	0
1	0	1	£160,000 - £164,999	0	0	0
287	3	290		319	3	322

The number of staff to whom we pay more than £50,000 a year is shown below. Pay includes salary, taxable travel and expenses.

The numbers within each band can be impacted year on year by inflationary changes.

12 Exit Packages - OCC

Exit Packages 2014/2015 Banding	Compulsory Redundancies Number £'000		
£0 - £19,999 £20,000 - £39,999	21 2	184 62	
	23	246	

Exit Packages 2015/2016 Banding	Compulsory Redundancies Number £'000		
£0 - £19,999 £20,000 - £39,999 £40,000 - £79,999	5 2 2	68 56 136	
	9	260	

13 Transactions With Related Organisations and People

There is a requirement to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the PCC or to be controlled or influenced by the PCC. In doing this we are required to consider the materiality from the viewpoint of both the PCC and the related party.

13.1 Key Management Personnel and Members of the Joint Audit Committee

The PCC and the OCC were asked to disclose details of any transactions between themselves or members of their immediate family with the PCC which either total over $\pounds1,000$ or which might require separate explanation.

Jude Ferguson is chair of the Joint Audit Committee and is also Chair of Weston College Corporation. We made payments to Weston College of \pounds 9,935 to procure training (\pounds 3,737 in 2014/2015).

No other transactions were disclosed.

13.2 Other Related Parties

The Home Office and the Department of Communities and Local Government exert significant influence on the PCC Group through legislation and grant funding.

In 2015/2016 supplies and services were provided by Southwest One to the value of £22,115,234 (£22,653,671 in 2014/2015). The payments to Southwest One cover both staffing costs and the provision of other services for Human Resources, Technology Services, Finance, Administration, Estates (until June 2013) and Purchasing and Supply functions. Amounts of £9,358,050 (£9,443,244 in 2014/2015) were received for staff seconded to Southwest One and non-pay adjustments. At 31 March 2016 the PCC had creditor balances of £19 with Southwest One (£527,648 at 31 March 2015). In addition at 31 March 2016 the PCC had debtor balances of £8,354 with Southwest One (£118,630 at 31 March 2015). For details of prepayments made to Southwest One refer to note 24.

The PCC also have a relationship with the Police Community Trust and the Avon and Somerset Force Club. Payments were made to the Police Community Trust of £430,000 in 2015/2016 (£345,000 in 2014/2015), the creditor balance at 31 March 2016 was £nil (£10,000 at 31 March 2015). Payments were also made to the Avon and Somerset Force Club in 2015/2016 of £30,972 (£39,268 in 2014/2015) and £4,927 was invoiced but yet to be received (£5,784 in 2014/2015).

14 Joint Arrangements

The PCC participates in a number of joint arrangements. These joint arrangements are where the authority works in collaboration with other organisations to deliver activities which are agreed through a shared control, usually through a shared board.

Joint arrangements are classified as either joint operations or joint ventures. Joint operations are where the parties have the rights to the assets and obligations for the liabilities relating to the arrangement. Joint ventures are where the parties have rights to the net assets of the arrangement, and typically are structured through a separate legal entity. The PCC does not participate in any joint ventures.

The PCC recognises its share of the assets, liabilities and expenditure relating to its involvement in the joint operations.
The PCC's contributions to joint operations are disclosed below:

2014/2015 Expenditure £'000	Joint Operations	2015/2016 Expenditure £'000
1,495	Serious and Organised Crime (Zephyr)	1,651
781	Firearms Training	996
4,426	Major Crime Investigation (Brunel)	4,524
11,203	Specialist Operations (Tri Force)	11,609
875	South West Forensic Services	2,757
996	South West Region - Special Branch	1,015
0	Regional ICT Programmes	9
0	Other Regional Programmes	197
19,776	Total	22,758

14.1 Serious and Organised Crime (Zephyr)

Zephyr is a regional collaboration set up to combat serious and organised crime across the south west of England. Avon and Somerset are the lead force with a 32.4% share of net expenditure. Other partners are Devon and Cornwall (33.3%), Dorset (11.8%), Gloucestershire (10.8%) and Wiltshire (11.7%). The total net cost of the operation, after government grants and sundry income, was £4,807,184 in 2015/2016 (£4,244,575 in 2014/2015).

14.2 Firearms Training

Firearms Training is run in partnership between Avon and Somerset (41.8%), Gloucestershire (32.7%) and Wiltshire (25.5%). The total cost of the operation was $\pounds 2,382,146$ in 2015/2016 ($\pounds 1,866,426$ in 2014/2015). The PFI specialist training facility became operational in 2015/2016.

14.3 Major Crime Investigation (Brunel)

Between April and November 2015 there was a collaboration between Avon and Somerset (77%) and Wiltshire (23%) for the purposes of providing regional oversight and scrutiny of major incidents. From December 2015 Gloucestershire joined the collaboration from which time the shares were Avon and Somerset (64%), Gloucestershire (17%) and Wiltshire (19%). The total cost of the service was \pounds 6,441,329 in 2015/2016 (\pounds 5,888,917 in 2014/2015).

14.4 Specialist Operations (Tri Force)

Tri Force is a collaboration between Avon and Somerset (53.6%), Gloucestershire (23.2%) and Wiltshire (23.2%) to deliver armed, roads and dogs policing. The total cost of the operation was £21,643,000 in 2015/2016 (£20,885,000 in 2014/2015).

14.5 South West Forensic Services

South West Forensic Services, which commenced in 2014/2015, is a collaboration between Avon and Somerset (34.9%), Devon and Cornwall (30.2%), Dorset (19%) and Wiltshire (15.9%) to provide forensic services. The total cost of the operation was $\pounds7,843,511$ in 2015/2016 ($\pounds2,524,543$ in 2014/2015).

14.6 South West Region – Special Branch

This is a collaboration between Avon and Somerset (28%), Devon and Cornwall (29%), Dorset (24%) and Wiltshire (19%) to provide Special Branch policing across the South West Region. The total cost of the operation was \pounds 3,626,489 in 2015/2016 (\pounds 3,555,411 in 2014/2015).

14.7 Regional ICT Programmes

This is a collaboration between Avon and Somerset (15%), Gloucestershire (40%), Devon and Cornwall (15%), Dorset (15%) and Wiltshire (15%) for the purpose of providing a regional Chief Information Officer to take the lead on regional IT programmes. The total cost of this activity was $\pounds 60,325$ in 2015/2016.

14.8 Other Regional Programmes

These are collaborations between Avon and Somerset, Gloucestershire, Devon and Cornwall, Dorset, and Wiltshire covering activities such as Major Crime, Regional Communications, and Serious and Organised Crime. The percentage split varies between projects. The total cost of all programmes was £539,872 in 2015/2016.

15 Paying Members

This note relates to payments to the Joint Audit Committee members.

2014/2015 £'000	Members Allowances	2015/2016 £'000
17 1	Allowances Expenses	15 1
18	Total	16

16 Rent For Operational Leases

The PCC has entered into operating leases in respect of land and buildings.

2014/2015 £'000	Leased Land and Buildings	2015/2016 £'000
503	Rents paid in the year	421
	The future minimum lease payments due under non- cancellable leases in future years are:	
571	Not later than one year	492
918 1,701	Later than one year and not later than five years Later than five years	1,173 1,732

17 Audit Fees

The audit fees for Grant Thornton relating to external audit services carried out under the Code of Audit practice for the audit of the 2015/2016 group financial statements are £55,103 (£73,470 for 2014/2015). The charge for the audit in respect of the PCC is £36,353 (£48,470 in 2014/2015) and in respect of the OCC is £18,750 (£25,000 in 2014/2015). In addition, there were fees of £12,400 in relation to non-audit fees (£450 for additional fees in 2014/2015).

18 Pensions Costs and Liabilities - OCC

The full costs of retirement benefits earned by employees during the year are recognised through the comprehensive income and expenditure statement net cost of police services as they are accrued. These costs are then reversed through the movement in reserves statement so that there is no impact on the general fund. It should be noted that the charge against council tax for pension benefits is based upon the cash value of employer's contributions.

	Polic	Police Staff		Officers
	2014/2015 £'000	2015/2016 £'000	2014/2015 £'000	2015/2016 £'000
Comprehensive income and expenditure statement Cost of services:				
Current service cost	12,553	19,945	61,924	59,308
Past service cost including curtailments	466	0	0	0
Administration expenses	83	161	0	0
Financing and investment income and expenditure: Net interest cost	6,802	7,536	109,345	97,194
Total post employment benefits charged to the comprehensive income and expenditure statement	19,904	27,642	171,269	156,502
Other post employment benefits charged to the comprehensive income and expenditure statement				
Return on plan assets	17,276	-6,052	0	0
Changes in demographic assumptions	0	0	0	0
Changes in financial assumptions	-75,442	65,792	-323,476	272,059
Experience gain/loss(-) on defined benefit obligations	76	-68	0	-6,607
Other actuarial gain/loss(-)	0	0	0	0
Total other comprehensive income	-58,090	59,672	-323,476	265,452
Movement in reserves statement Reversal of net charges made for retirement benefits in accordance with the code	-19,904	-27,642	-171,269	-156,502
Actual amount charged against the general fund balance for pensions in the year				
Employer's contribution to scheme	9,934	10,469	25,462	24,606
Retirement benefits payable to pensioners	118	117	5,845	5,933

2014/2015 £'000	IAS 19 Pension Liabilities	2015/2016 £'000
-2,982,933 -220,525	Police officers Police staff	-2,843,444 -177,909
-3,203,458		-3,021,353

19 Pensions for Police Officers - OCC

Employer contributions levels are based on percentages of pensionable pay set nationally by the Home Office. From 1 April 2014 employee contributions increased and officers will pay contributions ranging from 11.0% to 15.1% depending on their pay scale and the scheme they are in. Employer contributions to the Police Officer Pension Scheme are projected at $\pounds 23,288,000$ in financial year 2016/2017.

From 2015/2016 the employer contribution rate has been reduced to 21.3% of pensionable pay for all three pension schemes. The Constabulary will however continue to budget for a contribution rate of 24.2% as the difference between the two rates will be retained by the Government.

Benefits payable are funded by these contributions and any difference between benefits payable and contributions receivable, except for those amounts relating to injuries received in service, is payable by the PCC Group and then reclaimed from the Home Office.

The first table below shows the amount met by the PCC Group and second shows those met by the PCC Group and then reclaimed through the top-up grant from the Government.

2014/2015 £'000	Cost of Injury and III-Health Benefits - Police Officers	2015/2016 £'000
7,147	Payments to pensioners	6,948
2014/2015 £'000	Pensions Account	2015/2016 £'000
89,186 -39,858	Benefits paid to officers Less contributions received from officers	83,209 -38,887
49,328	Balance met from PCC Group	44.322

In 2015/2016 the Constabulary participated in the Police Force Pension Scheme which was established under Police Pension Fund regulations 2007 SI 2007 No. 1932. Within these regulations, and up to 31 March 2015, there were two defined benefit schemes referred to as the 1987 Police Pension Scheme and the 2006 New Police Pension Scheme. From 1 April 2015 a further defined benefit police pension scheme was introduced. Members of the existing 1987 and 2006 schemes with less than ten years to their normal pension age remained in their current scheme. All other members are transferring into the 2015 scheme with some tapered projection applying to those within ten to fourteen years of pension age. The normal pension age for the 2015 scheme is 60. Each of these schemes will be administered by the OCC. The schemes are not funded and so have no assets set aside to meet liabilities. The schemes are accounted for in accordance with the PCC's accounting policies as detailed on pages 34 to 40.

A full valuation of the pension scheme liabilities was undertaken as at 31 March 2014. This work was carried out by independent actuaries who have taken account of the requirements of IAS 19 to assess the liabilities of the fund. Liabilities have been calculated by reference to police officers who are members of the fund as well as those who are already receiving pensions. The estimate of the duration of the scheme's liabilities is 19 years. Using the assumptions detailed in the tables below an estimate of the costs and liabilities associated with police officers pensions has been made.

Life Expectancy from	Age 65 Years	
Current pensioners		
-	Males	23.6
	Females	25.9
Retiring in 20 years		
	Males	25.9
	Females	28.3

The main assumptions used for the purposes of IAS 19 are shown as yearly percentages.

2014/2015 %		2015/2016 %
3.3	Discount rate	3.7
4.2	Rate of increase in salaries	4.2
2.4	Rate of increase in pensions in payment	2.4
3.2	Retail price index	3.3
2.4	CPI increases	2.4

The movement in the present value of scheme liabilities for the year to 31 March 2016 is as follows:

2014/2015 £'000	Present Value of Police Pension Scheme Liabilities	2015/2016 £'000
-2,519,495	Present value of schemes liability as at 1 April	-2,982,933
	Movements in the year	
-61,924	Current service cost	-59,308
83,505	Estimated benefits paid (net of transfers in)	96,158
-13,994	Contributions by scheme participants	-13,632
-109,345	Interest costs	-97,194
-361,680	Change in financial assumptions	220,072
0	Experience gain/loss on defined benefit obligations	-6,607
-2,982,933	Present value of schemes liability as at 31 March	-2,843,444

The movement in the fair value of scheme assets for the year to 31 March 2016 is as follows:

Fair Value of Police Pensions Scheme Assets	2015/2016 £'000
Present value of schemes assets as at 1 April	0
Movements in the year	
Change in financial assumptions	51,987
Contributions by employer	30,539
Contributions by scheme participants	13,632
Estimated benefits paid (net of transfers in)	-96,158
Present value of schemes assets as at 31 March	0
	Present value of schemes assets as at 1 April Movements in the year Change in financial assumptions Contributions by employer Contributions by scheme participants Estimated benefits paid (net of transfers in)

20 Pensions for Police Staff - OCC

Police staff can choose to join the Somerset County Council Local Government Pension Scheme, which is a defined benefit scheme based on final pensionable salary. Government regulations define the level of funding required to meet the full cost of current and future pensions.

The total amounts paid into the fund by the PCC and the percentage of employees' contributions are shown below.

201	4/2015	Pension Costs - Police Staff	201	5/2016
Payments	Percentage of Employees'		Payments	Percentage of Employees'
£'000	Contributions		£'000	Contributions
9,200	88-200	PCC's contribution	10,125	88-200

During 2015/2016 the Constabulary paid into the fund at rates of between 88% and 200% of the rate which employees paid depending upon the whole time equivalent salary paid to employees. Employer contributions to the Police Staff Pension Scheme are projected at $\pm 10,557,000$ in financial year 2016/2017.

At 31 March 2013 the PCC's share of the deficit on this scheme was £49,279,000. To contribute towards this liability the PCC has agreed to pay 11% of the employee salary to pay for new service of the current active members and an annual fixed sum to pay for the deficit recovery. The fixed sum paid in 2015/2016 was £2,760,000, the amount due in 2016/2017 is £2,880,000.

It should be noted that the actuary has used an estimated value in respect of police staff employers pension contributions in arriving at the calculation of pension costs included in the comprehensive income and expenditure statement as disclosed in note 18.

A full valuation of the pension scheme liabilities was undertaken as at 31 March 2013. This work has been updated by independent actuaries to the Somerset County Council pension fund who have taken account of the requirements of IAS 19 to assess the liabilities of the fund. Liabilities have been calculated by reference to police staff who are members of the fund as well as those who are already receiving pensions. The estimate of the duration of the employer's liabilities is 23 years. Using the assumptions detailed in the tables below an estimate of the costs and liabilities associated with police staff pensions has been made.

Life Expectancy from Ag	e 65 Years	
Current pensioners		
-	Males	23.8
	Females	26.2
Retiring in 20 years		
	Males	26.1
	Females	28.5

The main assumptions used for the purposes of IAS 19 are shown as yearly percentages.

2014/2015 %		2015/2016 %
3.5	Discount rate	3.8
4.4	Rate of increase in salaries	4.3
2.6	Rate of increase in pensions in payment	2.5
3.4	Retail price index	3.4
2.6	Consumer price index	2.5

The return on the pension fund assets on a bid value basis for the year to 31 March 2016 is estimated to be 16%. The estimated value of the PCC's share of the fund's assets is \pounds 244,689,000 on a bid value basis (2014/2015 \pounds 235,897,000). The assets are made up of the following:

2014/2015 £'000	%	Assets	2015/2016 £'000	%
		Equities		
60,626	25.7	UK - Quoted	57,502	23.5
84,450	35.8	Overseas - Quoted	96,407	39.4
1,179	0.5	UK - Unquoted	1,223	0.5
15,569	6.6	Overseas - Unquoted	9,053	3.7
2,595	1.1	Private equity	3,670	1.5
164,419	69.7		167,855	68.6
		Gilts - Public Sector		
5,662	2.4	UK fixed interest	7,341	3.0
0	0.0	Overseas fixed interest	734	0.3
9,672	4.1	UK index linked	10,277	4.2
236	0.1	Overseas index linked	245	0.1
15,570	6.6		18,597	7.6
		Other Bonds		
19,815	8.4	UK	21,288	8.7
4,718	2.0	Overseas	5,873	2.4
24,533	10.4		27,161	11.1
21,467	9.1	Property UK	27,650	11.3
236	0.1	Derivatives	-489	-0.2
9,672	4.1	Cash (invested internally)	3,915	1.6
235,897	100	Total assets	244,689	100

The following amounts were measured in line with the requirements of IAS 19.

2014/2015 £'000	Police Staff Pensions	2015/201 £'000
235,897	Share of assets in pension fund	244,689
-454,404	Estimated liabilities in pension fund	-420,64
-2,019	Estimated unfunded liabilities	-1,953
-220,526	Deficiency in fund	-177,90

The movement in the present value of schemes obligations for the year to 31 March 2016 is as follows:

2014/2015 £'000	Present Value of Police Staff Liabilities	2015/201 £'000
-356,487	Present value of defined obligations as at 1 April	-456,423
	Movements in the year	
-12,553	Current service cost	-19,945
-466	Past service cost, including curtailments	C
8,894	Estimated benefits paid (net of transfers in)	8,380
-4,261	Contributions by scheme participants	-4,544
-16,302	Interest costs	-15,907
118	Unfunded pension payments	117
-75,442	Change in financial assumptions	65,792
76	Experience loss(-)/gain on defined benefit obligations	-68
-456,423	Present value of defined obligations as at 31 March	-422,598

The movement in the fair value of scheme assets for the year to 31 March 2016 is as follows:

2014/2015 £'000	Fair Value of Police Staff Scheme Assets	2015/2016 £'000
203,903	Fair value of scheme assets as at 1 April	235,897
	Movements in the year	
9,500	Interest on assets	8,372
17,276	Return on assets less interest	-6,052
-83	Administration expenses	-161
10,052	Contributions by employer	10,586
4,261	Contributions by scheme participants	4,544
-9,012	Estimated benefits paid (net of transfers in)	-8,497
235,897	Fair value of scheme assets as at 31 March	244,689

Further information in relation to the Police Staff Pension Scheme can be obtained from Peninsula Pensions, Great Moor House, Bittern Road, Sowton Industrial Estate, Exeter, EX2 7NL.

21 Property, Plant and Equipment

Property, Plant and Equipment 2014/2015	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
As at 1 April 2014	129,832	75,628	3,199	208,659
Additions during year	51,820	16,902	2,124	70,846
Disposals	-4,540	-2,332	0	-6,872
Reclassification	-239	0	-2,433	-2,672
Revaluation gain/loss (-)				
Recognised in revaluation reserve	2,601	0	0	2,601
Recognised in surplus & deficit I&E	-21,743	0	0	-21,743
As at 31 March 2015	157,731	90,198	2,890	250,819
Depreciation and impairment				
As at 1 April 2014	-13,150	-60,414	0	-73,564
Depreciation charge	-4,942	-7,851	0	-12,793
Disposals	815	2,304	0	3,119
Reclassification	161	0	0	161
Revaluation gain/loss (-)				
Recognised in revaluation reserve	6,898	0	0	6,898
Recognised in surplus & deficit I&E	6,032	0	0	6,032
As at 31 March 2015	-4,186	-65,961	0	-70,147
Net book value				
As at 31 March 2015	153,545	24,237	2,890	180,672
As at 31 March 2014	116,682	15,214	3,199	135,095

Property, Plant and Equipment 2015/2016	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
As at 1 April 2015	157,731	90,198	2,890	250,819
Additions during year	9,462	10,285	2,572	22,319
Disposals	-1,580	-1,941	0	-3,521
Reclassification	-4,434	0	-1,220	-5,654
Revaluation gain/loss (-)				
Recognised in revaluation reserve	2,984	0	0	2,984
Recognised in surplus & deficit I&E	-9,410	0	0	-9,410
As at 31 March 2016	154,753	98,542	4,242	257,537
Depreciation and impairment				
As at 1 April 2015	-4,186	-65,961	0	-70,147
Depreciation charge	-5,815	-9,450	0	-15,265
Disposals	545	1,929	0	2,474
Reclassification	401	0	0	401
Revaluation gain/loss (-)				
Recognised in revaluation reserve	3,546	0	0	3,546
Recognised in surplus & deficit I&E	5,443	0	0	5,443
As at 31 March 2016	-66	-73,482	0	-73,548
Net book value				
As at 31 March 2016	154,687	25,060	4,242	183,989
As at 31 March 2015	153,545	24,237	2,890	180,672

Nature of assets held 2014/2015	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Owned	107,331	20,725	2,890	130,946
PFI	46,214	3,512	0	49,726
	153,545	24,237	2,890	180,672

Nature of assets held 2015/2016	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Owned	98,658	21,319	4,242	124,219
PFI	56,029	3,741	0	59,770
	154,687	25,060	4,242	183,989

22 Finance Leases – PFI

On 4 September 2012 the PCC reached financial close on a contract with the Blue Light Partnership for the provision of four new facilities, which are being built under a Private Finance Initiative (PFI). Three of the buildings became operational during 2014/2015. A serious fire occurred at the specialist training centre construction site in August 2013. The fire caused considerable damage, which resulted in a delay in the service availability of the facility until June 2015. These buildings will provide custody and operational facilities over a 25 year contract life. The contract includes the provision of services including building maintenance and provides for asset lifecycle replacement.

The financial implications of this contract commit the PCC to an annual unitary charge across the 25 year life of the contract. The UK Government (Home Office) has also committed to provide £186,979,000 capital funding (known as PFI Credits) in the form of annual grants over 25 years.

The building and site assets, as provided under the contract, will remain the property of the Blue Light Partnership during the period of the contract and, with the exception of the shared specialist training centre, will become PCC assets at the end of the contract. The assets are recognised on our balance sheet and are matched initially by a liability to the Blue Light Partnership. This liability will be written down over the life of the contract when payments which are identified as settling the liability, the capital element of the unitary charge, are made to the operator. The specialist training centre is shared with Wiltshire and Gloucestershire police and so an adjustment will be made to reflect only our share of this asset and liability within the accounts.

The following tables show PFI assets and liabilities.

PFI Buildings £'000	2014/2015 PFI IT Equipment £'000	Total £'000	PFI Assets	PFI Buildings £'000	2015/2016 PFI IT Equipment £'000	Total £'000
			Cost or valuation			
0	0	0	As at 1 April	46,762	4,190	50,952
51,107	4,190	55,297	Additions during year	6,395	1,194	7,589
2,433	0	2,433	Reclassification	758	0	758
,		,	Revaluation gain/loss (-)			
0	0	0	Recognised in revaluation reserve	400	0	400
-6,778	0	-6,778	Recognised in surplus & deficit I&E	1,725	0	1,725
46,762	4,190	50,952	As at 31 March	56,040	5,384	61,424
			Depreciation and impairment			
0	0	0	As at 1 April	-548	-678	-1,226
-548	-678	-1,226	Depreciation charge	-1,073	-965	-2,038
			Revaluation gain/loss (-)			
0	0	0	Recognised in revaluation reserve	409	0	409
0	0	0	Recognised in surplus & deficit I&E	1,201	0	1,201
-548	-678	-1,226	As at 31 March	-11	-1,643	-1,654
			Net book value			
46,214	3,512	49.726	As at 31 March	56,029	3,741	59,770

2014/2015 £'000	PFI Liabilities	2015/2016 £'000
55,297 0 -620	Finance Liability as at 1 April Additional Liability for Shared Specialist Training Centre Liability Paid in Year	54,677 7,291 -1,224
54,677	Finance Liability at 31 March	60,744

Payments made in 2015/2016 and the index-linked amounts due for the remainder of the PFI contract after adjustment for the Gloucestershire and Wiltshire share of the specialist training centre are as follows:

PFI Charges	Service Charge	Lifecycle Replacement Costs	Interest Charge	Liability
	£'000	£'000	£'000	£'000
Rental paid 2015/2016	1,706	53	4,563	1,224
Rentals payable in future years				
Within 1 year	1,751	139	4,731	1,329
Within 2-5 years	7,278	1,157	17,987	6,077
Within 6-10 years	9,934	3,836	19,729	8,833
Within 11-15 years	11,217	5,651	15,767	11,836
Within 16-20 years	12,743	5,728	10,681	17,758
Within 21-25 years	8,368	3,059	3,115	14,911
Total	51,291	19,570	72,010	60,744

23 Loans to Officers

Employees must repay these loans over a maximum of five years. They can only have a loan to buy a vehicle. The outstanding loans at 31 March 2016 are £58,000 (£37,296 31 March 2015).

24 Long Term Prepayments

2014 £'000	Long term Prepayments	2015 £'000
1,284 0 0	Transition & Transformation WAN annual charge paid in advance Digital evidence paid in advance	714 264 31
1,284	Balance at 31 March	1,009

The transition and transformation prepayment relates to a payment to Southwest One in support of the transitional period, which is being repaid to the PCC as a reduction in unitary charge over the life of the contract.

25 Investments

The PCC has an 8.5% shareholding (825 shares) in Southwest One Ltd. As there is no active market for these shares their fair value has not been disclosed. The initial cost of the shares was $\pounds 1$ each.

26 Debtors and Payments In Advance

These balances reflect amounts owed to the PCC and payments made in advance for goods and services at the end of the year. It is expected that amounts owed will be received within 12 months of the year end date.

Debtors and Payments in Advance	2016 £'000
Central government bodies	15,553
Other local authorities	6,575
NHS bodies	19
Public corporations	0
Other entities and individuals	6,145
Balance as at 31 March	28,292
	Central government bodies Other local authorities NHS bodies Public corporations Other entities and individuals

27 Cash and Cash Equivalents

2015 £'000	Cash and Cash Equivalents	2016 £'000
157 36,723	Cash in hand Short term deposits	153 26,470
36,880	Balance as at 31 March	26,623

28 Assets Held for Sale

2014/2015 £'000	Assets Held for Sale	2015/2016 £'000
	Cost	
6,077	Cost as at 1 April	4,328
184	Additions	0
2,511	Reclassification	5,252
-4,444	Disposals	-3,707
4,328	Balance as at 31 March	5,873

29 Loans Still to be Repaid

Loans outstanding at the balance sheet date include amounts owing to the Public Works Loan Board (PWLB), amounts owing to other lenders under the terms of Lender Option Borrower Option (LOBO) and amounts owing to Salix Finance Ltd in respect of finance provided for the purchase of energy efficient boilers.

The Salix loan was originally taken out in 2013/2014. At 31 March 2016 £97,936 is outstanding (31 March 2015 £163,226). This is an interest free loan over a period of four years provided to support energy efficiency and it is anticipated that the energy savings will offset the loan repayments.

2015 £'000	Loans to be Repaid	2016 £'000
12,092	Within one year	7,492
591	Between one and two years	3,459
6,887	Between two and five years	5,291
1,039	Between five and 10 years	2,776
17,190	More than 10 years	17,990
37,799	Less:	37,008
-12,092	Transferred to creditors (repayable in 2015/2016)	-7,492
25,707		29,516

30 Creditors and Receipts in Advance

These balances reflect amounts owed by the PCC and amounts received in advance. It is expected that these liabilities will be paid within 12 months of the end of the reporting period.

000	PCC	Total 2014/2015	Creditors and Receipts in Advance	000	PCC	Total 2015/2016
£'000	£'000	£'000		£'000	£'000	£'000
0	5,287	5,287	Central government bodies	0	5,613	5,613
0	7,053	7,053	Other local authorities	0	5,464	5,464
0	67	67	NHS bodies	0	122	122
0	7	7	Public corporations	0	2	2
8,588	12,614	21,202	Other entities and individuals	9,609	6,932	16,541
8,588	25,028	33,616	Balance as at 31 March	9,609	18,133	27,742

31 Provisions

Provisions	Balance 1 April 2015 £'000	Reversed Unused £'000	Used in Year £'000	New in Year £'000	Balance 31 March 2016 £'000
Insurance	6,902	0	-1,146	1,545	7,301
Legal services	692	-330	-248	135	249
III-health & termination benefits - OCC	254	0	-254	184	184
Holiday pay on overtime - OCC	563	0	-563	73	73
Bank holiday pay - OCC	29	-29	0	0	0
Overtime liability - OCC	0	0	0	350	350
Pension lump sums - OCC	9,600	0	-9,600	0	0
	18,040	-359	-11,811	2,287	8,157

Following advice from our insurance experts as part of the annual review, we have divided the insurance fund between a provision of £7,301,000 which represents specific known liabilities, and a reserve to meet potential future liabilities. Details of the PCC insurance cover are shown in note 33.

The insurance provision is based upon an actuarial evaluation of the discounted insurance liabilities as at 31 March 2016. This evaluation is based on the paid and outstanding claims position at this date. It should be noted that the timing of outflows in respect of these liabilities is inherently uncertain and events may not occur as expected.

The legal services provision of £249,000 represents an estimate of the legal costs associated with the outcome of outstanding legal cases, which should be resolved in 2016/2017. The following provisions have been included in the accounts of the OCC.

The ill health and termination benefits provision of £184,000 is where approval was agreed at 31 March 2016 to make the payments during 2016/2017.

There is a provision of £73,000 for back pay claims for holiday pay where overtime has been worked since October 2015. This should be resolved in 2016/2017.

There was a provision of £29,000 at 31 March 2015 for pay due to police officers and staff for bank holidays falling in maternity, paternity or adoption leave. This was resolved in 2015/2016.

The overtime liability provision at 31 March 2016 is in respect of claims for overtime worked in prior years. These claims should be resolved in 2016/2017.

There was a provision of £9,600,000 at 31 March 2015 in respect of additional lump sum payments due to police pensioners for past commutations which have arisen as a result of revisions made to commutation factors used to calculate lump sums for police officers who retired from 1 December 2001 to 30 November 2006. This was resolved in 2015/2016.

32 Contingent Liabilities

We have reviewed the position in respect of contingent liabilities as at 31 March 2016.

Annual assessments are carried out to manage our key risks and set the level of our reserves. These would include the following contingent liabilities:

The Chief Constable of Avon & Somerset, along with other Chief Constables and the Home Office, currently has a number of claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and

therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015/2016 Accounting Statements.

- An amount has been paid in year and is reflected in the accounts, however we may be called upon to make a top up levy to Municipal Mutual Insurance Ltd's Scheme of Arrangement in the future;
- Ongoing IPCC (Independent Police Complaints Commission) and pensions ombudsman investigations which may lead to potential claims;
- Potential claims following precedents set by cases in other forces relating to recall to duty criteria and overtime claims;
- Potential claim for an incident at a training facility;
- In calculating our provisions we have had to make assumptions which may be inaccurate, leading to potential liabilities for any under provision.

The amount and the timings of when these liabilities will become due is unknown.

33 Funds and Reserves

33.1 General Fund

This reserve represents the risk assessed balances held by the PCC to meet unforeseen future events.

33.2 Capital Reserves

The revaluation reserve represents the difference between the current valuation and the original cost of our assets.

The capital adjustment account provides a balancing mechanism between the different rates at which assets are depreciated and are financed.

It should be noted that these reserves are matched by fixed assets within the balance sheet and are not resources available to the PCC.

The usable capital receipts reserve represents the amounts received from the sale of capital assets held to fund future capital purchases.

You can find the details of the movement on these reserves in the notes to the movements in reserves statement.

33.3 Revenue Reserves

The details of movements on specific reserves are as follows:

Revenue Reserves 2014/2015	Balance 1 April 2014 £'000	Reserves Used in Year £'000	Transfers to Reserves in Year £'000	Balance 31 March 2015 £'000
Carry forwards	367	-367	260	260
Neighbourhood policing	805	-89	0	716
Operations	2,750	0	0	2,750
Buildings and sustainability	1,580	0	0	1,580
Transformation	6,136	-156	212	6,192
Zephyr	549	-279	1,688	1,958
Proceeds of crime	161	-125	176	212
Detained property	1,323	-1,593	1,229	959
Insurance reserves	1,581	-1,905	2,630	2,306
Air support	329	-340	11	0
Grants carried forward	1,587	-776	440	1,251
Hinkley Point	50	-42	266	274
Road safety	695	-464	841	1,072
LRF reserve	36	0	11	47
Victim support services	681	-681	792	792
Miscellaneous reserves	530	-1,147	959	342
Capital financing	9,074	-9,668	2,566	1,972
Earmarked capital reserves	122	-76	16	62
PFI change reserve	0	0	479	479
PFI smoothing	2,955	-41	0	2,914
Sinking fund reserve	0	0	2,710	2,710
	31,311	-17,749	15,286	28,848

Revenue Reserves 2015/2016	Balance 1 April 2015 £'000	Reserves Used in Year £'000	Transfers to Reserves in Year £'000	Balance 31 March 2016 £'000
Carry forwards	260	-131	345	474
Neighbourhood policing	716	-472	7	251
Operations	2,750	-1,250	0	1,500
Overtime liability	0	0	1,200	1,200
Buildings and sustainability	1,580	-81	0	1,499
Transformation	6,192	-4,115	5,395	7,472
Zephyr	1,958	-2,025	2,205	2,138
Proceeds of crime	212	-365	153	0
Detained property	959	-966	1,011	1,004
Insurance reserves	2,306	-1,067	709	1,948
Grants carried forward	1,251	-960	392	683
Hinkley Point	274	-208	0	66
Road safety	1,072	-173	0	899
LRF reserve	47	-10	0	37
Victim support services	792	-523	616	885
Miscellaneous reserves	342	-1,001	991	332
Capital financing	1,972	0	0	1,972
Earmarked capital reserves	62	-82	109	89
PFI change reserve	479	-20	99	558
PFI smoothing	2,914	-94	0	2,820
Sinking fund reserve	2,710	0	802	3,512
	28,848	-13,543	14,034	29,339

The carry forward balance represents the cost of goods and services not received at 31 March, as well as amounts set aside for specific purposes.

The neighbourhood policing reserve is held to finance the provision of neighbourhood policing services, and support initiatives and ongoing expenditure which help deliver our commitment to help build safer stronger communities.

The operations reserve can be used at the chief officers discretion to manage risk associated with the reactive nature of policing work.

The overtime liability reserve is the estimate of the cost of historic overtime which is due to be paid with the introduction of the new time management system.

The buildings and sustainability reserve is held to capture any underspend in relation to our buildings repairs and maintenance budgets, so that these funds can be used in future years to support necessary work on our estate. It is also used to support projects and initiatives which will reduce and make more efficient our use of natural resources.

The transformation reserve is maintained to support the cost of the change programme over the next 12-24 months.

Zephyr is a regional collaboration set up to destroy, dismantle and disrupt serious and organised crime across the South West of England. Avon and Somerset are the lead force for this collaboration, and the funds within the reserve are held on behalf of the region.

The proceeds of crime reserve is used to hold funding received as a result of our work in the seizure and confiscation of assets we believe to have been gained through criminal activities. The funding is used to support our continued work in this area, as well as to support projects which meet the limitations placed upon us for how these funds can be used. The PCC operates a holding account, for seized monies and the sale proceeds of seized and unclaimed property under the Police (Property) Regulation 1997. In the main these assets will be returned to their owners. However, if they are not claimed these funds can be donated to worthy causes.

The insurance reserve covers the vehicle, public and employer's liability risk. The fund is subject to an annual actuarial review to assess the potential liabilities and is used to supplement our external insurance provision.

The air support reserve is the balance of the funds from the helicopter provision that was shared with Gloucestershire PCC, before the service was transferred to the National Police Air Support service (NPAS). The outstanding liabilities have now been resolved, and the remaining funds have been released.

The grants carried forward reserve is used to hold grants income, where it is considered that the terms and conditions of the grant have been met.

The Hinkley Point reserve is to cover the cost of both the neighbourhood and protest policing at the site of the new Hinkley Point power station.

Road Safety fund is the surplus of funds received from the speed enforcement unit and will be used to support road safety initiatives.

The local resilience forum (LRF) reserve is the balance for various partners from public agencies as Avon and Somerset are the co-ordination point for this forum.

The victims support reserve is the balance of the funding specifically received to enable victims support commissioning to be undertaken.

The miscellaneous reserve contains funding that has been received from various sources that is required to be used for specific purposes.

The capital financing reserve has been created to help manage the forward funding of the capital programme to reduce the reliance on external borrowings.

The earmarked capital reserve balance is held to meet the capital commitment on several ongoing schemes.

The PFI change reserve has resulted from the delays in the availability of the PFI buildings, and will provide a fund to manage future one off costs as issues arise.

The PFI interest smoothing reserve has been created in order to smooth the interest costs over the 25 year life of the PFI contract.

The sinking fund will be used over the life of the PFI contract to equalise the phasing of the government grant income and expenditure on the unitary charge.

34 Capital Commitments

At 31 March 2016 there are outstanding capital contractual commitments:

2014/2015 £'000	Capital Commitments	2015/2016 £'000
543	Vehicle replacements	0
177	Vehicle telematics	0
4,607	Information technology projects	408
1,829	Estates projects	812

35 Capital Financing

2014/2015 £'000	Capital Expenditure and Financing	2015/2016 £'000
40,825	Opening capital financing requirement	93,730
71,029	Capital investment Property, plant and equipment	22,319
-2,531 -2,393 -2,693 -7,075 -2,473	Sources of finance Capital receipts Government grants and contributions Revenue contributions Earmarked reserves Minimum revenue provision	-9,945 -2,447 -871 -199 -3,233
-959 -18,124	Capital creditors	1,247 -15,448
93,730	Closing capital finance requirements	100,601
-2,392 55,297	Explanation of movements in year Decrease in underlying need to borrowing Asset acquired under PFI Contract	-420 7,291
52,905	Increase/decrease(-) in capital financing requirement	6,871

36 Financial Instruments

The liabilities and investments disclosed in the balance sheet are made up of the following categories of financial instruments.

	Current		Long	Term	Total		
	31 March 2015 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2016 £'000	
Financial liabilities at amortised cost							
Bank overdraft	1,170	1,392	0	0	1,170	1,392	
Borrowings	12,092	7,492	25,707	29,516	37,799	37,008	
Creditors	19,986	13,335	0	0	19,986	13,335	
PFI	1,392	1,329	53,285	59,415	54,677	60,744	
Total	34,640	23,548	78,992	88,931	113,632	112,479	
Loans and receivables							
Cash and cash equivalents	36,880	26,623	0	0	36,880	26,623	
Investments - Short term	23,500	21,750	0	0	23,500	21,750	
Investments - Long term	0	0	3,000	3,000	3,000	3,000	
Debtors	37,217	26,572	0	0	37,217	26,572	
Car loans	0	0	37	58	37	58	
Total	97,597	74,945	3,037	3,058	100,634	78,003	

The fair value of the PWLB loans has been assessed at £31,579,616 (31 March 2015 £36,415,287) compared with a book value of £25,134,421 (31 March 2015 £25,860,737).

The fair value of LOBO loans has been assessed at $\pounds15,350,425$ (31 March 2015 $\pounds15,608,744$) compared with a book value of $\pounds11,775,000$ in both years. Under the terms of these loans the lender has the option to vary the interest rate at specified points in time. These loans are detailed in the following table.

The fair value of PWLB and LOBO loans has been assessed as level 2 where the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the reduced interest the authority will pay and the remaining terms of the loans under their agreement against what would be paid if the loans were at prevailing market rates.

	Drawdown		Period	Next Option	End Date	Interest
2015 £'000	Date	2016 £'000		Date		Rate %
6,500	17/01/2005	6,500	30 yrs	-	17/01/2035	4.50
2,500	30/01/2008	2,500	70 yrs	30/01/2018	31/01/2078	3.99
2,775	12/02/2008	2,775	70 yrs	12/02/2020	14/02/2078	4.10
11,775	 Total	11,775				

At 31 March 2016 the fair value is assessed as level 1 for cash and equivalents at $\pounds 26,665,851$, short term investments at $\pounds 21,833,252$, and long term investments at $\pounds 3,031,644$.

31 March 2015 £'000		31 March 2016 £'000
41,168	Debtors and payments in advance on balance sheet	28,292
-2,444	Less VAT	-744
-1,507	Less payments in advance	-976
37,217	Debtors in financial instruments note	26,572
-33,616	Creditors and receipts in advance on balance sheet	-27,742
5,042	Less tax	4,798
8,588	Less OCC payroll accruals	9,609
-19,986	Creditors in financial instruments note	-13,335

The gains and losses recognised in the comprehensive income and expenditure statement in relation to financial instruments are made up as follows:

	Liabilities N	Liabilities Measured at sed Cost 31 March 2016 £'000	Financia Loans and F 31 March 2015 £'000	
Interest payable and similar charges (excluding PFI)	-1,614	-1,592	0	0
Interest and investment income	0	0	478	556

The nature and extent of risks arising from financial instruments can be classified under the following headings:

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

36.1 Credit Risk

Credit risk arises from deposits with banks and financial institutions as well as credit exposures to customers.

Treasury management services are provided by Somerset County Council. Any surplus cash is invested temporarily by the PCC's treasury management providers with specified financial institutions, money market funds, or other Government or public sector bodies. In order to ensure the PCC's risk exposure is minimised, credit ratings are monitored on an ongoing basis, and individual counterparty ratings are verified on the day of investment. As directed by the revised CIPFA Treasury Management Code, account is taken using ratings issued by three main rating agencies, Fitch, Moody's, and Standard & Poor's. Decisions are taken based on the lowest of these ratings. It should also be noted that a range of additional indicators are used to assess counterparty credit worthiness including for example credit default swaps, Government guarantees and support, and share price. All investments are held in sterling deposits and are rated as per the lending Counterparty Criteria approved each year by the PCC.

At 31 March 2016 investments can be analysed as follows:

Fitch Credit Rating	31 March 2015 £'000	Default %		Fitch Credit Rating	31 March 2016 £'000	Default %
AAA	6,961	0.11	Deposits with Money Market Funds	AAA	11,470	0.13
AA	7,000	0.03	Deposits with local authorities	AA	6,000	0.05
A/AA	22,762	0.05	Deposits with UK banks	А	21,750	0.06
AA	22,000	0.03	Deposits with Overseas banks	A/AA	8,000	0.05
А	4,500	0.07	Deposits with UK building societies	А	4,000	0.06
	63,223		Total	-	51,220	

Included within long term loans are car loans to officers and staff which totalled £57,514 at 31 March 2016. These loans are only granted to those who have been designated as essential users of cars for the performance of official duties. Interest on these loans is

charged in accordance with set policy which reflects market rates of interest. These loans are considered to be fully recoverable.

Debtors, classified as receivable financial instruments, are due within one year with no interest being payable. As such the fair value of these receivables is the same as the original invoice amount. They include $\pounds 9,937,790$ pension fund account debtor with the Home Office (2014/2015 £13,136,352).

The PCC does not generally allow credit for customers. With the exception of those debts where recovery is certain the PCC impairs all debtors greater than 6 months old and 10% of those debtors between three and 6 months. At 31 March 2016 the total value of these impairments was £451,362 (31 March 2015 £387,938). The remaining value of unimpaired debtors can be analysed as follows:

31 March 2015 £'000	Unimpaired Debtors	31 March 2016 £'000
1,443	Less than three months	1,207
63	Three to six months	40
1,506		1,247

Receipts in advance represent income where relevant expenditure will be made for the service provided in the following financial year, such as grants. As this is simply a question of timing the amortised cost in the balance sheet is deemed to be the fair value.

Refer to note 26 for the balances on both debtors and payments in advance.

36.2 Liquidity Risk

The PCC has a comprehensive cash flow management process managed on our behalf by Somerset County Council that seeks to ensure that cash is available as needed. At 31 March 2016 the PCC had £11,470,000 (31 March 2015 £11,973,000) in call accounts available to manage short term liquidity requirements. The PCC had a further £36,750,000 invested for a period of up to one year from the balance sheet date (31 March 2015 £48,250,000).

36.3 Market Risk

36.3.1 Interest Rate Risk

The PCC is exposed to risk in terms of interest rate movements on investments. A 0.5% change in interest rates could increase or reduce investment income by £256,100 based on the current level of investments.

All borrowing is currently at fixed rates and there is therefore no interest rate exposure. Disclosure of the PCC's loan financing, including the fair value of PWLB loans, has been included in note 29 to the accounts. The LOBO stepped interest loan taken out on 17 January 2005 is exempt from the requirements of the Accounting Standard by virtue of having been taken before 9 November 2007 the date after which stepped interest rate loans taken need to be accounted for in accordance with the new regulations. In respect of the other commercial loans taken in 2008 there are no step changes in interest specified in the loan agreements and therefore no adjustment to the carrying value of the loans is required.

36.3.2Price Risk

The PCC does not invest in equity shares other than in the Police Staff Pension Scheme (note 20). This means that the PCC has no exposure to price risk outside of the Local Government Pension Scheme.

36.3.3Foreign Exchange Risk

The PCC has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to losses arising from movements in exchange rates.

Police & Crime Commissioner for Avon & Somerset

Avon & Somerset Police Officers Pension Fund Account Statements - OCC

This fund includes the income and expenditure in respect of police officers pensions which has been accounted for on an accruals basis. At the end of the financial year if the expenditure on the pension benefits is greater than the contributions received during the year, the PCC makes a payment to the pension fund and the Home Office pays a top-up grant for this liability to the PCC. The income received and expenditure paid to the pension fund is shown within the comprehensive income and expenditure statement, showing the net figure as nil. It should be noted that this statement does not take account of liabilities to pay pensions and other benefits after the year end.

This note provides a more detailed breakdown of the figures shown in note 19 of the accounts.

2014/2015 £'000	Police Officers Pension Fund Account	2015/201 £'000
	Contributions receivable	
	Employers contributions:	
-24,248	Normal (21.3% contributions)	-20,960
-1,214	III health/early retirements	-792
-25,462		-21,752
	Employee contributions	
-12,409	1987 Police Pension Scheme	-7,053
-1,606	2006 Police Pension Scheme	-168
0	CARE Police Pension Scheme	-6,399
-14,015		-13,620
-381	Transfers in from other schemes	-661
	Benefits payable	
65,820	Pensions	68,253
21,917	Commutations and lump sum retirement benefits	14,569
87,737		82,822
	Payments to and on account of leavers	
18	Refund of contributions	18
1,106	Transfers out to other schemes	176
325	Other	193
1,449		387
49,328	Net amount payable for the year	47,176
0	Additional contribution from the local policing body	-2,854
-49,328	Transfer from Police Fund to meet deficit	-44,322
0	Net amount payable/receivable for the year	0

There is an adjustment of 2.9% to the cashflow due to a reduction in the employer contribution rate for police pension schemes in 2015/2016 being reflected in pensions top-up funding.

This note shows the pension fund account assets and liabilities as at 31 March 2016.

31 March 2015 £'000	Pension Fund Net Assets	31 March 2016 £'000
	Current assets	
9,600	Amounts due from Central Government	0
	Current liabilities	
-9,600	Amounts owing to pensioners	0
0	Net assets	0

Police & Crime Commissioner for Avon & Somerset

Glossary of Terms

Term	Definition
Accounting policies	These are a set of rules and codes of practice we use when preparing the accounts.
ASB	Anti-Social Behaviour
Balance sheet	This represents our overall financial position as at 31 March.
Capital programme	This is a list of projects for buying or improving fixed assets. With the exception of vehicles, items individually acquired typically under £12,000 are not treated as capital expenditure.
Cash flow statement	Summarises the income and outgoings of cash during the financial year.
CSE	Child Sexual Exploitation
Closing value	The value at 31 March, the date when the accounts are closed.
Collection fund adjustment account	Difference between council tax cash received and the amount shown in the comprehensive income and expenditure statement.
Commuted sums	These are the lump sum amounts paid to officers when they retire, if they choose to have a lower pension.
Comprehensive income and expenditure statement	Summarises the income and expenditure during the financial year.
Contingent liabilities	A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity.
Corporate and democratic core costs	These represent the costs of delivering public accountability and representation in policy-making and meeting our legal responsibilities.
CoPaCC	Compares Police and Crime Commissioners.
Creditors	Amounts which are owed to others.
Current assets and liabilities	Assets or liabilities which can be turned into cash or fall due within one year of the balance sheet date.
Current service cost	The value of projected retirement benefits earned by pension scheme members in the current financial year.
Debtors	Amounts which are due from others.
Depreciation	An amount set aside to pay for the gradual loss in value of our assets.
Detained property	These are items of property and cash, which are held until the courts decide who owns them.
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Term	Definition
Financial instruments	Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial year	Refers to the period covered by the accounts and runs from 1 April to 31 March.
Fixed assets	These are items such as land, buildings, vehicles and major items of equipment, which give benefit to us for more than one year.
FRS	Financial Reporting Standards. Standards of accounting practice to be adopted to ensure that accounts provide a true and fair view.
GAAP	Generally Accepted Accounting Principles. These refer to the standard framework of guidelines for financial accounting used in any given jurisdiction and generally known as accounting standards.
Historical costs	These are the amounts paid at the time we bought the assets.
HMRC	Her Majesty's Revenue and Customs. Responsible for the collection of tax in the UK.
IAS	International Accounting Standard. An international accounting standard to help harmonise company financial information across international borders. Subsequently superseded by International Financial Reporting Standards (IFRS).
ICT	Information, Computer and Technology
IFRS	International Financial Reporting Standards. A set of international accounting and reporting standards that will help to harmonise company financial information across international borders.
Intangible fixed assets	Assets that are not physical such as software licences.
JAC	Joint Audit Committee
LOBO loans	Lender Option Borrower Option loans are where the interest payable is agreed at the time the money is borrowed. If the lender wants to change the interest rate the borrower has the choice to pay at the new rate or repay the loan.
Liquid assets	Liquid assets are made up of cash and other items, which can be exchanged for cash. Procedures are in place to make sure that they are kept securely and properly accounted for.
LRF	Local Resilience Forum.
Minimum revenue provision	This is the lowest amount allowed by the Government which has to be charged to the accounts for repaying loans.
MoJ	Ministry of Justice
Movement in reserves statement	Summarises the movement in the reserves of the PCC during the financial year.
National non-domestic rates income	The national non-domestic rates (or business rates) are collected by District Councils, paid to the Government and then distributed to all local authorities in proportion to population. The amount received by an authority is taken into account by the Government in determining the revenue support grant to be paid.

Term	Definition
000	Office of the Chief Constable.
OPCC	Office of Police and Crime Commissioner. Staff employed by the Police and Crime Commissioner.
Past service cost	The change in the present value of the defined benefit obligation for employee service in prior periods resulting in the current period from the introduction of, or changes to, post employment benefits.
PCC	Police Crime and Commissioner for Avon and Somerset.
PCC Group	The term PCC Group refers to the Police and Crime Commissioner (PCC) for Avon and Somerset and the office of the Chief Constable (OCC).
PCSO	Police community support officer.
PEEL	The HMIC PEEL assessment stands for Police Effectiveness, Efficiency and Legitimacy.
Pension appropriations	This is the adjustment required to reduce the costs of pensions to the sum to be collected from taxation in the year.
PFI	Private Finance Initiative.
Police pension top-up grant	The PCC operates a Pension Fund, which is balanced to nil at the end of the year. The PCC receives a top-up grant from the Home Office equal to this deficit to balance the fund.
Police revenue grant	The revenue grant is provided by the Home Office as part of the funding required by the PCC to finance a budget in line with the Government's assessment. The balance of funding is from business rates, revenue support grant and council tax.
Precept	The amount of money we can collect from the people who pay council tax.
Prepayment	A payment in advance for goods or services.
Provision	This is the money we keep to pay for known future costs.
PWLB	This is the Public Works Loan Board, which is an organisation financed by the Government. It lends money to PCC's on set terms so that they can buy capital items.
Receipt in advance	Income received in advance of the financial year in which the services will be provided.
Revaluation reserve	This account represents the increase in value of our assets since 1 April 2007 over the amount originally paid for them.
Seconded officers	These are police officers who, for agreed periods, temporarily work for other organisations. Their salaries and expenses are shown as spending and the money the organisation pays us for their placements is shown as income.
Servicing of finance	This is a technical term and is usually the interest paid on loans.
SR	Spending Review
Unapportionable central costs	These represent costs that do not directly contribute to the running of the police service and which cannot be allocated to specific activities.



Further information can be obtained online at:-

www.**avon**and**somerset**-pcc.gov.uk (PCC Website) www.**avon**and**somerset**.police.uk (Constabulary Website)

Or in writing to:-

The Chief Finance Officer Office of the PCC for Avon & Somerset PO Box 37,Valley Road Portishead, Bristol BS20 8QJ Telephone: 01275 816380

http://www.facebook.com/AandSPCC
@AandSPCC

MEETING: Joint Audit Committee	Date: 9 th September 2016	
DEPARTMENT: Finance and Business Services	AUTHOR: Nick Adams	10a
	l'astra Loora	

NAME OF PAPER: Statement of Accounts for year ending 31st March 2016

1. PURPOSE OF REPORT

The Statement of Accounts (the accounts) for both the Police and Crime Commissioner (PCC) and for the Chief Constable (CC) have both now been audited, and require formal approval prior to their final audited publication online. To signify the approval the accounts are signed by the PCC and CC, along with their respective Chief Finance Officers (CFO's).

In support of this sign off, the Audit Committee is asked to review and discuss the attached audited accounts for the year 2015/16, in conjunction with the report of the external auditors, and to make any recommendations they wish to the PCC and CC for their consideration before they approve and sign the accounts.

2. BACKGROUND

Since the Police Reform and Social Responsibility Act 2011 (the Act) came into effect, we have had to prepare two separate Statements of Account in support of two separate legal entities, the PCC and the CC. At the June meeting of this Audit Committee both of the draft Statement of Accounts were presented, enabling review and scrutiny.

As reported at that meeting the format and presentation of the accounts not only has to comply with statutory requirements, but also with CIPFA's accounting Code of Practice, which in turn comply with International Accounting Standards.

The external auditors conduct their audit to ensure that we are compliant with these requirements, as well as ensuring that the accounts present a true and fair presentation of our financial position during the financial year and as at the end of that financial year.

3. CHANGES TO THE STATEMENT OF ACCOUNTS AS A CONSEQUENCE OF AUDIT

As a result of the work undertaken by Grant Thornton in completion of their audit, the following changes to the statement of accounts have been made:

Accounting Policies (PCC) – A new accounting policy has been added to explain fair value and the fair value hierarchy under IFRS 13.

Financial Instruments note (PCC) – This note has been updated to include the hierarchy level for the fair values included within the note. The bank overdraft has been added to this note and the fair value from the loan disclosure has been moved to financial instrument note.

Post Balance Sheet Event (PCC & OCC) – As a result of the UK voting to leave the EU as a result of the referendum undertaken on 23^{rd} June, a disclosure has been added to the potential impact on the statement of accounts.

Narrative report (PCC & OCC) – The wording for the IAS 19 pension liability has been updated stating that the liability has no impact on the usable reserves and the reported outturn. The pension liability has been updated in the OCC accounts. The borrowing reduction updated to £0.8m in the PCC accounts.

Pension costs and Liabilities note (PCC & OCC) - The experience gain/loss on the defined benefit obligations was transposed, this has been updated to -£6,607. (PCC note 18, OCC note 12).

Statutory officers – The Statutory officers for the OCC have been added to the PCC group accounts and the monitoring officer to the PCC.

Pension Fund Account – an adjustment has been made to reflect the fact that from 15/16 the Employers Contribution rate funded by the Home Office has been reduced to 21.3% whilst the OCC funds an additional 2.9% of contributions.

4. CHANGES NOT MADE TO THE ACCOUNTS

During the course of the audit a potential liability was identified by the finance team in conjunction with our pension administrators:-

Liability for injury pensions – There is a potential liability for the OCC to have to repay deductions made from injury on duty pensions paid to Police Officers since 2008. These deductions are not included in the scheme rules and therefore should not have been made. The maximum potential liability has been calculated at £1.1m. As this is not considered material no adjustment has been made to either the OCC or Group Accounts. Our auditors have confirmed they are comfortable with this approach.

5. DIVERSITY

The Statement of Accounts has been prepared in accordance with accounting conventions and the guidance contained within the CIPFA Code of Practice on Local Authority Accounting. Where possible we have included explanatory notes to aid the reader of the Accounts in interpreting the information included.

The Statement of Accounts are published online, and additional copies can be made available to members of the public who make a request to either of the Chief Finance Officers.

6. SUSTAINABILITY

The accounts continue to be a very sizeable document, which has been increased by the requirements to now prepare separate accounts for the Chief Constable. The accounts included at Annex A and B to this report contain a total of 129 pages (09/10 final accounts were 74 pages, 10/11 were 87, 11/12 were 90, 12/13 were 130, 13/14 were 138, and 14/15 were 129). We have endeavoured to refine and where possible reduce the number of pages needed through formatting and by including only that information which is required or relevant, and as in previous years we intend to keep the number of printed copies of the financial statements to a minimum.

There are no specific requirements relating to sustainability issues which need to be included within the 2015/16 financial statements.

7. **RECOMMENDATIONS**

The Audit Committee are asked to consider and discuss the attached accounts, as well as considering the report of the external auditors, and to make any recommendations they wish to the PCC and CC for their consideration before they approve and sign the accounts.

Upon consideration of any recommendations from the Audit Committee, the PCC and CC are asked to formally approve and sign the accounts enabling these to be published online as a final audited version prior to our deadline of the 30th September.

FOR PUBLICATION

Annex B – 2015/16 Chief Constable Financial Statements

2015/2016 CHIEF CONSTABLE'S STATEMENT OF ACCOUNTS



Office of the Chief Constable for Avon & Somerset

Officers of the Office of the Chief Constable

The statutory officers of the Office of the Chief Constable (OCC) are as follows:

Nick Gargan	Chief Constable to 16 October 2015 Phone: 01275 816007
John Long	Acting Chief Constable from 13 May 2014 to 31 August 2015 Phone: 01275 816007
Gareth Morgan	Temporary Chief Constable from 1 September 2015 to 31 January 2016 Phone: 01275 816007
Andy Marsh	Chief Constable from 1 February 2016 Phone: 01275 816007
Julian Kern	Chief Finance Officer to OCC Phone: 01275 816012
Address for chief officers:	Valley Road Portishead Bristol BS20 8QJ



Statement of Accounts 2015/2016

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Office of the Chief Constable for Avon & Somerset

Chief Finance Officer's Narrative Report

This section is a narrative report to explain the most significant matters reported in the accounts and provide commentary on the key issues that have had a major effect on the finances now and in the future. This statement should be read in conjunction with the Chief Finance Officer's Narrative Report in the Police and Crime Commissioner's Statement of Accounts.

1 Introduction

This Statement of Accounts summarises the financial year for 2015/2016. The income and expenditure, assets, liabilities and reserves which are recognised in the PCC's accounts and in the Chief Constable's accounts, reflect the current legislative framework as well as the local arrangements operating in practice. The key elements of the legislative framework and local arrangements include:

- The Police Reform and Social Responsibility Act 2011 (The Act);
- The Home Office Financial Management Code of Practice for the Police Services of England and Wales (published in October 2013);
- Avon & Somerset PCC's Scheme of Governance.

These financial statements include the following:

- A statement of responsibilities This sets out the responsibilities of the OCC and the CFO in respect of the Statement of Accounts;
- An annual governance statement These statements review the effectiveness of the OCC's internal control systems;
- A movement in reserves statement This statement shows the movement during the year in reserves, and affirms that no actual reserve balances are held by the OCC at the end of the accounting period;
- A comprehensive income and expenditure statement This statement shows the accounting cost in the year of providing policing services in accordance with generally accepted accounting practices, together with the costs of providing pensions for officers and staff;
- A balance sheet at 31 March 2016 The balance sheet shows the net pension liability, as well as other employee related balances recognised by the OCC and offset by a debtor from the PCC;
- A cash flow statement The cash flow statement shows the changes in cash and cash equivalents during the year. This statement in the OCC's accounts reflects the fact that there have been no cash transactions in the name of the OCC;
- A police officers pension fund account statement This statement shows the police officers contributions and benefits payable into the pension fund for the year, along with the amount of Home Office top-up grant receivable.

2 Presentation of the Statement of Accounts

This Statement of Accounts is prepared in accordance with Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom (referred to hereafter as the CIPFA Code).

The Police Reform and Social Responsibility Act 2011 set up new accountability and governance arrangements, establishing both the office of the PCC and the Office of the Chief Constable (OCC) as separate 'corporations sole'. In this new regime, each is a separate legal entity, though the Chief is accountable to the PCC. Both the PCC and OCC are Schedule 2
bodies under the Local Audit and Accountability Act 2014 and are both required to publish a statement of accounts and be subject to audit.

Since 1 April 2014 the employment of all police officers and most staff was transferred to the Chief Constable and the PCC retained employment only of her immediate Office of Police and Crime Commissioner (OPCC) team.

The PCC retained ownership of all existing and future assets, and all contracts continue to be let in the name of the PCC.

The approach of how to account for costs and assets follows CIPFA guidance in so far as it is available and generally accepted accounting principles which look at the underlying substance of a transaction as opposed to its legal status. In applying the accounting treatment, consideration was given as to who ultimately exercised financial control and carried the risks and rewards of assets and liabilities with reference to the principles outlined in the PCC's scheme of governance including the scheme of delegation, standing orders and financial regulations.

As last year, the accounts are prepared after consideration of the above factors and having regard to:

- The scheme of governance as set by the PCC;
- The financial regulations and standing orders as set by the PCC;
- The police and crime plan as established and set by the PCC;
- The allocation of resources as set through the budget approved by the PCC;
- The power to appoint the Chief Constable resting with the PCC;
- Ownership and control of the general fund resting with the PCC;
- Powers to borrow funds resting with the PCC only;
- Consent of the PCC required to buy and sell property;
- Day to day command and control of staff undertaken by the Chief Constable.

The result of this review is that ultimately the control and risks associated with assets and liabilities rest with the PCC, whereas the day to day command and control of operational staff rests with the Chief Constable.

Therefore, the accounting treatment adopted is:-

- The PCC will produce the group accounts;
- The OCC is treated as wholly owned subsidiary of the PCC for accounting purposes;
- All assets/liabilities are under the control of the PCC and are reported in the books of this entity, with the exception of the IAS 19 pension liability and associated assets, the short-term absences accrual (which places a financial value on holiday and time off owed to employees) and other employee expense accruals and provisions, all of which are reported in the books of the OCC. These liabilities are matched by an inter-group debtor to the PCC;
- The accounts of the OCC show the operating cost of policing together with an equal notional transfer of funding from the PCC. In addition, we show other disclosures in the notes to the OCC's accounts concerning police officers and police staff remuneration and pensions costs.

3 Financial Performance

In February 2015 the PCC approved a 2015/2016 net revenue budget of £273m, a reduction of \pounds 3.2m/1.2% on the previous year. Of this \pounds 268.3m was provided to the Chief Constable in order to support the provision of policing services to the communities of Avon & Somerset, a reduction of \pounds 3.9m/1.4%.

In order to manage the reduction in funding provided to the Chief Constable, as well as to cope with inflationary and other cost pressures, the Constabulary identified £12.9m of savings, which took our cumulative savings target since 2010/2011 to £58.8m.

Financial performance against budget is monitored throughout the year, reported to senior managers of the OCC and through to the PCC, who publishes these reports so as to provide public transparency of our financial performance. The financial performance report for 2015/2016 was reported to the PCC in May 2016, and can be found published on the PCC's website.

The Constabulary's net revenue expenditure in 2015/2016 was £265.9m. When compared to budget this means we have underspent by $\pounds 2.7m/1\%$, prior to adjustments for provisions and for transfers to earmarked reserves. Once these adjustments were made the underspend reduced to just $\pounds 0.88m/0.3\%$, this being the amount that will be transferred to the general fund.

This revenue performance was the consequence of a number of factors, including:-

- Delivery of savings in accordance with the budget plan;
- Above budget spend on overtime being offset by savings in core headcount.

The following table summarises the revenue financial performance for 2015/2016:-

	Budget	Expenditure	Over/ Under (-)
	£'000	£'000	£'000
Police officers	138,074	135,469	-2,605
Police staff and PCSO's	73,947	71,886	-2,061
Other employee expenses	7,441	7,184	-257
Premises costs	11,942	12,282	340
Travel and transport costs	5,093	5,011	-82
Supplies and services	20,567	21,094	527
Partnership costs	25,376	26,409	1,033
Central costs (inc savings contingency)	4,594	6,362	1,768
Miscellaneous and grants	43	17	-26
Income	-18,748	-19,797	-1,049
Constabulary sub total	268,329	265,917	-2,412
Office of the PCC	1,381	1,561	180
Commissioning (inc exceptional items)	3,266	2,707	-559
Total before provisions and earmarked reserves	272,976	270,185	-2,791
Adjustments for provisions	0	1,708	1,708
Contributions to earmarked reserves	0	199	199
Total after provisions and earmarked reserves	272,976	272,092	-884

It should be noted that the figures above cannot be agreed directly to the comprehensive income and expenditure statement on page 21 where the costs of policing activities include charges for the provision of pensions and the use of assets which are later reversed out through inter-group transfers from the PCC.

In many cases the reported underspends for 2015/2016 will lead to permanent savings, and we believe that we have substantially identified these recurring underspends and removed them from the 2016/2017 budget. In some cases these savings cannot be achieved permanently, and the underspend simply represents a delay in spend yet to occur, or one-off receipt of income unlikely to be repeated.

3.1 Accounting for Pensions

In line with the International Accounting Standard IAS 19 employee benefits there is a significant pension liability of £3.2bn shown on the balance sheet, which is offset by an inter-group debtor with the PCC. This liability is reduced to £3.0bn when the pension scheme assets of £0.2bn are taken into account. More details are disclosed in notes 12 to 14. The liability has no impact on the reported outturn and the usable reserves.

3.2 Employee Numbers

The number of full time equivalent employees as at 31 March 2016 is shown in the table below:

Employees	Male Number	Female Number	Total 2015/2016 Number
Number of Employees			
OCC	3,022	2,284	5,306
Number of Senior Officers			
OCC	9	4	13

4 **Operational Performance**

2015/2016 was the first full year operating in our new ways of working. Our Operating Model was significantly changed during 2014/2015, with the final elements of this structure implemented shortly before the start of the 2015/2016 financial year.

During the year we launched a new corporate system to record and manage all crime, intelligence, case progression and custody activities. As with any system change of this scale the implementation created a disruption for officers and staff, however we sought to minimise this disruption through provision of training and the availability of digital champions across the force, both of which continue to be used to ensure that the system is embedded to support our new ways of working.

Nationally, total recorded crime as reported by the Crime Survey for England and Wales (an independent survey managed by the Office for National Statistics) showed a 7% reduction on the previous year. However, within this we have seen increases in the reporting of domestic and sexual violence, child abuse and child sexual exploitation and other more complex crimes targeting vulnerable people. Conversely, police recorded figures showed an increase of 7%, with the majority of the rise being attributed to improved crime recording practices. During the same period, Avon and Somerset Constabulary showed a 12% increase in overall recorded crime.

HMIC's 2015 PEEL Assessment for Avon and Somerset concluded that the force overall 'requires improvement' following this rating being applied to the "Effectiveness" element of the PEEL inspections. The Force was rated "good" in "Efficiency" (incorporating value for money) and "good" in "Legitimacy".

Overall victim satisfaction rates are currently 78%, and when measured comparatively against other forces, performance is below the Police and Crime Plan ambition for a national 'top 10' position. This coincided with a significant shift in focus towards vulnerable victims and the organisation's response to threat, risk and harm. Work is underway to improve feedback to less vulnerable victims of crime in view of these changes and improve the measurement of victim satisfaction for the vulnerable victims supported through the Integrated Victim Care approach.

Improved confidence to report and better crime recording has led to significantly higher number of domestic and sexual abuse cases being identified and supported this year. The proportion fully resolved, however, has fallen and is not meeting the current Police and Crime Plan ambition.

Victim satisfaction in cases of domestic burglary have fallen slightly to 87%, whilst the proportion of investigations fully resolved has fallen from an average position compared to other forces nationally (12%) to a below average position (below 10%) over the last year. Levels of burglary recorded in the area also began to increase marginally over the last year, after 12 previous years of sustained reductions.

The proportion of Anti-Social Behaviour (ASB) cases fully resolved have seen a small decrease of around 5% since 2014/2015.

Avon and Somerset maintains a low rate of people killed and seriously injured on its roads compared to other police force areas nationally.

Overall public confidence in policing of Avon and Somerset was on track at top quartile levels during the majority of the year, but fell in the last quarter to an average level for police forces nationally, as measured via the Crime Survey for England and Wales.

5 Looking ahead to 2016/2017 and the Medium Term

The Constabulary has implemented continuous improvement planning across the organisation which, when coupled with established organisational learning practices and effective risk management, ensure that we remain focused on key priorities.

Further transformation of the Constabulary is planned during 2016/2017, delivered through our Change Programme. This will include continued developments in our digital capabilities through initiatives that will provide all frontline police officers and PCSO's with body worn video cameras, as well as further developments in the mobile solutions provided to officers and staff.

The announcements made by the Government in their 2015 Autumn Statement offer a much greater level of protection from funding cuts for the police service. Whilst the Constabulary welcomes these announcements, it also recognises that this does not mean an end to our need to continue to find and deliver savings.

The Constabulary is targeting a further $\pounds 20.6m$ of savings to be identified and delivered by 2019/2020. We estimate that the majority of this saving ($\pounds 15.6m$) will be required to simply stand still, with a further saving ($\pounds 5.0m$) identified to enable us to continue to support the cost of transformation, and invest in those areas of our work that meet the changing demand and expectations of our communities.

In total we have already delivered £5.7m of this saving requirement, and have provisionally identified our target for how a further £5.2m will be realised. This will include:-

- Replacing under-utilised, costly to run and surplus properties with a more efficient and effective estate, realising the benefits of collocation with partners where appropriate;
- Review of our enabling services through planning for the end of our Southwest One contract in 2018, and realising the benefits of greater collaboration with partners in the delivery of these services;

The remaining $\pounds 9.7m$ of savings needed to achieve our target continue to be the focus of our work internally, and through collaboration with other partners within Avon & Somerset and across the region. We expect to have developed our plans for these further savings during 2016/2017.

Julian Kern FCCA, MBA Chief Finance Officer to OCC 9 September 2016

Statement of Responsibilities

This section explains our responsibilities for our financial affairs and how we make sure we carry out these responsibilities properly.

1 Chief Constable's Responsibilities

The Chief Constable is required to:

- Make arrangements for the proper administration of the Office of the Chief Constable's financial affairs and to make sure that one of its officers, the Chief Finance Officer, has responsibility for the management of those affairs;
- Manage its affairs to secure the use of resources efficiently and effectively and safeguard assets;
- Approve the Statement of Accounts.

2 The Chief Finance Officer's Responsibilities

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

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

- chosen suitable accounting policies and then applied them consistently;
- made reasonable and prudent judgements and estimates;
- complied with the CIPFA Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud including preparing an audit and risk management strategy; and
- made sure that the internal control systems are effective pages 12 to 19 show this in more detail.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Office of the Chief Constable as at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

Julian Kern FCCA, MBA Chief Finance Officer to OCC 9 September 2016

Auditor's Report

Draft independent auditors' report to the Chief Constable for Avon and Somerset

We have audited the financial statements of the Chief Constable for Avon and Somerset Police (the "Chief Constable") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes and include the police pension fund financial statements of Avon and Somerset Police comprising the Fund Account and the Net Assets Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- present a true and fair view of the financial position of the Chief Constable as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Chief Constable under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Chief Constable's arrangements to secure value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Chief Constable and auditor

The Chief Constable is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1)(c) of the Act to be satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Chief Constable's arrangements to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code in satisfying ourselves whether the Chief Constable put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Chief Constable has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects the Chief Constable has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Chief Constable for the year ended 31 March 2016. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Chief Constable's arrangements for securing value for money through economic, efficient and effective use of its resources.

[Name to complete]

for and on behalf of Grant Thornton UK LLP, Appointed Auditor Grant Thornton House Euston Square London, NW1 2EP [To be dated] 2016

Annual Governance Statement

There is a statutory requirement to prepare the Annual Governance Statement which sets out the internal controls in place to ensure 'proper practices' in accordance with the CIPFA/SOLACE Good Governance Framework. The statement also considers the extent to which the aspirations set out in the PCC's Code of Corporate Governance are currently being met.

The statement sets out the detailed arrangements which support the view of the Chief Constable and his Chief Finance Officer (CFO) that the Chief Constable's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the CFO in Local Government (2010) as set out in the Addendum (2012) to Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE).

These statements give the results of our yearly assessment of how well we are managing and controlling risks in achieving our aims and meeting the responsibilities we have by law.

1 Scope of Responsibilities

This statement covers the OCC. The PCC's statement of accounts includes a similar statement which covers both the Office of the PCC as well as the Group position of the PCC and OCC.

The OCC is responsible for the direction and control of the Constabulary. In discharging this function, the OCC supports the PCC in ensuring their business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The OCC is also responsible for putting in place proper arrangements for the governance of the Constabulary and ensuring that these arrangements comply with the PCC's Scheme of Governance. In so doing the OCC is ensuring a sound system of internal control is maintained throughout the year and that appropriate arrangements are in place for the management of risk.

The PCC and OCC have adopted corporate governance principles which are consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government. A copy of the Avon and Somerset Joint Scheme of Governance is on the website at www.avonandsomerset-pcc.org.uk or can be obtained from the PCC's office at Police Headquarters, Valley Road, Portishead, BS20 8JJ, or by contacting 01275 816377.

The OCC's Chief Finance Officer (OCCCFO) has responsibility for providing advice on all financial matters, maintaining financial records and accounts and ensuring an effective system of financial control is in place. This role (together with the PCC Chief Finance Officer) conforms to the governance requirements established in the CIPFA statement on the role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Financial Officer of the Chief Constable.

2 The Governance Framework

The governance framework in place throughout the 2015/2016 financial year covers the period from 1 April 2015 to 31 March 2016 and up to the date of approval of the annual Statement of Accounts.

This framework comprises the systems, processes, culture and values by which the Chief Constable operates in support of the PCC's Scheme of Governance. It is through the application of this framework that the Chief Constable is able to both monitor and deliver the objectives of the Constabulary and provides assurance to the PCC that these objectives are leading to the delivery of appropriate and cost-effective policing services which provide value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot, however, eliminate all risk of failure to achieve aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is an ongoing process designed to identify and prioritise the risks to achieving the PCC's and Chief Constable's aims and objectives, evaluate the likelihood and impact of those risks being realised and manage them effectively, efficiently and economically.

The Chief Constable is responsible for operational policing matters, direction of police personnel and making proper arrangements for the governance of the Constabulary. He is accountable to the PCC for the exercise of those functions. The Chief Constable must therefore satisfy the PCC that the Constabulary has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

This statement provides a summary of the extent to which the Chief Constable is supporting the aspirations set out in the PCC's Scheme of Governance. It is informed by assurances on the five principles set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government where the Chief Constable has responsibility, and by ongoing internal and external audit and inspection opinion. The five principles of good governance where the Chief Constable has responsibility are:-

2.1 Focusing on the Purpose of the Constabulary, and on Outcomes for the Community, and Creating and Implementing a Vision for the Local Area

The purpose, vision, values, priorities and strategic objectives of the PCC are developed through a joint needs assessment and planning process which has been developed through a Strategic Planning Working Group, comprising Constabulary leads, PCC and PCC's lead officers. This culminated in the publication of the PCC's Police and Crime Plan, which incorporates separate plans for each of our nine local authority areas. This working group has enabled a considered and informed approach to objective and priority setting built upon the election work of the PCC, findings of stakeholder and community engagement, strategic assessments of risk and threat, local performance, audit and inspection findings and improvement plans. For 2015/2016, the PCC has added roads policing to her existing priorities to respond to public interest in this area.

Delivery of the Policing Plan is the responsibility of the Chief Constable and the Constabulary. In support of this detailed plans are prepared across the Constabulary, underpinning our overarching continuous improvement plans.

The Constabulary has a mature programme for monitoring performance. Daily performance and risk is assessed and monitored at force level and across local areas. Weekly performance and operational risk is reviewed by Senior Leadership Teams and the Chief Officer Group (COG). Strategic performance is then monitored in more detail on a monthly basis through a range of governance meetings at a corporate and local level. At an annual level, there is a well embedded strategic planning cycle that assesses the performance of the organization through a Constabulary Review.

2.2 Ensuring the Constabulary and Partners Work Together to Achieve a Common Purpose with Clearly Defined Functions and Roles

The PCC's scheme of governance, including Standing Orders, Financial Regulations and Scheme of Delegation, sets out the governance framework. It is through this framework that the roles of both the Chief Constable and PCC are clearly defined and demonstrate how we work together to ensure effective governance and internal control.

The Chief Constable and PCC have regular meetings, which are often extended to include senior officers of both the PCC and the Constabulary. As appropriate these meetings will be supplemented by written papers, which are published through the PCC's website to ensure transparency of decision making.

In addition to the PCC, the Chief Constable and Constabulary operate in partnership with a number of other organisations. These include partnerships in the delivery of policing operations (e.g. collaborations on investigation of Major Crime with Gloucestershire and Wiltshire Police, Special Branch and Forensics activities with Wiltshire, Devon and Cornwall and Dorset Police and Training and Specialist Operations with Gloucestershire and Wiltshire Police), as well as in business support operations (e.g. collaboration with Somerset County Council, Taunton Deane Borough Council and IBM through Southwest One Joint Venture). In all areas of collaboration we have clear governance frameworks in place to ensure the effective delivery of commonly agreed outcomes. Regular South West Regional PCC/OCC meetings are held to discuss Collaborative opportunities.

2.3 Promoting Values of Good Governance Through Upholding High Standards of Conduct and Behaviour

The Constabulary's mission is to ensure that our communities are safe and that they feel safe. The Constabulary's vision is that the communities of Avon and Somerset will have the highest levels of confidence in our delivery of policing services.

The Constabulary has clearly established values, which have been in place for a number of years, and which are firmly embedded throughout the organisation. Our values are:

- Public First;
- Quality Counts;
- Today's Business Today; and
- To be Professional, Friendly and Interested.

The Constabulary reinforces these values and the expected standards of behaviour for its staff through processes, procedures and policies and through its corporate communications.

The Constabulary has a Professional Standards Department, which is overseen by the Deputy Chief Constable who reports directly to the Chief Constable. It is through the work of this department that the Constabulary is able to promote the ethos of personal accountability amongst staff, as well as to investigate allegations of breaches in the code of conduct. Regular communication with both new and existing members of staff re-enforce our corporate anti-corruption messages.

The PCC has established an independent resident's panel to review samples of complaints made by members of the public about the service of the Constabulary. The reports of the panel are considered by the Constabulary and feed into our organisational learning.

The Constabulary has adopted the new Code of Ethics, created by the College of Policing, which sets out the principles and standards of professional behaviour for the policing profession in England and Wales. This action reinforces our commitment to uphold high standards of conduct and behaviour, and has been further supported by the introduction of an independently chaired ethics committee.

2.4 Taking Informed and Transparent Decisions Which are Subject to Effective Scrutiny and Risk Management

All strategic decision making is carried out in accordance with the PCC's Governance Framework, including the Scheme of Governance, Standing Orders and Financial Regulations.

The Governance arrangements ensure that key decisions are taken at the appropriate level, and are referred to the PCC as required. The Chief Constable and Constabulary are subject to the oversight and scrutiny of the PCC through regular meetings between

the Chief Constable and the PCC, and by lead PCC officers meetings with senior Constabulary officers and staff, often attended by the PCC.

The PCC and Chief Constable have established a joint audit committee. This committee receives reports of both the internal and external auditors, as well as any other reports required to be referred to it under its established Terms of Reference. Through this body the Chief Constable is subject to scrutiny not only of the PCC, but also of the independent members of the Audit Committee.

The Constabulary has mechanisms in place for the management of risk throughout the organisation. Departmental and local policing area risk registers are in place, which underpin the strategic risk register. The strategic risk register includes significant risks identified across all departmental and local policing area risk registers, as well as any other strategic risks identified (including those which arise from audit and inspection reports). The strategic risk register is a live document, monitored by the Deputy Chief Constable and is routinely considered at our Force COG meeting as well as being regularly reported to the Audit Committee.

2.5 Developing the Capacity and Capability of Officers of the Constabulary to be Effective

The Constabulary operates a Performance Development Review (PDR) process. Through our PDR process the Constabulary is able to ensure that our corporate values are reinforced and promoted and that each member of staff has individual objectives which underpin and support the performance of the local policing area or department in which they work as well as their own personal development.

The Constabulary has a Corporate Learning and Development department, and through their skills and expertise we offer a range of internal training sources to meet the identified development needs of our staff. If appropriate the Constabulary will also use external training events to provide staff with necessary development opportunities.

During 2013/2014 the Constabulary achieved Investors in People (IIP) Gold Status, becoming the first Home Office force in the country to achieve this. This achievement recognises the Constabulary's ongoing commitment to support, develop and empower our people to deliver the best possible service to the public.

3 **Review of Effectiveness**

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal audit and system of internal control. This is informed by the internal audit assurance, the opinions and reports of our external auditors and other inspection bodies, as well as the work of the CCCFO, and of managers within the Constabulary who have responsibility for the development and maintenance of the governance environment.

For 2015/2016 this review included the following considerations:

Joint Audit Committee (JAC)

The JAC has concluded another year of work in accordance with their work plan and publishes an annual report which sets out the work of the committee, the training and development of JAC members and the outcomes of the programme of audit work from the last year. The JAC Chair has been appointed for a second term beginning March 2016 until December 2017.

Internal Audit Programme 2015/2016

The formation of internal audit opinions is achieved through a plan of work agreed with both OPCC and Constabulary management, and approved by the JAC.

For the 12 months ended 31 March 2016, the Head of Internal Audit opinion for the Office of the Police and Crime Commissioner for Avon and Somerset is as follows:

The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

Our internal auditors undertook 11 reviews in total, and issued 2 follow-up reports. Of the reviews undertaken, 9 related to areas wholly or substantially under the direction and control of the Chief Constable, 1 related wholly to the PCC and one related to our regional collaboration programme. Of the 9 reviews focussed on the OCC, 7 provided a conclusion on the level of assurance obtained, and 2 were of an advisory nature.

The table below sets out the level of assurance and agreed actions arising from the 7 assurance reviews undertaken that relate wholly or substantially to the OCC:-

Assurance Level	Agreed Actions			
	High	Medium	Low	
Substantial	-	2	-	
Substantial	-	1	-	
Reasonable	-	4	4	
Reasonable	-	4	1	
Partial	2	2	-	
Partial	6	2	1	
Partial	-	4	-	
-	8	19	6	
	Substantial Reasonable Reasonable Partial Partial	Substantial - Substantial - Reasonable - Reasonable - Partial 2 Partial 6 Partial -	Substantial-2Substantial-1Reasonable-4Reasonable-4Partial22Partial62Partial-4	

From the reports raised by our internal auditors, there are three particular areas to highlight:-

- Control framework for business continuity our internal auditors identified that our business continuity plans needed to be updated so that we could strengthen our understanding of single points of failure. We recognised, and agreed with this conclusion and have made substantial progress in bolstering and improving our plans throughout the organisation;
- Project Management TBC
- Culture/Staff Surveys Our internal auditors identified a number of issues resulting from the staff survey undertaken during the year. In particular they highlighted concerns expressed about our PDR process, the provision of wellbeing services, and lack of awareness and understanding about what happened with the survey results.

HMIC Inspections

The Constabulary has been subject to HMIC reviews in 2015/2016 under PEEL inspection, with the following outcomes reported:-

- Legitimacy HMIC found that the Constabulary is Good in acting with legitimacy in keeping people safe and reducing crime. Overall it found that the Constabulary takes seriously the need for ethical and inclusive workforce, although they found mixed views about its commitment to wellbeing. Local police teams have a good understanding of their neighbourhoods, and they engage positively with the public. The constabulary complies with the Best Use of Stop and Search scheme, and Taser use is mostly fair and appropriate;
- Efficiency HMIC found that the Constabulary is Good at keeping people safe and reducing crime efficiently. Overall it found that the Constabulary has successfully reduced spending over the last spending review period through robust financial management and a commitment to continuous improvement. The constabulary has a comprehensive understanding of the demands for its services and is planning effectively for future financial challenges;

Effectiveness – HMIC found that the Constabulary requires improvement in the effectiveness with which it keeps people safe and reduces crime. Overall it found that the constabulary is good at preventing crime and anti-social behaviour but the standards of victim care and the quality of investigations lack consistency. The constabulary is generally good at identifying vulnerability but an accurate assessment of the risks presented to domestic abuse victims and persons reported as missing is not always evident. There are good arrangements in place to tackle serious and organised crime.

Medium Term Financial Plan (MTFP)

The Constabulary has identified and delivered $\pounds 58.8m$ in savings across the five years since 2010/2011. A further $\pounds 5.7m$ of savings has already been delivered for 2016/2017, with a target of $\pounds 1.4m$ more to be delivered over the course of the year.

Beyond 2016/2017 we estimate that a further £8.7m of savings will be required by 2020/2021 to standstill, with further savings needed to support reinvestment into new and growing areas of demand for our services.

We do not under-estimate the scale of the challenge in delivering further savings from an organization that has already gone through substantial change. The Constabulary is working closely with the OPCC, and with our partners, to identify further opportunities to achieve savings and expect these plans to substantially develop over the course of 2016/2017.

Risk Management

The JAC has worked with the PCC and Chief Constable during the year, supported by recommendations from internal audit, to improve the alignment and presentation of the PCCs and Chief's strategic risk registers and the framework for risk assurance. This work has led to an improved risk assurance framework with the PCC and Chief Constable to better review and monitor assurances that mitigate and manage risk.

Since March 2016 the risk registers have been reviewed by the JAC in open session, and published online with other JAC papers.

Organisational Learning

The Constabulary has embedded practices to achieving effective organisational learning. Through implementation of our organisational learning strategy the Constabulary is focussed on:-

- Repeating and spreading successes and enabling greater innovation;
- Reducing the incidence and impact of repeated mistakes and service failings; and
- Improving outcomes, public perception and achievement of the Constabulary's plan for continuous improvement.

The Constabulary's organisational learning is managed through portfolio learning forums, each of which is chaired by a Chief Officer, and which report into the Constabulary Learning Board.

4 Significant Governance Issues

Following completion of the review of effectiveness Chief Officers are satisfied that our arrangements for governance, risk management and control are generally adequate and effective. Through our review we have identified that the four biggest risks to the organisation at this time are:-

Issue	Progress
Adequacy of our crime and incident recording compliance	Chief Officers are aware of the risk presented by inaccurate or incorrect crime recording, and are mitigating this through a number of measures including communications strategy, training, completion of audits and regular monitoring by Chief Officers and through to the PCC.
Failure to set a sustainable balanced budget	The financial outlook improved somewhat following the announcements made in the Spending Review. However, as detailed in our MTFP, more savings will be necessary to ensure that we continue to be able to manage within our means in the medium term.
	Chief Officers are mitigating this risk through ensuring continued review and development of our financial forecasting, coupled with development of our change programme to bring forward initiatives that will enable us to save money, both internally within the Force and in partnership with others.
Withdrawal of partner from existing or proposed collaboration	We are managing our partnerships through established governance mechanisms, and where appropriate enhancing these to ensure that they remain effective – examples of where this has been done is in our regional collaborations where the appointment of new regional ACC's will enhance shared oversight of our collaborative operations.
	We know that Somerset County Council will be withdrawing from our Southwest One joint venture during 2016/2017, and we are working jointly with them, and with Southwest One to ensure that the service levels are not adversely affected by this change.
	We continue to explore new collaborative ways of working, including development of our partnership with Wiltshire Constabulary and our emerging partnership with Avon Fire & Rescue. By approaching these in an open and transparent way we believe we will be able to avoid the potential for conflict which might delay our ability to progress here.
Loss of legitimacy and public confidence	Chief Officers recognise the challenges that the Constabulary has faced over the last two years, and the impact this has had on maintaining public confidence and legitimacy in us and our services. The Constabulary is committed to transparency, and to effective organisational learning, and it believes that through this focus we can sustain and enhance our legitimacy and public confidence.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Andy Marsh Chief Constable Julian Kern FCCA, MBA Chief Finance Officer to OCC

Movement in Reserves Statement 2014/2015 and 2015/2016

These statements show only the pension related transactions for the years ending 31 March 2015 and 31 March 2016. All reserves are held by the PCC.

	Movement in reserves statement 2014/2015						
	Revenue General Fund £'000	Revenue Specific Reserves £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000	
Balance as at 31 March 2014	0	0	0	0	0	0	
Surplus or deficit(-) on provision of services Other comprehensive income and	381,566	0	0	381,566	0	381,566	
expenditure	0	0	0	0	-381,566	-381,566	
Total comprehensive income and expenditure	381,566	0	0	381,566	-381,566	0	
Adjustments between accounting & funding basis under regulations							
Net IAS 19 charge for retirement benefits	-381,566	0	0	-381,566	381,566	0	
Net increase/decrease(-) before transfers to earmarked							
reserves Transfers to/from earmarked	0	0	0	0	0	0	
reserves	0	0	0	0	0	0	
Increase/decrease(-) in 2014/2015	0	0	0	0	0	0	
Balance as at 31 March 2015	0	0	0	0	0	0	

	Movement in re	serves statem	ent 2015/2010	6		
	Revenue General Fund £'000	Revenue Specific Reserves £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2015	0	0	0	0	0	0
Surplus or deficit(-) on provision of services Other comprehensive income and expenditure	-325,124	0	0	-325,124	0 325,124	-325,124 325,124
Total comprehensive income and expenditure	-325,124	0	0	-325,124	325,124	0
Adjustments between accounting & funding basis under regulations						
Net IAS 19 charge for retirement benefits	325,124	0	0	325,124	-325,124	0
Net increase/decrease(-) before transfers to earmarked						
reserves Transfers to/from earmarked	0	0	0	0	0	0
reserves	0	0	0	0	0	0
Increase/decrease(-) in 2015/2016	0	0	0	0	0	0
Balance as at 31 March 2016	0	0	0	0	0	0

Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

The comprehensive income and expenditure statement shows the resources consumed by the OCC in undertaking operational policing activities. These costs have been funded by the PCC through inter-group adjustments. See note 2 for further details.

2014/2015 £'000	Comprehensive Income and Expenditure Statement - CC	2015/2016 £'000
	Expenditure	
139,432	Local policing	133,553
30,015	Dealing with the public	32,386
30,445	Criminal justice arrangements	27,796
13,367	Road policing	12,118
27,766 22,009	Operational support Intelligence	25,905 25,607
78,906	Investigation	78,371
10,884	Investigative support	11,459
15,695	National policing	15,521
	Total financial resources of the PCC consumed	
368,519	at the request of the OCC	362,716
-368,519	Inter-group adjustment	-362,716
0	Net cost of police services	0
0	Other operating expenditure	0
116,147	Net interest on pensions (note 12)	104,730
-116,147	Inter-group adjustment (pension interest cost)	-104,730
	Financial and investment income	
0	and expenditure	0
49,328	Police pension top-up grant - Expenditure (note 13)	44,322
-49,328	Police pension top-up grant - Income (note 13)	-44,322
-381,566	Inter-group adjustment (Re-measurement of pension assets and liabilities)	325,124
-381,566	Non-specific grant income and contributions	325,124
-381,566	Surplus(-)/deficit on provision of services	325,124
,,	Re-measurement of pension assets	,
398,842	and liabilities (note 12)	-331,176
-17,276	Return on pensions assets (note 12)	6,052
381,566	Other comprehensive income and expenditure	-325,124
	Total comprehensive income and expenditure	

Andy Marsh Chief Constable 9 September 2016 Julian Kern FCCA, MBA Chief Finance Officer to OCC 9 September 2016

Balance Sheet as at 31 March 2016

The balance sheet shows the pension liability and other employee related creditors and provisions accrual offset by debtors from the PCC. These financial statements replace the unaudited financial statements certified by the Chief Financial Officer on 21 June 2016.

2014/2015 £'000	Balance Sheet	2015/2016 £'000
	Long term assets	
3,213,904 235,897	Long term intra-group debtor Police staff pension assets	3,021,960 244,689
3,449,801	Total non-current assets	3,266,649
8,588	Intra-group debtor	9,609
8,588	Total current assets	9,609
-8,588	Creditors (note 15)	-9,609
-8,588	Total current liabilities	-9,609
	Long term liabilities	
-10,446 -3,439,355	Provisions (note 16) Police pension liabilities (note 12 to 14)	-607 -3,266,042
-3,449,801	Total long term liabilities	-3,266,649
0	Net assets	0
0	Total usable reserves	0
0	Total unusable reserves	0
0	Total reserves	0

Andy Marsh Chief Constable 9 September 2016 Julian Kern FCCA, MBA Chief Finance Officer to OCC 9 September 2016

Cash Flow Statement

This note does not show any cash flows for the year ending 31 March 2016 as all payments are made from the PCC and all income for the year received by the PCC. The financial consequences of the operational activities undertaken by the OCC can be seen within the comprehensive income and expenditure statement.

	81,566 0	Net surplus(-)/deficit on the provision of services	
	0		325,124
		Depreciation and impairment of property, plant and equipment	0
	0	Amortisation of intangible assets	0
	-9,637	Increase(-)/decrease in provision charged back to service	9,839
30	81,566 0	Charges for retirement benefits in accordance with IAS 19 Carrying amounts of non-current assets sold	-325,124 0
	0	Other	0
	8,069	Increase/decrease(-) in long and short term debtors	-8,818
	1,568	Increase(-)/decrease in long and short term creditors	-1,021
	0	Increase/decrease(-) in stock/WIP	0
		Adjust net surplus or deficit on the provision of	
38	81,566	services for non-cash movements	-325,124
	0	Proceeds from the sale of property, plant and equipment	0
	_	Capital grants credited to the surplus or deficit on the provision	_
	0	of service	0
		Adjust net surplus or deficit on the provision of	
	0	services that are investing or financing activities	0
	0	Net cash flows from operating activities	0
	0	Purchase of plant, property and equipment	0
	0	Capital receipts	0
	0	Capital grant/contribution income due for the year	0
	0	Purchase of short & long term investments Interest received	0
	0	Interest received	0
	0	Net cash flow from investing activities	0
	0	Bank overdraft	0
	0	Repayment of long term loans	0
	0	Interest paid	0
	0	Net cash flow from financing activities	0
	0	Net increase(-)/decrease in cash and cash equivalents	0
		Cash and cash equivalents at the beginning of the reporting	
	0	period	0
	0	Cash and cash equivalents at the end of the reporting period	0

Notes to the Financial Statements

1 Statement of Accounting Policies

1.1 General Principles

The general principles adopted in compiling these accounts are in accordance with the recommendations of CIPFA. They accord with CIPFA's Code of Practice on Local Authority Accounting 2015/2016, the Service Reporting Code of Practice (CIPFA Code) 2015/2016 and the Accounts and Audit Regulations 2015 and are based on the following standards:

- International Financial Reporting Standards (IFRSs) as adopted by the EU;
- International Public Sector Accounting Standards (IPSASs);
- UK Generally Accepted Accounting Practice (GAAP); (Financial Reporting Standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) abstracts) as far as they are applicable.

1.2 Accruals of Income and Expenditure

Activity is accounted for and recorded on an accruals basis. This means that income is recorded in the accounts when it becomes due, rather than when it is received, and the outstanding amounts are included as debtors. Expenditure is included in the accounts when the goods or services are received or supplied, and any outstanding amounts are included as creditors. The PCC Group established a de-minimis level of £100 for accruals in both 2014/2015 and 2015/2016.

1.3 Overhead Allocations

Overheads are allocated to service areas based either on headcount or expenditure depending on which is considered the most appropriate cost driver for the service area in question.

1.4 VAT

The OCC does not submit a Value-Added Tax return to HMRC as this is submitted as a single return for the group by the PCC. Income and expenditure in the OCC's comprehensive income and expenditure statement excludes VAT, except where it is non-recoverable.

1.5 Employee Benefits

1.5.1 Benefits Payable During Employment

The full cost of employees (including salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits) is charged to the accounting period in which the employees worked. An accrual is made for the cost of any leave earned by employees but not taken before the year end which employees can carry forward into the next financial year. This accrual is charged to the provision of services within the comprehensive income and expenditure statement in the year that the benefit has arisen and is shown as a liability on the balance sheet.

1.5.2 Termination Benefits

Termination benefits arise as a result of a decision to terminate the employment of police staff before the normal retirement date. These benefits are charged on an accruals basis to the comprehensive income and expenditure statement.

1.5.3 Pension Benefits

There are different pension arrangements for police officers and for police staff. In both cases pensions and other benefits are paid to retired staff which relate to the individual's length of service. Until 31 March 2006 retired police officers were paid their pensions from the contributions received each year. However, from 1 April 2006, although the OCC makes the payments and collect the contributions, responsibility for the cost of these payments has transferred to the Government.

Police staff including PCSO's are part of the Local Government Pension Scheme, in which case, the employer and the staff in the scheme pay into the pension fund at agreed rates. When an individual retires the fund pays all the usual benefits.

Occasionally extra costs have to be met when an employee retires early or retires due to ill health. These costs are charged to the comprehensive income and expenditure statement.

In accordance with IAS 19 – Employee benefits, long term pension liabilities have been included in the OCC balance sheet.

1.5.4 Re-measurement of Pension Asset and Liabilities

The IAS 19 actuarial gains and losses and the return on the pension fund assets are fully recognised immediately within the comprehensive income and expenditure statement.

1.6 Provisions

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

Provisions are charges to the appropriate service line in the comprehensive income and expenditure statement in the year the Office of the Chief Constable 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 the relevant risks and uncertainties. When settled the amounts agreed will be charged against the provision.

1.7 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Office of the Chief Constable a possible obligation whose existence can only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Office of the Chief Constable. Contingent liabilities also arise in the situation where a provision would otherwise be made but where it is possible but 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.

1.8 Post Balance Sheet Events

These are events occurring after the balance sheet date but before the Statement of Accounts are authorised for issue. Two types of events can be identified:

- Adjusting events where there is evidence that the conditions existed at the end of the reporting period and the accounts are adjusted to reflect these events.
- Non-adjusting events where these are indicative of conditions that arose after the balance sheet date, the Statement of Accounts are not amended, but a note is included to provide an explanation of the nature and the effect of the event.

Events that have taken place after the authorised date of issue are not reflected within the Statement of Accounts.

2 Critical Judgements in Applying Accounting Policies

The OCC accounts have been prepared on a going concern basis.

Following the Police Reform and Social Responsibility Act 2011, two new corporate entities were created being the PCC and OCC. All payments for the PCC Group are made by the PCC and no cash movements are made between the PCC and OCC. The PCC has the responsibility for managing the financial relationships with third parties and has legal responsibility for discharging the contractual terms and conditions of suppliers. The PCC holds all the assets, liabilities and reserves, with the exception of the IAS 19 pension liabilities, the accumulated short term absences creditor accrual and other employee related accruals and provisions, as the OCC employs officers and staff. This is matched on the balance sheet of the OCC by an inter-group adjustment with the PCC. The comprehensive income and expenditure statement shows the net cost of policing services in line with the SeRCOP definitions excluding the costs of administering the PCC and the associated IAS 19 pension costs. This is met by an inter-group adjustment with the PCC to bring the net cost of police service to nil.

3 Accounting Standards Issued But Not Adopted

The following accounting standards have been amended and not adopted until 2016/2017 and are unlikely to have a material impact on the financial statements.

- IAS 19 Employee Benefits: The amendments to this standard relate to changes to the format of the pension fund account.
- IFRS 11 Joint Arrangements: The amendments to this standard relate to the accounting for acquisitions.
- IAS 16 Plant, Property and Equipment, IAS 38 Intangible Assets: The amendments to these standards provide clarification on methods of depreciation and amortisation.

There is however an amendment to IAS 9 Presentation of Financial Statements which introduces a new format for the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and introduces a new Expenditure and Funding Analysis. These changes will be implemented in next year's accounts, and will include the restatement of the comparative year in the new format.

4 Assumptions Made About the Future and the Sources of Estimations

In some areas figures in the accounts are based on estimates which take into account past experience, current trends and other relevant factors. By their nature these figures could vary and as such the material areas based on estimates are detailed below.

4.1 Pension Service Costs

The estimation of the service cost to pay pension depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and the expected return on the fund's assets. Actuaries provide the PCC Group with expert advice about the assumptions that have been applied.

Further information is included within notes 12 to 14 regarding the assumptions that have been used by the actuaries to provide an estimate of the liability.

The following tables show the impact of a small change in the assumptions made for the Police Officer and Police Staff Pension Schemes.

Police Officer Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate Present value of total obligation Projected service cost	+0.1% 2,791,490 48,288	0.0% 2,843,444 49,460	-0.1% 2,896,437 50,662
Adjustment to long term salary increase Present value of total obligation Projected service cost	+0.1% 2,850,039 49,674	0.0% 2,843,444 49,460	-0.1% 2,836,884 49,247
Adjustment to pension increases and deferred revaluation Present value of total obligation Projected service cost	+0.1% 2,890,469 50,462	0.0% 2,843,444 49,460	-0.1% 2,797,346 48,485
Adjustment to mortality age Present value of total obligation Projected service cost	+1 year 2,933,558 50,722	None 2,843,444 49,460	-1 year 2,756,178 48,229

Police Staff Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate Present value of total obligation Projected service cost	+0.1% 413,156 17,004	0.0% 422,598 17,470	-0.1% 432,266 17,949
Adjustment to long term salary increase Present value of total obligation Projected service cost	+0.1% 424,048 17,470	0.0% 422,598 17,470	-0.1% 421,160 17,470
Adjustment to pension increases and deferred revaluation Present value of total obligation Projected service cost	+0.1% 430,930 17,954	0.0% 422,598 17,470	-0.1% 414,467 16,998
Adjustment to mortality age Present value of total obligation Projected service cost	+1 year 434,709 17,916	None 422,598 17,470	-1 year 410,835 17,035

5 Events After the Balance Sheet Date

Sue Mountstevens was re-elected as Police and Crime Commissioner for Avon and Somerset and took up her position on 12 May 2016.

The UK held a referendum on 23 June 2016 to decide whether the UK should leave or remain in the EU. The result of the referendum was that the UK would leave the EU. As a result of this decision, there has been increased volatility within the global markets with significant fluctuations. Therefore, the fair values of the balances reported for investments, including the

Local Government Pension Scheme and liabilities may have moved significantly from the position as at 31 March 2016.

6 Service Analysis

This note shows the analysis of income and expenditure by main service area.

Service Analysis 2014/2015	Employee Costs £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Third Party Payments £'000	Other £'000	Total £'000
Employee expenses	214,459	0	0	0	0	19,207	233,666
Other operating expenses	0	13,262	5,242	23,560	23,030	4,622	69,716
Net cost of services	214,459	13,262	5,242	23,560	23,030	23,829	303,382

This note reconciles the service analysis with the surplus/deficit on the provision of services as shown in the comprehensive income and expenditure statement.

Reconciliation to Subjective Analysis 2014/2015	Service Analysis £'000	Not Reported to Management £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Employee expenses	233,666	174	233,840	0	233,840
Employee expenses - IAS 19 pensions	0	33,654	33,654	-116,147	-82,493
Other operating expenses	69,716	2,461	72,177	0	72,177
Depreciation, amortisation and impairment	0	28,848	28,848	0	28,848
Intra group adjustment	0	-368,519	-368,519	-265,419	-633,938
Surplus(-)/deficit on the provision of services	303,382	-303,382	0	-381,566	-381,566

This note shows the analysis of income and expenditure by main service area.

Service Analysis 2015/2016	Employee Costs £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Third Party Payments £'000	Other £'000	Total £'000
Employee expenses Other operating expenses	215,157 0	0 12,282	0 5,011	45 22,250	0 26,409	17,456 7,276	232,658 73,228
Net cost of services	215,157	12,282	5,011	22,295	26,409	24,732	305,886

This note reconciles the service analysis with the surplus/deficit on the provision of services as shown in the comprehensive income and expenditure statement.

Reconciliation to Subjective Analysis 2015/2016	Service Analysis	Not Reported to Management	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000
Employee expenses	232,658	242	232,900	0	232,900
Employee expenses - IAS 19 pensions	0	38,219	38,219	-104,730	-66,511
Other operating expenses	73,228	-1,183	72,045	0	72,045
Depreciation, amortisation and impairment	0	19,552	19,552	0	19,552
Intra group adjustment	0	-362,716	-362,716	-220,394	-583,110
Surplus(-)/deficit on the provision of services	305,886	-305,886	0	-325,124	-325,124

7 Paying Staff

Post Holder Information (post title and name)	Note	Salary (including fees & allowances) £	Compensation for Loss of Office £	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2014/2015 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2014/2015 £
Chief Constable - N Gargan	1	154.254	- 0	6.172		36,433	196,859
Acting Chief Constable - J Long	2	150,727	0	6,188	156,915	34,899	191,814
		304,981	0	12,360	317,341	71,332	388,673

Post Holder Information (post title and name)	Note	Salary (including fees & allowances)	Compensation for Loss of Office	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2015/2016	Pension Contributions	Total Remuneration Including Pension Contributions 2015/2016
		£	£	£	£	£	£
Chief Constable - N Gargan	1	90,145	39,116	3,052	132,313	19,912	152,225
Acting Chief Constable - J Long	2	73,529	0	3,364	76,893	4,103	80,996
Temporary Chief Constable - G Morgan	3	65,402	0	0	65,402	15,396	80,798
Chief Constable - A Marsh	4	25,859	0	473	26,332	6,158	32,490
		254,935	39,116	6,889	300,940	45,569	346,509

Note 1: The Chief Constable, suspended from post on 13/05/2014, resigned on 16/10/2015. The annualised salary for 2015/2016 was £152,685.

Note 2: The Acting Chief Constable, in post from 13/05/2014, retired on 31/08/2015. The annualised salary for 2015/2016 was £151,173.

Note 3: The Temporary Chief Constable was temporarily promoted from 01/09/2015 until 31/01/2016. The annualised salary was £152,685.

Note 4: The Chief Constable started on 01/02/2016. The annualised salary was £152,685.

Disclosure of Remuneration for Senior Employees 2014/20	15						
Post Holder Information (post title)	Note	Salary (including fees & allowances) £	Expense Allowances £	Benefits in Kind £	Total Remuneration Excluding Pension Contributions 2014/2015 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2014/2015 £
Director of Resources and Chief Finance Officer to the OCC		124,795	2,172	4,160	131,127	13,727	144,854
Director of HR	1	12,319	115	3,103	15,537	1,265	16,802
Chief Operating Officer - College of Policing (secondment)	•	131,748	2,205	4,402	138,355	30,618	168,973
ACC Local Policing and Performance	2	21,889	_,0	4,567	26,456	5,082	31,538
ACC Specialist Operations		97,818	0	5,876	103,694	23,363	127,057
T/ACC Prevention, Protection and Prosecution		98,451	0	1,239	99,690	23,049	122,739
T/ACC Local Policing	3	86,679	0	1,423	88,102	19,626	107,728
T/ACC Unassigned	4	97,880	0	1,615	99,495	22,423	121,918
Force Medical Officer		130,225	572	0	130,797	14,075	144,872
CSUPT Programme Lead-Operating Model		78,443	0	1,239	79,682	18,983	98,665
CSUPT Somerset Area Commander		89,747	1,094	1,373	92,214	20,026	112,240
CSUPT Bristol Area Commander		78,443	0	1,433	79,876	18,983	98,859
CSUPT North East Area Commander		82,054	15	1,426	83,495	19,190	102,685
CSUPT North East Area Commander	5	32,516	0	601	33,117	4,878	37,995
CSUPT Head of Criminal Justice		82,134	0	1,520	83,654	18,983	102,637
T/CSUPT Head of Specialist Operations	6	72,626	0	1,413	74,039	17,520	91,559
CSUPT Manage		74,031	0	1,239	75,270	17,027	92,297
CSUPT Local Policing	7	17,714	0	281	17,995	4,148	22,143
		1,409,512	6,173	36,910	1,452,595	292,966	1,745,561

Disclosure of Remuneration for Senior Employees 2015/20	16						
Post Holder Information (post title)	Note	Salary (including fees & allowances) £	Expense Allowances £	Benefits in Kind £	Total Remuneration Excluding Pension Contributions 2015/2016 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2015/2016 £
Director of Resources and Chief Finance Officer to the OCC		129,264	2,400	4,643	136,307	14,219	150,526
Chief Operating Officer - College of Policing (secondment)	8	132,656	0	2,740	135,396	30,841	166,237
Deputy Chief Constable	9	21,707	0	1,245	22,952	5,081	28,033
Temporary Deputy Chief Constable	10	99,866	0	5,497	105,363	21,245	126,608
T/ACC - Specialist Operations	11	100,018	0	1,305	101,323	23,524	124,847
ACC - Prevention, Protection and Prosecution	12	107,938	0	2,364	110,302	24,469	134,771
ACC - Wiltshire Constabulary (secondment)	13	99,653	0	1,097	100,750	20,226	120,976
ACC - Local Policing	14	94,900	0	113	95,013	22,966	117,979
Force Medical Officer		135,778	0	0	135,778	14,798	150,576
C SUPT North East Area Commander	15	85,600	0	1,529	87,129	19,822	106,951
C SUPT Bristol Area Commander		81,909	0	1,427	83,336	19,822	103,158
C SUPT Somerset Area Commander	16	42,748	0	755	43,503	8,830	52,333
C SUPT Somerset Area Commander	17	73,539	732	1,443	75,714	17,796	93,510
C SUPT Specialist Operations	18	84,664	15	1,362	86,041	19,822	105,863
C SUPT Specialist Operations	19	63,466	0	985	64,451	14,457	78,908
T/C SUPT Specialist Operations	20	10,791	0	490	11,281	2,101	13,382
T/C SUPT - Prevention, Protection and Prosecution	21	40,271	0	1,443	41,714	9,419	51,133
		1,404,768	3,147	28,438	1,436,353	289,438	1,725,791

Notes to Remuneration for 2014/2015

- Note 1: The Director of HR resigned on 15/06/2014. The annualised salary was £106,940.
- Note 2: The Assistant Chief Constable resigned on 15/06/2014. The annualised salary was £101,805.
- Note 3: The Assistant Chief Constable was temporarily promoted to this rank on 22/12/2014 at an annualised salary of £95,640.
- Note 4: The Assistant Chief Constable was temporarily promoted to this rank on 16/06/2014 and went to the Strategic Command Course in December 2014.
- Note 5: The Chief Superintendent retired on 30/07/2014. The annualised salary was £81,435.
- Note 6: The Chief Superintendent was temporarily promoted to this rank on 22/12/2014 at an annualised salary of £78,768.
- Note 7: The Chief Superintendent resigned on 15/06/2014. The annualised salary was £83,094.

Notes to Remuneration for 2015/2016

- Note 8: The Chief Operating Officer College of Policing (Secondment) retired on 31/03/2016. The annualised salary was £125,964.
- Note 9: The Acting Chief Constable moved to the Deputy Chief Constable role on 01/02/2016 at an annualised salary of £125,964.
- Note 10: The Assistant Chief Constable Specialist Operations was temporarily promoted to Deputy Chief Constable on 01/09/2015, then resigned on 31/01/2016. The annualised salary was £125,964.
- Note 11: The Temporary Assistant Chief Constable moved to the Chief Superintendent Prevent Protect & Prosecute post, then temporarily promoted to Assistant Chief Constable Specialist Operations on 01/09/2015 at an annualised salary of £102,822.
- Note 12: The Temporary Assistant Chief Constable moved to the permanent Assistant Chief Constable Prevention, Protection and Prosecution role on 04/05/2015 at an annualised salary of £102,822.
- Note 13: The Chief Superintendent was temporarily promoted to ACC Programme Director Strategic Alliance on 01/06/2015, then seconded to PCC for Wiltshire on 04/01/2016 at an annualised salary of £96,597.
- Note 14: The Chief Superintendent Programme Lead Operating Model was appointed ACC Local Policing on 04/05/2015 at an annualised salary of £96,597.
- Note 15: The Chief Superintendent Head of Criminal Justice moved to the Chief Superintendent North East Area Commander post on 07/12/2015 at an annualised salary of £82,248.
- Note 16: The Chief Superintendent retired on 08/09/2015. The annualised salary was £83,094.
- Note 17: The Chief Superintendent Standards Culture and Ethics,was temporarily promoted to this rank on 27/04/2015, then promoted permanently into the Somerset Area Commander role in 07/09/2015 at an annualised salary of £79,557.
- Note 18: The Chief Superintendent North East Commander moved to the Chief Superintendent Specialist Operations post on 07/12/2015 at an annualised salary of £82,248.
- Note 19: The Chief Superintendent Manage, moved to the Chief Superintendent Specialist Operations post on 01/06/2015, then retired on 29.12.2015. The annualised salary was £82,248.
- Note 20: The Chief Superintendent's temporary promotion ended on 10/05/2015. The annualised salary was £78,768.
- Note 21: The Chief Superintendent was temporarily promoted to this rank on 05/10/2015 at an annualised salary of £79,557.

2014/2015 Number	Pay Range	2015/2016 Number
136	£50,000 - £54,999	175
89	£55,000 - £59,999	73
25	£60,000 - £64,999	25
7	£65,000 - £69,999	13
6	£70,000 - £74,999	8
11	£75,000 - £79,999	8
2	£80,000 - £84,999	5
2	£85,000 - £89,999	3
1	£90,000 - £94,999	1
2	£95,000 - £99,999	0
1	£100,000 - £104,999	3
0	£105,000 - £109,999	1
0	£110,000 - £114,999	1
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
2	£130,000 - £134,999	0
1	£135,000 - £139,999	3
0	£140,000 - £144,999	0
0	£145,000 - £149,999	0
0	£150,000 - £154,999	0
1	£155,000 - £159,999	0
1	£160,000 - £164,999	0
287		319

The number of staff to whom we pay more than £50,000 a year is shown below. Pay includes salary, taxable travel and expenses.

The numbers within each band can be impacted year on year by inflationary changes.

8 Exit Packages

Exit Packages 2014/2015 Banding	Compulsory Redundancies Number £'000			
£0 - £19,999 £20,000 - £39,999	21 2	184 62		
	23	246		
Exit Packages 2015/2016 Banding	Compu Redunda Number	ancies		
-	Redunda	ancies		

9 Transactions with Related Organisations and People

There is a requirement to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the OCC or to be controlled or influenced by the OCC. In doing this there is a requirement to consider the materiality from the viewpoint of both the PCC and the related party.

9.1 Key Management Personnel and Members of the Joint Audit Committee

The OCC was asked to disclose details of any transactions between themselves or members of their immediate family with the PCC which either total over £1,000 or which might require separate explanation.

Jude Ferguson is chair of the Joint Audit Committee and is also Chair of Weston College Corporation. We made payments to Weston College of $\pounds 9,935$ to procure training ($\pounds 3,737$ in 2014/2015).

No other transactions were disclosed.

9.2 Other Related Parties

The Home Office and the Department of Communities and Local Government exert significant influence on the PCC Group through legislation and grant funding.

In 2015/2016 supplies and services were provided by Southwest One to the value of $\pounds 22,115,234$ ($\pounds 22,653,671$ in 2014/2015). The payments to Southwest One cover both staffing costs and the provision of other services for Human Resources, Technology Services, Finance, Administration, Estates (until June 2013) and Purchasing and Supply functions. Amounts of $\pounds 9,358,050$ ($\pounds 9,443,244$ in 2014/2015) were received for staff seconded to Southwest One and non-pay adjustments.

The OCC also has a relationship with the Police Community Trust and the Avon and Somerset Force Club. Payments were made to the Police Community Trust of £430,000 in 2015/2016 (\pounds 345,000 in 2014/2015). Payments were also made to the Avon and Somerset Force Club of \pounds 30,972 (\pounds 39,268 in 2014/2015) and \pounds 4,927 was invoiced but yet to be received (\pounds 5,784 in 2014/2015).

10 Joint Arrangements

The OCC participates in a number of joint arrangements. These joint arrangements are where the authority works in collaboration with other organisations to deliver activities which are agreed through a shared control, usually through a shared board.

Joint arrangements are classified as either joint operations or joint ventures. Joint operations are where the parties have the rights to the assets and obligations for the liabilities relating to the arrangement. Joint ventures are where the parties have rights to the net assets of the arrangement. The OCC does not participate in any joint ventures.

The OCC recognises its share of the assets, liabilities and expenditure relating to its involvement in the joint operations.

The OCC's contributions to the joint operations are disclosed below:

2014/2015 Expenditure £'000	Joint Operations	2015/2016 Expenditure £'000
1,495	Serious and Organised Crime (Zephyr)	1,651
781	Firearms Training	996
4,426	Major Crime Investigation (Brunel)	4,524
11,203	Specialist Operations (Tri Force)	11,609
875	South West Forensic Services	2,757
996	South West Region - Special Branch	1,015
0	Regional ICT Programmes	9
0	Other Regional Programmes	197
19,776	Total	22,758

10.1 Serious and Organised Crime (Zephyr)

Zephyr is a regional collaboration set up to combat serious and organised crime across the south west of England. Avon and Somerset are the lead force with a 32.4% share of net expenditure. Other partners are Devon and Cornwall (33.3%), Dorset (11.8%), Gloucestershire (10.8%) and Wiltshire (11.7%). The total net cost of the operation, after government grants and sundry income, was £4,807,184 in 2015/2016 (£4,244,575 in 2014/2015).

10.2 Firearms Training

Firearms Training is run in partnership between Avon and Somerset (41.8%), Gloucestershire (32.7%) and Wiltshire (25.5%). The total cost of the operation was $\pounds 2,382,146$ in 2015/2016 ($\pounds 1,866,426$ in 2014/2015). The PFI specialist training facility became operational in 2015/2016.

10.3 Major Crime Investigation (Brunel)

Between April and November 2015 there was a collaboration between Avon and Somerset (77%) and Wiltshire (23%) for the purposes of providing regional oversight and scrutiny of major incidents. From December 2015 Gloucestershire joined the collaboration from which time the shares were Avon and Somerset (64%), Gloucestershire (17%) and Wiltshire (19%). The total cost of the service was $\pounds 6,441,329$ in 2015/2016 ($\pounds 5,888,917$ in 2014/2015).

10.4 Specialist Operations (Tri Force)

Tri Force is a collaboration between Avon and Somerset (53.6%), Gloucestershire (23.2%) and Wiltshire (23.2%) to deliver armed, roads and dogs policing. The total cost of the operation was £21,643,000 in 2015/2016 (£20,885,000 in 2014/2015).

10.5 South West Forensic Services

South West Forensic Services, which commenced in 2014/2015, is a collaboration between Avon and Somerset (34.9%), Devon and Cornwall (30.2%), Dorset (19%) and Wiltshire (15.9%) to provide forensic services. The total cost of the operation was $\pounds7,843,511$ in 2015/2016 ($\pounds2,524,543$ in 2014/2015).

10.6 South West Region – Special Branch

This is a collaboration between Avon and Somerset (28%), Devon and Cornwall (29%), Dorset (24%) and Wiltshire (19%) to provide Special Branch policing across the South West Region. The total cost of the operation was £3,626,489 in 2015/2016 (£3,555,411 in 2014/2015).

10.7 Regional ICT Programmes

This is a collaboration between Avon and Somerset (15%), Gloucestershire (40%), Devon and Cornwall (15%), Dorset (15%) and Wiltshire (15%) for the purpose of providing a regional Chief Information Officer to take the lead on regional IT programmes. The total cost of this activity was $\pounds 60,325$ in 2015/2016.

10.8 Other Regional Programmes

These are collaborations between Avon and Somerset, Gloucestershire, Devon and Cornwall, Dorset, and Wiltshire covering activities such as Major Crime, Regional Communications, and Serious and Organised Crime. The percentage split varies between project. The total cost of all programmes was £539,872 in 2015/2016.

11 Audit Fees

The audit fee for Grant Thornton relating to external audit services carried out under the Code of Audit Practice for the audit of 2015/2016 financial statements is £18,750 (£25,000 in 2014/2015).

12 Pensions Costs and Liabilities

The full costs of retirement benefits earned by employees during the year are recognised through the comprehensive income and expenditure statement net cost of police services as they are accrued. These pension costs and liabilities are offset by the inter-group transfers with the PCC. There is no impact on the PCC's general fund.

	Polic	e Staff	Police	Officers
	2014/2015	2015/2016	2014/2015	2015/2016
	£'000	£'000	£'000	£'000
Comprehensive income and expenditure statement Cost of services:				
Current service cost	12,553	19,945	61,924	59,308
Past service cost including curtailments	466	0	0	0
Administration expenses	83	161	0	0
Financing and investment income and expenditure: Net interest cost	6,802	7,536	109,345	97,194
Total post employment benefits charged to the comprehensive income and expenditure statement	19,904	27,642	171,269	156,502
Other post employment benefits charged to the comprehensive income and expenditure statement				
Return on plan assets	17,276	-6,052	0	0
Changes in demographic assumptions	0	0	0	0
Changes in financial assumptions	-75,442	65,792	-323,476	272,059
Experience gain/loss(-) on defined benefit obligations	76	-68	0	-6,607
Other actuarial gain/loss(-)	0	0	0	0
Total other comprehensive income	-58,090	59,672	-323,476	265,452
Movement in reserves statement Reversal of net charges made for retirement benefits in accordance with the code	-19,904	-27,642	-171,269	-156,502
Actual amount charged against the general fund			,	,
balance for pensions in the year	0 00 i	10.105	05 405	04.005
Employer's contribution to scheme	9,934	10,469	25,462	24,606
Retirement benefits payable to pensioners	118	117	5,845	5,933

2014/2015 £'000	IAS 19 Pension Liabilities	2015/2016 £'000
-2,982,933 -220,525	Police officers Police staff	-2,843,444 -177,909
-3,203,458		-3,021,353

13 Pensions for Police Officers

Employer contributions levels are based on percentages of pensionable pay set nationally by the Home Office. From 1 April 2014 contributions increased and officers will pay contributions ranging from 11.0% to 15.1% depending on their pay scale and the scheme they are in. Employer contributions to the Police Officer Pension Scheme are projected at £23,288,000 in financial year 2016/2017.

From 2015/2016 the employer contribution rate has been reduced to 21.3% of pensionable pay for all three pension schemes. The Constabulary will however continue to budget for a contribution rate of 24.2% as the difference between the two rates will be retained by the Government.

Benefits payable are funded by these contributions and any difference between benefits payable and contributions receivable, except for those amounts relating to injuries received in service, is payable by the PCC Group and then reclaimed from the Home Office.

The first table below shows the amount met by the PCC Group and second shows those met by the PCC Group and then reclaimed through the top-up grant from the Government.

2014/2015 £'000	Cost of Injury and III-Health Benefits - Police Officers	2015/2016 £'000
7,147	Payments to pensioners	6,948

2014/2015 £'000	Pensions Account	2015/2016 £'000
89,186 -39,858	Benefits paid to officers Less contributions received from officers	83,209 -38,887
49,328	Balance met from PCC Group	44,322

In 2015/2016 the Constabulary participated in the Police Force Pension Scheme which was established under Police Pension Fund regulations 2007 SI 2007 No. 1932. Within these regulations, and up to 31 March 2015, there were two defined benefit schemes referred to as the 1987 Police Pension Scheme and the 2006 New Police Pension Scheme. From 1 April 2015 a further defined benefit police pension scheme was introduced. Members of the existing 1987 and 2006 schemes with less than ten years to their normal pension age remained in their current scheme. All other members are transferring into the 2015 scheme with some tapered projection applying to those within ten to fourteen years of pension age. The normal pension age for the 2015 scheme is 60. Each of these schemes will be administered by the OCC. The schemes are not funded and so have no assets set aside to meet liabilities. The schemes are accounted for in accordance with the PCC Group accounting policies as detailed on pages 24 to 25.

A full valuation of the pension scheme liabilities was undertaken as at 31 March 2014. This work was carried out by independent actuaries who have taken account of the requirements of IAS 19 to assess the liabilities of the fund. Liabilities have been calculated by reference to police officers who are members of the fund as well as those who are already receiving

pensions. The estimate of the duration of the scheme's liabilities is 19 years. Using the assumptions detailed in the tables below an estimate of the costs and liabilities associated with police officers pensions has been made.

Life Expectancy from Age 65 Years		
ales	23.6	
emales	25.9	
ales	25.9	
emales	28.3	
	ales emales ales	

The main assumptions used for the purposes of IAS 19 are shown as yearly percentages.

2014/2015 %		2015/2016 %
3.3	Discount rate	3.7
4.2	Rate of increase in salaries	4.2
2.4	Rate of increase in pensions in payment	2.4
3.2	Retail price index	3.3
2.4	CPI increases	2.4

The movement in the present value of scheme liabilities for the year to 31 March 2016 is as follows:

2014/2015 £'000	Present Value of Police Pension Scheme Liabilities	2015/2016 £'000
-2,519,495	Present value of schemes liability as at 1 April	-2,982,933
	Movements in the year	
-61,924	Current service cost	-59,308
83,505	Estimated benefits paid (net of transfers in)	96,158
-13,994	Contributions by scheme participants	-13,632
-109,345	Interest costs	-97,194
-361,680	Change in financial assumptions	220,072
0	Experience gain/loss on defined benefit obligations	-6,607
-2,982,933	Present value of schemes liability as at 31 March	-2,843,444

The movement in the fair value of scheme assets for the year to 31 March 2016 is as follows:

2014/2015 £'000	Fair Value of Police Pensions Scheme Assets	2015/2016 £'000
0	Present value of schemes assets as at 1 April	0
	Movements in the year	
38,204	Change in financial assumptions	51,987
31,307	Contributions by employer	30,539
13,994	Contributions by scheme participants	13,632
-83,505	Estimated benefits paid (net of transfers in)	-96,158
0	Present value of schemes assets as at 31 March	0

14 Pensions for Police Staff

Police staff can choose to join the Somerset County Council Local Government Pension Scheme, which is a defined benefit scheme based on final pensionable salary. Government regulations define the level of funding required to meet the full cost of current and future pensions.

The total amounts paid into the fund by the PCC Group and the percentage of employees' contributions are shown below.

2014/2015		Pension Costs - Police Staff	2015/2016	
Payments	Percentage of Employees'		Payments	Percentage of Employees'
£'000	Contributions		£'000	Contributions
9,200	88-200	PCC's contribution	10,125	88-200

During 2015/2016 the Constabulary paid into the fund at rates of between 88% and 200% of the rate which employees paid depending upon the whole time equivalent salary paid to employees. Employer contributions to the Police Staff Pension Scheme are projected at $\pm 10,557,000$ in financial year 2016/2017.

At 31 March 2013 the PCC's share of the deficit on this scheme was £49,279,000. To contribute towards this liability the PCC has agreed to pay 11% of the employee salary to pay for new service of the current active members and an annual fixed sum to pay for the deficit recovery. The fixed sum paid in 2015/2016 was £2,760,000, the amount due in 2016/2017 is £2,880,000.

It should be noted that the actuary has used an estimated value in respect of police staff employers pension contributions in arriving at the calculation of pension costs included in the comprehensive income and expenditure statement as disclosed in note 12.

A full valuation of the pension scheme liabilities was undertaken as at 31 March 2013. This work has been updated by independent actuaries to the Somerset County Council pension fund who have taken account of the requirements of IAS 19 to assess the liabilities of the fund. Liabilities have been calculated by reference to police staff who are members of the fund as well as those who are already receiving pensions. The estimate of the duration of the employer's liabilities is 23 years. Using the assumptions detailed in the tables below an estimate of the costs and liabilities associated with police staff pensions has been made.

23.8
26.2
26.1
28.5

The main assumptions used for the purposes of IAS 19 are shown as yearly percentages.

2014/2015 %		2015/2016 %
3.5	Discount rate	3.8
4.4	Rate of increase in salaries	4.3
2.6	Rate of increase in pensions in payment	2.5
3.4	Retail price index	3.4
2.6	Consumer price index	2.5
The return on the pension fund assets on a bid value basis for the year to 31 March 2016 is estimated to be 16%. The estimated value of the PCC's share of the fund's assets is \pounds 244,689,000 on a bid value basis (2014/2015 \pounds 235,897,000). The assets are made up of the following:

2014/2015 £'000	%	Assets	2015/2016 £'000	%
		Equities		
60,626	25.7	UK - Quoted	57,502	23.5
84,450	35.8	Overseas - Quoted	96,407	39.4
1,179	0.5	UK - Unquoted	1,223	0.5
15,569	6.6	Overseas - Unquoted	9,053	3.7
2,595	1.1	Private equity	3,670	1.5
164,419	69.7		167,855	68.6
		Gilts - Public Sector		
5,662	2.4	UK fixed interest	7,341	3.0
0	0.0	Overseas fixed interest	734	0.3
9,672	4.1	UK index linked	10,277	4.2
236	0.1	Overseas index linked	245	0.1
15,570	6.6		18,597	7.6
		Other Bonds		
19,815	8.4	UK	21,288	8.7
4,718	2.0	Overseas	5,873	2.4
24,533	10.4		27,161	11.1
21,467	9.1	Property UK	27,650	11.3
236	0.1	Derivatives	-489	-0.2
9,672	4.1	Cash (invested internally)	3,915	1.6
235,897	100	Total assets	244,689	100

The following amounts were measured in line with the requirements of IAS 19.

2014/2015 £'000	Police Staff Pensions	2015/201 £'000
235,897	Share of assets in pension fund	244,689
-454,404	Estimated liabilities in pension fund	-420,64
-2,019	Estimated unfunded liabilities	-1,953
-220,526	Deficiency in fund	-177,90

The movement in the present value of schemes obligations for the year 31 March 2016 is as follows:

2014/2015 £'000	Present Value of Police Staff Liabilities	2015/201 £'000
-356,487	Present value of defined obligations as at 1 April	-456,423
	Movements in the year	
-12,553	Current service cost	-19,945
-466	Past service cost, including curtailments	0
8,894	Estimated benefits paid (net of transfers in)	8,380
-4,261	Contributions by scheme participants	-4,544
-16,302	Interest costs	-15,907
118	Unfunded pension payments	117
-75,442	Change in financial assumptions	65,792
76	Experience loss(-)/gain on defined benefit obligations	-68
-456,423	Present value of defined obligations as at 31 March	-422,598

The movement in the fair value of scheme assets for the year to 31 March 2016 is as follows:

2014/2015 £'000	Fair Value of Police Staff Scheme Assets	2015/2016 £'000
203,903	Fair value of scheme assets as at 1 April	235,897
	Movements in the year	
9,500	Interest on assets	8,372
17,276	Return on assets less interest	-6,052
-83	Administration expenses	-161
10,052	Contributions by employer	10,586
4,261	Contributions by scheme participants	4,544
-9,012	Estimated benefits paid (net of transfers in)	-8,497
235,897	Fair value of scheme assets as at 31 March	244,689

Further information in relation to the Police Staff Pension Scheme can be obtained from Peninsula Pensions, Great Moor House, Bittern Road, Sowton Industrial Estate, Exeter, EX2 7NL.

15 Creditors

All creditors are with the PCC and relate primarily to leave earned by employees but not taken before the year end, which employees can carry forward into the next financial year. Other employee overtime expenses accrued are also included. Therefore, total creditors for 2015/2016 is £9,609,376 (2014/2015 £8,587,968).

16 Provisions

Provisions	Balance 1 April 2015 £'000	Reversed Unused £'000	Used in Year £'000	New in Year £'000	Balance 31 March 2016 £'000
Ill-health & termination benefits	254	0	-254	184	184
Holiday pay on overtime	563	0	-563	73	73
Bank holiday pay	29	-29	0	0	0
Overtime liability	0	0	0	350	350
Pension lump sums	9,600	0	-9,600	0	0
	10,446	-29	-10,417	607	607

The ill health and termination benefits provision of £184,000 is where approval was agreed at 31 March 2016 to make the payments during 2016/2017.

There is a provision of £73,000 for back pay claims for holiday pay where overtime has been worked since October 2015. This should be resolved in 2016/2017.

There is a provision of £29,000 at 31 March 2015 for pay due to police officers and staff for bank holidays falling in maternity, paternity or adoption leave. This was resolved in 2015/2016.

The overtime liability provision at 31 March 2016 is in respect of claims for overtime worked in prior years. These claims should be resolved in 2016/2017.

There is a provision of £9,600,000 at 31 March 2015 in respect of additional lump sum payments due to police pensioners for past commutations which have arisen as a result of revisions made to commutation factors used to calculate lump sums for police officers who retired from 1 December 2001 to 30 November 2006. This was resolved in 2015/2016.

17 Contingent Liabilities

We have reviewed the position in respect of contingent liabilities as at 31 March 2016.

Annual assessments are carried out to manage our key risks and set the level of our reserves. These would include the following contingent liabilities;

- The Chief Constable of Avon & Somerset, along with other Chief Constables and the Home Office, currently has a number of claims lodged against them with the Central London Employment Tribunal. The claims of in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015/2016 Accounting Statements.
- An amount has been paid in year and is reflected in the accounts, however we may be called upon to make a top up levy to Municipal Mutual Insurance Ltd's Scheme of Arrangement in the future.
- Ongoing IPCC (Independent Police Complaints Commission) and pensions ombudsman investigations which may lead to potential claims.
- Potential claims following precedents set by cases in other forces relating to recall to duty criteria and overtime claims.
- Potential claim for an incident at a training facility.
- In calculating our provisions we have had to make assumptions which may be inaccurate, leading to potential liabilities for any under provision.

The amount and the timings of when these liabilities will become due is unknown.

Office of the Chief Constable for Avon & Somerset

Avon & Somerset Police Officers Pension Fund Account Statements

This fund includes the income and expenditure in respect of police officers pensions which has been accounted for on an accruals basis. At the end of the financial year if the expenditure on the pension benefits is greater than the contributions received during the year, the PCC makes a payment to the pension fund and the Home Office pays a top-up grant for this liability to the PCC. The income received and expenditure paid to the pension fund is shown within the comprehensive income and expenditure statement within the PCC Group accounts, showing the net figure as nil. It should be noted that this statement does not take account of liabilities to pay pensions and other benefits after the year end.

This note provides a more detailed breakdown of the figures shown in note 13 of the accounts.

2014/2015 £'000	Police Officers Pension Fund Account	2015/2016 £'000
	Contributions receivable	
	Employers contributions:	
-24,248	Normal (21.3% contributions)	-20,960
-1,214	III health/early retirements	-792
-25,462		-21,752
	Employee contributions	
-12,409	1987 Police Pension Scheme	-7,053
-1,606	2006 Police Pension Scheme	-168
0	CARE Police Pension Scheme	-6,399
-14,015		-13,620
-381	Transfers in from other schemes	-661
	Benefits payable	
65,820	Pensions	68,253
21,917	Commutations and lump sum retirement benefits	14,569
87,737		82,822
	Payments to and on account of leavers	
18	Refund of contributions	18
1,106	Transfers out to other schemes	176
325	Other	193
1,449		387
49,328	Net amount payable for the year	47,176
0	Additional contribution from the local policing body	-2,854
-49,328	Transfer from Police Fund to meet deficit	-44,322
0	Net amount payable/receivable for the year	0

There is an adjustment of 2.9% to the cashflow due to a reduction in the employer contribution rate for police pension schemes in 2015/2016 being reflected in pensions top-up funding.

This note shows the pension fund account assets and liabilities as at 31 March 2016.

31 March 2015 £'000	Pension Fund Net Assets	31 March 2016 £'000
	Current assets	
9,600	Amounts due from Central Government	0
	Current liabilities	
-9,600	Amounts owing to pensioners	0
0	Net assets	0

Office of the Chief Constable for Avon & Somerset

Glossary of Terms

Term	Definition
Accounting policies	These are a set of rules and codes of practice we use when preparing the accounts.
Balance sheet	This represents our overall financial position as at 31 March.
Capital programme	This is a list of projects for buying or improving fixed assets. With the exception of vehicles, items individually acquired typically under £12,000 are not treated as capital expenditure.
Cash flow statement	Summarises the income and outgoings of cash during the financial year.
Closing value	The value at 31 March, the date when the accounts are closed.
Commuted sums	These are the lump sum amounts paid to officers when they retire, if they choose to have a lower pension.
Comprehensive income and expenditure statement	Summarises the income and expenditure during the financial year within the PCC's statement of accounts.
Contingent liabilities	A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity.
Creditors	Amounts which are owed to others.
Current service cost	The value of projected retirement benefits earned by pension scheme members in the current financial year.
Debtors	Amounts which are due from others.
Financial instruments	Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial year	Refers to the period covered by the accounts and runs from 1 April to 31 March.
FRS	Financial Reporting Standards. Standards of accounting practice to be adopted to ensure that accounts provide a true and fair view.
GAAP	Generally Accepted Accounting Principles. These refer to the standard framework of guidelines for financial accounting used in any given jurisdiction and generally known as accounting standards.
HMRC	Her Majesty's Revenue and Customs. Responsible for the collection of tax in the UK.
IAS	International Accounting Standard. An international accounting standard to help harmonise company financial information across international borders. Subsequently superseded by International Financial Reporting Standards (IFRS).

Term	Definition
IFRS	International Financial Reporting Standards. A set of international accounting and reporting standards that will help to harmonise company financial information across international borders.
JAC	Joint Audit Committee
Movement in reserves statement	Summarises the movement in the reserves of the OCC during the financial year.
National non-domestic rates income	The national non-domestic rates (or business rates) are collected by District Councils, paid to the Government and then distributed to all local authorities in proportion to population. The amount received by an authority is taken into account by the Government in determining the revenue support grant to be paid.
000	Office of the Chief Constable.
Past service cost	The change in the present value of the defined benefit obligation for employee service in prior periods resulting in the current period from the introduction of, or changes to, post employment benefits.
PCC	Police and Crime Commissioner for Avon and Somerset.
PCC Group	The term PCC Group refers to the Police and Crime Commissioner (PCC) for Avon and Somerset and the office of the Chief Constable (OCC).
PCSO	Police community support officer.
Police pension top-up grant	The OCC operates a Pension Fund, which is balanced to nil at the end of the year. The PCC receives a top-up grant from the Home Office equal to this deficit to balance the fund.
Police revenue grant	The revenue grant is provided by the Home Office as part of the funding required by an authority to finance a budget in line with the Government's assessment. The balance of funding is from business rates, revenue support grant and council tax.
Precept	The amount of money we can collect from the people who pay council tax.
Prepayment	A payment in advance for goods or services.
Provision	This is the money we keep to pay for known future costs.
Receipt in advance	Income received in advance of the financial year in which the services will be provided.
Seconded officers	These are police officers who, for agreed periods, temporarily work for other organisations. Their salaries and expenses are shown as spending and the money the organisation pays us for their placements is shown as income.
SR	Spending Review



Further information can be obtained online at:-

www.avonandsomerset-pcc.gov.uk (PCC Website) www.avonandsomerset.police.uk (Constabulary Website)

Or in writing to:-

The Chief Finance Officer

Avon and Somerset Constabulary PO Box 37, Valley Road Portishead, Bristol BS20 8Q Telephone: 01275 816012



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JOINT AUDIT COMMITTEE

9th SEPTEMBER 2016

REVIEW OF 2015-16 ANNUAL ACCOUNTS BY JAC MEMBERS

JAC Members questions and response to draft statements of accounts for 2015/16

1. Introduction

JAC members have reviewed the draft 2015-16 annual accounts for the PCC and Chief Constable. This report summarises the feedback, questions and comments from JAC Members in response to the draft annual accounts.

2. Overall JAC Member Comments

JAC Members thank those who produced both set of accounts (for the PCC and CC) for the clarity and conciseness of the documents, which makes them accessible and facilitates comprehension.

JAC Members confirmed that:

- The planning parameters for the 2015/16 budget (*PCC p5 para 3.1 bullet point list*) were wholly appropriate.
- Throughout, strong financial management and control seemed apparent and this was coupled with evidence of excellent stakeholder engagement by the PCC (e.g. in consultation about increases in precept and in partnership developments). *PCC p21 para 2.6.*
- The accounts appear also to reflect a learning organisation, open to feedback from external agencies, such as HMIC, willing to change and keen to improve. *PCC p13 para 5.9.*
- Improvements in managing retrospective payments to officers and staff (*PCC p 66-67 para 31*) and limits on carry forward of annual leave (*CC p39 para 15*) are both welcomes by JAC Members.

However, it is apparent that the balanced budget and aspirational culture of 2015/16 was achieved during a difficult period for the Constabulary and that during the financial year, performance suffered. *PCC p8 para 3.6.*

During this time of austerity, JAC expenditure has fallen from £18k (2014/15) to £16k (2015/16). *PCC p54 para 15.*

3. JAC Member Questions

Benchmarking expenditure – The pie charts of expenditure by type (staffing and non-staffing) and by operational activity are useful (*PCC p6-7 para 3.2*). Would it be possible to see these figures compared with other forces, nationally or from Avon and Somerset's Most Similar Force family? This would enable benchmarking of A & S expenditure and facilitate discussion and understanding of reasons for any outliers.

Response:

Benchmarking is available through the "Value for Money profiles" published annually by HMIC (see - <u>https://www.justiceinspectorates.gov.uk/hmic/our-work/value-for-money-</u>

<u>inspections/value-for-money-profiles/</u>). These take an analysis of our budget (presented in a functional breakdown, definitions for which are set nationally), and present this information alongside other available information relating to workforce and population statistics, to provide an indicative benchmark.

2. Performance – It is vital that the newly established performance management processes described in the accounts (PCC p8 para 3.6) quickly become effective. As contextual background to JAC's work on risk management, I would appreciate a regular (say quarterly) summary of progress against key performance indicators. This could take the form of a short, simple (say one side of A4) report showing public confidence and overall victim satisfaction, burglary, ASB, violent and sexual offence levels and detections. This should not entail extra work, but could be a high level report produced for COG or the PCC anyway. If emailed to members in advance of their reading papers for meetings, this would enhance contextual understanding and so promote enlightened discussion at meetings.

Response:

The PCC has established a new Police & Crime Board that will meet monthly and consider key decisions, emerging issues, performance, finance, risks, major projects and other key governance matters with the Chief Constable. This new meeting commences in September 2016.

The JAC will receive a briefing from the new PCC Governance Boards including performance.

3. **Hinkley Point** – Currently the project is on hold. Does national government subsidise the cost of policing it? If not, is A & S lobbying for it to do so, or do we have to bear the costs indefinitely? *PCC p69-70 para 33.3*

Response:

National Government does not subsidise the cost of policing Hinkley Point, but through local agreement as part of the planning process the developer themselves pay for specific policing resources to help with local neighbourhood policing, planning and intelligence functions.

4. National Police Air Support Service (*PCC p68-69 para 33.3*) I note that the Constabulary no longer bears the cost of its own air support, as the service is now centralised. Has Constabulary funding been reduced in line with reduced costs? How does the new service compare with the old, in terms of response times and does this represent value for money? *Response:*

Yes – the capital grant funding to police forces has been topsliced to provide capital funding into NPAS for the ongoing support and replacement of helicopters. The Constabulary still makes a direct payment to NPAS for our use of the helicopter, and this is subject to nationally agreed formula. The value of our contribution to has not materially changed since moving to NPAS, however our ability to affect the value of the cost is now removed.

The service provided continues to be effective, with Avon & Somerset benefitting from the location of the NPAS base within our area. Nationally the use of the helicopter by individual forces has seen some reduction, although locally we have not seen the same reduction (partly driven by specific operational uses in 2015/16). We are reviewing our use of the helicopter, and will be looking to reduce our calls for is use in less important operational areas, so as to avoid risk that we will see our share of national costs increase in line with our relative use compared to others.

5. **Council tax base** (PCC p11 para 5.2) What is the demographic reason for the unexpectedly high rise in the council tax base during 2014/15, compared with the planned/assumed 1.5% p.a. increase? Is it possible to extrapolate future trends from this? Are there implications for policing in the rise, e.g. increased population to be kept safe, changes in home ownership patterns? Is it an even picture across the force area, or is the rise focussed on Bristol or elsewhere?

Response:

The council tax base applicable to the PCC has improved at a faster rate than panned for two main reasons:

- High movement of people to live and work and retire in the area and continued house building to support this
- Better than expected outcomes from changes to local authority schemes to manage devolution of local council tax support schemes.

We continue to budget the blended council tax base for the PCC's area to increase at a growth rate of 1.5% per annum. The rate of future housebuilding is uncertain and this assumption is prudent but remains in line with the average growth over the last 6 years, albeit the most recent two years have shown faster rates of growth.

6. Generating income from PFI initiatives

The specialist training centre at Blackrock has been utilised by other forces within the region for specialist training. I am unclear if this was done quid pro quo to assist regional colleagues or if financial payment was received. Sadly such specialist training may be more common in future - is there merit in offering this facility to other forces nationally to generate income, is this allowed under PFI regulations, and could any income raised be utilised by the Blue Light Partnership more widely than off setting those costs or reducing the PFI liability? (OPCC Accounts P53/P62&63)

Response:

The specialist training centre at Blackrock is a shared asset between Avon & Somerset, Wiltshire and Gloucester PCCs and Chiefs. The costs of the training centre and the Tri Force firearms training are shared per an agreed funding formula between the three Forces. The provision of firearms training beyond the Tri-Forces already happens, enabling surplus places on courses being run to be sold to other forces, thereby maximising opportunities for income through this. In addition the centre is able to be used by other Forces and agencies and they pay a rate for this usage of the facility which varies depending on the training required.

7. Interest rates

I believe we noted in the July meeting that some interest rates on loans are high in comparison with the Bank of England base rate. Are we in a position to renegotiate any of these rates ? (OPCC Accounts P66/P74)

Response:

The average rate of interest across the historic loan balances is currently 4.1%. These loans were drawn in times when interest rates were considerably higher. The opportunity for early redemption is kept under review by the PCC's CFO and the treasury advisors from Somerset County Council.

Currently the early redemption premiums across the £25 million PWLB loan portfolio total £16.7 million and this does not make early redemption viable as the payback period is too long and this is not a productive use of cash.

There are also £11.8 million of market loans (lender option borrower option "LOBO") where the option to vary rates available to the lender has not yet been exercised, as expected, in the current low interest rate climate.

It is understood that any new borrowing required in 2016/17 or beyond will support the capital programme and at current rates of interest will have a lower interest cost than the historic loans.

8. Pension liabilities LGPS

With reference to the LGPS used by police staff and PCSOs, is the fixed sum paid to the LGPS to recover the deficit likely to rise significantly and will this method of payment continue to be acceptable beyond 2017? Would it beneficial to negotiate a settlement figure some way in advance ie five years ? Will any formal amalgamation with the Fire Service affect this financial commitment ?(OPCC Accounts P58)

Response:

The tri-annual actuarial review of the LGPS is underway this summer and will report in the Autumn. We expect the lump sum basis of funding alongside fixed percentage employee and employer contributions to continue. At this stage it is not easy to anticipate the outcome of the actuarial review, but the Somerset LGPS pension funding deficit has been reduced to better than 80% funded over the last three year period. However, Gilt rates are at all-time lows effectively inflating future pension liabilities and the Brexit vote has added volatility to the markets, especially in currency movements and property funds.

The deficit position will be refreshed by the actuary in their report later this year. It is not possible to negotiate a five year settlement. The LGPS Pensions Committee and scheme employers are bound to follow the recommendations from the actuary.

9. CRCs and Offendor management

There are continuing challenges with funding for CRCs who provide the management of low and medium risk offenders in the community. Is continued investment in Integrated Offender Management ("IOM") still providing value for money?

Response:

This risk is acknowledge by the PCC and the Constabulary. The investment in IOM is still considered a vital element of managing risk and demand and reducing re-offending.

10. Pensions

Has the high number of temporary promotions during the period of the accounts increased the pension deficit? Is this of any significance?

Response:

The rise in temporary positions has not affected the pension deficit materially. The biggest factors in the deficit are changes to life expectancy, reduced gilt rates, the view taken of future growth of the pension fund assets and projected falling employment levels in the public sector.

11. Reserves & savings

Is the use of reserves being managed effectively as this is a finite resource? What plans are in place to manage future deficits?

Is the PCC comfortable with the progress being made towards closing the deficit and confident in the progress being made by the Constabulary savings programmes?

How certain is the organisation that the 11 million planned cost savings can be met over the next four years?

Will future savings involve reductions to headcount?

How certain is the organisation that the progress of collaboration and technology projects will save the 6 million outstanding requirement?

Response:

Reserves are subject to strict PCC approval and budget approval processes. Reserve usage is further subject to business cases for change programmes and investment in technology and to underwrite risk.

Savings:-

- £6.5 million of savings are already achieved or are clearly identified in approved plans (e.g. Estates);
- £9.5 million of savings are targeted from enabling services collaboration. This Programme is now approved and in its early stages and is being closely monitored by PCCs and Chiefs at their Strategic Board. The scope of the programme gives confidence that this is achievable;
- £4.5 million of savings is targeted from Avon & Somerset own budget reductions in areas out of scope of the enabling services work. This is less than 2.5% of the applicable budgets and should be achievable;
- £0.5 million savings are targeted from other regional collaborations. This is a 2% saving and should be achievable.

In total this provides £21 million savings to balance the budget in 2020/21 and release £5 million to invest in policing areas to meet demand.

Savings will involve reduced headcount across the organization as some functions are shared with regional; partners, but the focus on maintaining front line policing will remain.

12. Is the magnitude of ill health payments as expected?

Has the level of these payments been benchmarked against other forces? *Response:*

The rate of ill heath retirements has reduced in recent years despite increased strain on the organisation following reduced funding and increased demand. The historic level of total ill health retirements remains above that of other regional Forces and above that of the most similar group.

13. Have the high number of IPCC investigations had a financial impact on the force? Where is this accounted for? Has this had an impact on the forces ability to deliver services? *Response:*

There is not a material financial impact from IPCC investigations. The extra costs involved are time taken to service this work and this is accounted for in full in pay budgets and actual pay spend.

14. How are the impact and cost savings of capital investment being monitored? e.g. premises and technology.

Response:

These Programme outcomes are tracked by the Chief and his senior team at programme boards, the Corporate Change Board and the Chief Officer group meeting. The PCC has also held a quarterly major projects governance board to review these programmes costs and benefits.

15. Has the revaluation of property raised any issues or concerns? *Response:*

No. This issue has no operational or financial impact on the PCC or Chief. The property base is not held for investment purposes and cannot be used as collateral for borrowing.

16. Is the organisation aware of the additional costs associated with the increased numbers of reported crimes in specific areas?

Has this been taken account of in forward projections? *Response:*

The impact of more crimes being recorded is being tracked by the Constabulary closely at Chief officer meetings, demand management meetings, strategic improvement meetings and performance monitoring.

The PCC and Chief are limited in how much they can affect income and hence increased demand must be met from the resources available. This is why extra savings are being targeted to enable reinvestment into areas of high demand.

17. Is the use of the PCC Commissioning budget and the Community Action fund monitored with regard to cost effectiveness?

Response:

Yes – these outcomes are regularly tracked by the PCC and her team by: outcome reports required to be submitted by grant recipients; regular meetings with key partners such as community safety Chairs; service delivery meetings; and feedback from victims and other service users.

18. Page 7 – CC accounts – planning for the end of South West 1 contract

With Somerset County Council pulling out of the contract this year what assurances have Avon and Somerset Constabulary been given that our service delivery from SW1 will not suffer as a result until our contract end in 2018. Also, how far developed is our planning with collaborations/partners about our post-South West 1 options?

Response:

We have a project team focused on end of SW1 succession planning and we have flagged to IBM and SW1 our requirements for service continuity which they have acknowledged. Any non-performance will be managed through contractual remedies.

Planning for Tri-force enabling services is underway and the timetable for Avon & Somerset is well understood by all stakeholders and referenced at the Strategic and Programme Boards.

19. P33 – CC accounts /PCC accounts p53 point 14.5 - expenditure on joint operations

This has been well controlled with no significant increases from last year with the exception of the south west forensic services where total cost of this collaboration has increased significantly – what are the reasons for this increase and was this anticipated?

Response:

During 2014/15 phase 1 of the South West Forensics was implemented. The costs increased during 2015/16 as Phase 2 was implemented during August 2015 and Phase 3 implemented in January 2016. The increased costs therefore reflect the phasing of this collaboration going live.

20. PCC Accounts – P69 — Transformation is the largest balance on the Revenue Reserves Table

This reserve exists to support the cost of change programme. Is this a discrete programme or are there other programmes that this transformation reserve supports? Will a detailed breakdown of these costs be shown in future reports?

Response:

This reserve supports a number of programmes including:

• Triforce enabling service;

- estates;
- digital policing;
- body worn video; and
- evidence management.

Detail of the spend is set out in Joint Finance budget and outturn reports.

21. Project Aurora

This has had a long gestation period and the subject of a recent internal audit report at last Joint Audit Committee. Will this project now enable a better understanding, planning and prediction of overtime and will we be seeing these benefits in this financial year?

Response:

This project has been delayed over a number of years and is under review by the Chief Constable. This review will seek to ensure that the continued investment here remains appropriate at this time, or whether in light of other factors (e.g. Tri-Force enabling services collaboration) our best option is to place this work on hold until future decisions about joint systems and ways of working are made.

22. Annual governance statement

Have all high risk reports been received and analysed by the audit committee? If not where are they being actioned and how does the organisation have an overview of all inspections/ audits and reports.

Response:

The Joint Audit Committee ("JAC") sees all high risks reported via the PCC and Constabulary risk registers. These are informed by the PCC Issues log and the Constabulary departmental risk registers.

The Constabulary track inspection actions in a register controlled by their strategic improvement team.

All internal and external audit reports are presented to the JAC

23. What oversight is there of the audit framework for collaboration?

The accounts state that there is a clear governance framework in place. Where is the detail of that framework held.

Response:

The Regional and Tri Force collaborations both have direction, governance and decision making provided by a strategic board comprising the PCCs and Chiefs. This board is, in turn, supported by a Programme team who produce reports on budget, risk, performance and new business cases. The Strategic Board is further supported by a Programme board of SRO, Chief Officers, PCC CEOs, Finance, HR, ICT and Operational leads as required and by a Design Authority to assess need and develop new business cases for consideration.

Audit is currently based on each individual PCC and Chiefs own external audit of their own accounts and their own internal audit programmers. As collaboration in the region develops it may be possible to combine some audit work on areas of shared services such as HR, Finance, ICT, Fleet etc. This approach may also be possible for operational joint working such as: Major Crime; Organised Crime; Regional Cyber; Forensics; Tri force roads/dogs/firearms training. Any collaborative approach to audit must also consider the risk assurance required by each JAC and by individual PCCs and Chiefs.

AVON AND SOMERSET POLICE & CRIME COMMISSIONER STRATEGIC RISK 07/10/2016 REGISTER -

	RISK		MITIGATION OF RISK			A	ASSESSMENT
Risk / Objective	Description	Impact	Controls and Assurances	Unmiti	gated / Curre	ent Risk	Commentary and
RISK / Objective	Description	Impact	Controls and Assurances	Probability	Impact	Risk Score	Review date
	Ineffective governance, scrutiny, oversight of services and outcomes delivered by the Constabulary. Ineffective arrangements for complaints and serious cases. Failure to ensure adequate transparency of the OPCC and/or the Constabulary.	- Reduced Public confidence - Relationship with Constabulary not optimal	Risk owner: PCC / OPCC CEO and CFO PCC Police and Crime Board PCC Chief Constable 1:1s	4	4	16	
SR1 Governance failure	Failure to ensure effective systems and controls are in place to manage risk and support the delivery of service. Fraud. Failure to hold Chief Constable to account. Failure to address conduct or performance	 Government criticism, penalties Sub standard performance Sub standard performance Sub standard performance Sub standard performance Audit Committee, audit, annual govern statement Force not efficient /effective risks not managed 		3	4	12	PCC and Chief Executive reviewed governance arrangements and has proposed a revised governance structure to the DCC. Introducing a PCC Board to run monthly, formalising scrutiny, key decisions and performance tracking. This will replace PCC-COG Board.
	of Chief Constable. Failure to address complaints against the Chief Constable. Failure to ensure Chief Constable sets appropriate culture, ethics and values.	financial loss - reputational risk Police and Crime Panel meetings DCC attedance at OPCC SLT Portfolio meetings as required Staff survey review		••	~ ►		
SR2	Failure to sufficiently assess needs and failure to agree an appropriate Police and Crime Plan with the Chief Constable.	- PCC priorities not agreed,	Risk owner: PCC / OPCC CEO PCC/Chief Constable meetings	4	4	16	Probability of this risk has been lowered since June. The current plan will not be delivered against by the
Police and Crime plan: Setting the plan, delivery of the plan	Failure to deliver the Police & Crime Plan.	- Public confidence eroded	PCC/COG Oversight Board Chief Officer portfolio meetings (Performance) Representation at Constabulary CIB Monthly OPCC Performance Pack Audit Committee	3	4	12	Constabulary. However, progress in developing the new plan has been good and the approach has been very collaborative with both Police and Partners which is a good sign for future delivery.

AVON AND SOMERSET POLICE & CRIME COMMISSIONER STRATEGIC RISK 07/10/2016 REGISTER -

	RISK		MITIGATION OF RISK			A	SSESSMENT
Risk / Objective	Description	Impact	Controls and Assurances		gated / Curre		Commentary and
	Failure to agree and deliver a balanced Constabulary budget with the Chief Constable. Running an unsustainable budget deficit running out of funds.	- Run out of money - require intervention	Risk owner: PCC / CFO	Probability 4	Impact 4	Risk Score 16	Review date Current £16m plus funding deficit for 2016-21 period before planned savings. Savings plans being developed with £6m achieved or planned.
SR3 Unable to meet fi they fall due, reso deficits. Financial Incapability & VFM Savings not deliv sequence or scop Borrowing and /o required. Failure to set pre Failure to ensure	Unable to meet financial obligations as they fall due, reserves insufficient to cover deficits	 Reputation / public confidence lost unable to fund adequate or minimum service 	Portfolio meetings as required Medium and long term financial planning Regular oversight of revenue & capital budget Maintain adequate risk-assessed reserves		3 4	12	Risks to future funding as a result of a revised Police funding formula now deferred until 2017/18. Precept rise agreed 1.99% for 2016-17 and assumed a 1.99% increase for the following 3 years. Enabling Services collaboration with Wiltshire and
	Borrowing and /or Government intervention required. Failure to set precept. Failure to ensure value for money in OPCC and across the delegated budgets to the	unable to fund delivery of PCC priorities - inefficiency in use of police funds wastes money and harms reputation	udit Committee / Internal Audit easury Management strategy in place itcomes reviewed by CFOs and Finance eeting MIC effeiciency inspection regime	3		•►	Gloucestershire Constabularies programme established and budget, governance and scope agreed. Other regional projects being developed to produce savings. Ambition to find addition £5m savings for re-investment
			Risk owner: PCC / OPCC CEO/Head of Comms	4	3	12	Low attendance at PCC Forums - also dominated by local councillors and special interest groups. Opportunities exist to increase community engagement
SR4 Failure to Engage with the public	Failure to effectively engage with local people, communities and stakeholders. Failure to understand people's priorities and issues re policing and crime. Not taking account of local people's views, only "loud voices" and single issue voices heard.	 Reputation / public confidence Relationship with partners Police and Crime plan and actual delivery not aligned to public concerns and priorities 	Meetings with LA chairs/ CEOs; CSP Chairs; local community group leaders PCC Forums, out and about days, attendance at summer events, meeting community groups Web site, twitter & social media Representation on CSPs, Children's Trusts, LCJB, Health and Wellbeing Boards OCC/OPCC Comms meetings	2	3	6	 Opportunities exist to increase community engagement PCC awareness increased since Police Authority, contacts to OPCC materially increased, approx. 4 time higher number of website visitors per month than who operating as a Police Authority. PCC and COG are developing a joint comms plan (proactive and reactive) to ensure closer working an resource allocation. Police and Crime plan development offers engagement opportunities. Reviewing best ways to work with partners to engage PCC/OPCC with public.

AVON AND SOMERSET POLICE & CRIME COMMISSIONER STRATEGIC RISK 07/10/2016 REGISTER -

	RISK		MITIGATION OF RISK	ASSESSMENT									
Risk / Objective	Description	Impact	Controls and Assurances		gated / Curre		Commentary and Review date						
	Failure to: Set Policing Plan / Priorities (as above). Set Policing Precept budget (as above).		Risk owner: PCC / OPCC CEO, CFO, Office/HR Manager and Head of C&P	Probability 4	Impact 3	Risk Score 12							
SR5 Failure to meet OPCC Statutory	Deliver community safety, victims services and other partnership outcomes effectively. Operate an effective Custody Visiting Scheme.	- Delivery failure - Reputation / public confidence - Relationship with	OPCC Business Plan Police and Crime Plan / Annual Report OPCC commissioning team Governance Boards, scheme of governance			9	Annual OPCC Business and Delivery Plan in place - will be refreshed in September 2016. OPCC team appointed owners to statutory duties and						
Requirements or commission adequate services	Provide effective oversight of complaints against Chief Constable. Failure to follow legal and other guidance to ensure transparency of OPCC work.	de effective oversight of complaints ist Chief Constable. re to follow legal and other guidance	Audit Committee / Internal Audit Victims service established by OPCC/OCC Transparency Checklist OPCC Risk Register	3	3	3	3	4	assessing resource allocation to workstreams. OPCC will create a new foum to raise issues and risks.				
SR6	Failure to: Develop and implement effective regional			4	4	16	Strategic Collaboration programme established and being scoped. Governance established.						
Collaboration Failure to deliver effective and efficient regional	strategy to make the region more efficient and effective Develop and deliver collaboration plans with Wiltshire and Gloucestershire Constabularies to increase efficiency and effectiveness	iffective regions/areas Risk owner: PCC / OPCC CEO/ OPCC CFO lop and deliver collaboration plans - Government - Government Wiltshire and Gloucestershire - Forced to accept others OPCC Business Plan tabularies to increase efficiency and iveness - forced to accept others Regional commissioning and programme terms from future alliances or mergers - Poor VFM assessment Strategic Collaboration Governance ammes - Poor VFM assessment results Strategic Collaboration Governance	effective regions/areas Risk owner: PCC / OPCC CEO/ OPCC CFO alop and deliver collaboration plans - Government OPCC Business Plan Witshire and Gloucestershire - forced to accept others OPCC Business Plan stabularies to increase efficiency and tiveness - forced to accept others OPCC Business Plan re to put in place effective governance mergers - Poor VFM assessment ownership of regional projects and rammes - Poor VFM assessment Strategic Collaboration Governance	regions/areas - Government scrutiny/intervention - forced to accept others	regions/areas - Government scrutiny/intervention - forced to accept others terms from future alliances or	regions/areas - Government scrutiny/intervention - forced to accept others terms from future alliances or	regions/areas - Government scrutiny/intervention - forced to accept others terms from future alliances or	regions/areas - Government scrutiny/intervention - forced to accept others terms from future alliances or boards	gions/areas Risk owner: PCC / OPCC CEO/ OPCC CFO Bovernment OPCC Business Plan ny/intervention OPCC Business Plan to accept others Regional commissioning and programme boards boards			12	OPCC CSE work underway with Wilts OPCC. Regional progress on Major Crime, ROCU, Forensics, STORM, CT, Tri Force. Dialogue with local partners regarding commissioned
and other collaborative outcomes	Failure to put in place effective governance and ownership of regional projects and programmes Collaborate with Fire Authorities.			3	4	~ ►	services working together, e.g. drug & alcohol, victims etc. Dialogue with Fire and Local authority partners underway focused on co-location and call centres.						
SR7	Risk that:		Risk owner: PCC / OPCC HR Manager	4	3	12							
Capacity/ Capability Failure to have	 i) People in post do not have sufficient knowledge or skills to perform roles to standards of quality and/or to meet deadlines; ii) there is insufficient transfer of knowledge 	- Increased likelinood of materialisation of risks through delivery failure (governance, scrutiny,	(supported by SLT) OPCC Business Plan PDR process and regular supervisory	C Business Plan process and regular supervisory	Trajectory of risk is likely to reduce - as impact will also be mitigated against once SLT are able to reconsider the resource planning of the organisation (aspiration to								
	 iii) there is insufficient catalor of nowledge that would provide cover/resilience; iii) there is insufficient capacity in workloads to perform role to standards of quality and/or to meet deadlines. 	engagement with public); - damaged relationship with public, constabulary and/or partners.	sessions SLT, Portfolio Leads and Team meetings (to share knowledge, resolve issues) OPCC HR policies Resource planning	3	3	<	more closely align to Police and Crime Plan and risk and performance framework and eliminate single points of failure created through silo working).						