



2019/2020
**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:

Andy Marsh	Chief Constable Phone: 01278 646321
Nick Adams	Chief Officer – Finance, Resources and Innovation Phone: 01278 646400
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Statement of Accounts 2019/2020

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Office of the Chief Constable for Avon & Somerset

Chief Finance Officer's Narrative Report

This section provides information about the Constabulary, enabling the reader to understand our objectives and strategies, as well as matters of financial and operational performance over the past year and issues which may affect these in 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 Organisational Overview

The Avon and Somerset policing area serves the five principal local authority areas of South Gloucestershire, Bath & North East Somerset, Bristol, North Somerset, and the county of Somerset.

Around 1.7 million people live within the 1,844 square miles our area covers, with greater concentrations around our towns and cities, which include Bristol, Bath, Weston-super-Mare, Taunton and Yeovil. The resident population is increased by university students at our four local universities, as well as by the large numbers who visit or travel into or through the area each year.

The Police and Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities. The PCC is elected by the public to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of his functions and those of persons under his direction and control. The Chief Constable has a statutory responsibility for the control, direction, and delivery of operational policing services in the Avon and Somerset police area.

The PCC for Avon and Somerset sets out her priorities in the Police and Crime Plan. These priorities are determined following consultation with the communities of Avon and Somerset, as well as incorporating the views of a range of stakeholders including the Police and Crime Panel, partners, the Chief Constable and senior leaders within the Constabulary. The PCC's priorities throughout 2019/2020 have been to:

Priority 1	Protect the most vulnerable from harm
Priority 2	Strengthen and improve local communities
Priority 3	Ensure that the Constabulary has the right people, right capability, and right culture
Priority 4	Work effectively together with other police forces and key partners to provide better services to local people

The PCC oversees the delivery of services against these priorities, holding the Chief Constable and his team to account. Under the direction and control of the Chief Constable and his chief officer team, the constabulary is divided into eight directorates, four of which are operational and four of which are the enabling services.

The Constabulary's Mission, Vision and Values are:

Mission	Serve. Protect. Respect.
Vision	Outstanding policing for everyone.
Values	Caring. Courageous. Inclusive. Learning.

The Constabulary has four corporate strategies:

- Service strategy;
- People strategy;
- Digital strategy;
- Infrastructure strategy.

Through these strategies, the Constabulary establishes in more detail how they intend to deliver against the PCC's priorities, achieve their mission and vision, and bring their values to life.

The staffing information for both organisations as at 31 March 2020 is as follows:

Employees	Actual 2019/2020 FTE	Actual 2019/2020 Headcount	Actual 2019/2020 % Part-Time
Police Officers	2,804	2,884	2.8
Police Community Support Officers	319	333	4.4
Police Staff	2,415	2,762	14.4
OPCC	19	22	15.8
Total	5,557	6,001	8.0

In addition, the Constabulary is supported by 289 Special Constables, 200 Police Cadets, and over 1,000 volunteers, more than 800 of whom support community speedwatch throughout Avon and Somerset.

2 COVID-19

These accounts are being prepared against the backdrop of the COVID-19 global pandemic. This has presented many tactical challenges for Avon and Somerset, and as we look forward will undoubtedly go on to present a number of strategic challenges as well.

The immediate financial and operational consequences will not have significantly impacted us during the 2019/2020 financial year covered by these accounts. However, the longer-term consequences will be important for our future plans. The rest of this statement identifies specifically where this is the case based on our considerations at this time.

3 Operational Performance

The Constabulary measures its performance against the Police and Crime plan priorities and provides the PCC with assurance at monthly Police and Crime boards concentrating each month on a different thematic report.

Overall police recorded crime levels have seen a small increase of 2.8% since last year. This picture includes some notable reductions in specific crime types, with a 9.8% reduction in burglary, and a 4.8% reduction in theft.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspected the Constabulary during 2019/2020. The overall assessment continued to be "Good", with the following results against each of the three pillars of their 'PEEL' inspection framework:

- Efficiency – Outstanding;
- Legitimacy – Good; and
- Effectiveness – Good.

The Neighbourhood Policing teams have improved the consistency of their use of problem solving plans to achieve demand reduction in local communities. There has been a consistent reduction in demand and demand complexity compared to the same period last year.

The performance in the Control Room has remained consistently excellent throughout the year. Despite increases in overall call volumes the abandonment rates have reduced across all lines; call-handling performance continues to be strong, with low abandonment rate for both 999 calls (0.05%) and 101 calls (2%) over the last year.

Calls for service are stable, with a 0.6% reduction since last year. Calls requiring immediate attendance have increased by 5.6% since last year; however, overall calls requiring officer attendance have reduced by 6% over the course of the year.

Public confidence, as measured by the crime survey for England and Wales, reports that confidence stands at 78.2% which puts Avon & Somerset at 6th (12th in 2018/2019) when ranked nationally.

Volume crime victim satisfaction remains stable, with victims of hate crime having high rates of satisfaction at 82.5%. Dwelling burglary victim satisfaction rates are 5% higher than last year reaching 88%. Our victim survey, which measures the satisfaction of more vulnerable victims requiring access to support services, shows consistently strong rates of satisfaction for how they were kept informed remaining stable at 91% and support service access at 83%.

File quality, as measured by those failing when reviewed by the Crown Prosecution Service, has remained stable during the year. At the end of 2019/2020 the failure rate was 29%, placing us 23rd nationally. This remains a priority for the Constabulary and a Criminal Justice task force has been commissioned to drive improvements throughout the year.

Operational performance has not been adversely affected by the response to COVID-19 to date. Initially demand saw reductions as our communities complied with the societal restrictions required by our response. This situation, combined with strong resourcing levels and the effective use of digital tools to carry on working from home where required, has enabled us to proactively improve performance in certain key areas. As these restrictions have gradually lifted, demand has begun to increase and we forecast this will continue over the coming months.

The Constabulary has continued to deliver investment throughout 2019/2020 to further support operational performance delivery. This has included completing the mobilisation of our workforce through the provision of laptops. These are enabling more and more of our officers and staff to work in an agile way, a factor which has been important in our response to COVID-19.

A number of estates projects have been progressed during the year, with the opening of new police stations in Southmead and in Shepton Mallet, as well as significant progress made on the central Bristol response hub at Kenneth Steel House.

We have also successfully introduced the Police Constable Degree Apprenticeship (PCDA), our new entry route for police officers, in partnership with University of the West of England. Through this route 279 new officers have been successfully introduced into the Constabulary during 2019/2020, with over 300 planned during 2020/2021.

4 Financial Performance

4.1 Revenue Expenditure

In February 2019 the PCC approved a 2019/2020 net revenue budget of £306.3m, an increase of £21.8m (7.7%) on the previous year. This budget was funded through a combination of Government grants (£182.1m/59.5%) and local council tax (£124.2m/40.5%). In total £301.7m was provided to the Chief Constable in order to support the provision of policing services to the communities of Avon & Somerset, an increase of £21.7m (7.8%).

In order to manage ongoing inflationary and other cost pressures the Constabulary needed to identify and deliver savings of £4.5m, which when combined with the increase in funding enabled us to deliver a balanced budget. This took our cumulative savings since 2010/2011 to £83m (27.9%).

Financial performance against budget is monitored throughout the year, reported to senior managers of the OCC and through to the PCC. These reports are published in order to provide public transparency of our financial performance. The financial performance report for 2019/2020 was reported to the PCC in May 2020, and can be found published on the PCC's website.

The Constabulary's net revenue expenditure in 2019/2020 was £296.9m. When compared to budget this means we have underspent by £4.8m (1.6%), prior to adjustments for provisions and for transfers to earmarked reserves. Once these adjustments were made this underspend was fully accounted for.

This revenue performance was the consequence of a number of factors, but most specifically was driven by underspends on both officer and staff pay. This was reflective of the vacancies across the Constabulary, particularly in the earlier part of the year. Officer recruitment has significantly increased across the course of the year.

The targets for the 100 extra officers, planned from precept funding, and the additional 46 officers, as our first phase towards meeting the government's ambitions, were both met by the 31st March 2020. Recruitment activity will continue throughout the coming financial year,

supported by investments made improving the efficiency and effectiveness of our recruitment processes.

The following table summarises the revenue financial performance for 2019/2020:

	Budget	Expenditure	Over/ Under (-)
	£'000	£'000	£'000
Neighbourhood & partnerships	38,281	37,085	-1,196
Response	73,110	72,190	-920
Operational support	51,116	50,872	-244
Investigation	30,230	26,964	-3,266
Collaboration	18,562	18,012	-550
Enabling services	70,608	70,344	-264
Central costs & miscellaneous	19,758	26,229	6,471
Constabulary sub total	301,665	301,696	31
Office of the PCC	1,471	1,440	-31
Commissioning	3,142	3,142	0
Total revenue expenditures	306,278	306,278	0

It should be noted that the figures above cannot be agreed directly to the comprehensive income and expenditure statement on page 29 where the costs of policing activities include charges for the provision of pensions and the use of assets which are later reversed out through intragroup transfers from the PCC. The two figures are reconciled in note 6.

4.2 Capital, Reserves, and Treasury Management

The PCC owns all assets and controls decision making in relation to capital expenditure, capital financing, and borrowing, as well as holding responsibility for all reserves. Financial performance in relation to these aspects is reported on within the PCC's financial statements.

5 Financial Outlook

Prior to the COVID-19 pandemic, the PCC and Chief Constable jointly set out their forward financial forecasts within their Medium Term Financial Plan (MTFP) each year. The MTFP, published in February 2020, covers the five-year period from 2020/2021 through until 2024/2025. This MTFP set out a more positive financial position for the PCC and the Constabulary than had previously been the case.

5.1 Revenue Budget

Revenue funding is forecast to increase significantly, driven by the flexibility that the PCC has been granted in raising local council tax and through the provision of additional government grant funding to support the targeted uplift in police officer numbers in England and Wales.

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	£'000	£'000	£'000	£'000	£'000
Budget requirement	335,165	349,649	364,020	376,789	388,672
Less total funding	-328,451	-341,669	-354,958	-365,227	-375,610
Surplus(-)/deficit before savings	6,714	7,980	9,062	11,562	13,062
Savings	-6,714	-7,980	-9,062	-9,062	-9,062
Surplus(-)/deficit after savings	0	0	0	2,500	4,000

The key assumptions that underpin this forecast position are:

- Funding is forecast to grow by £69.3m/22.6% p.a. by 2024/2025, driven by:
 - increases to our main police grant funding of £12.2m in 2020/2021, rising to £43.6m/26.8% by 2024/2025;
 - new ring-fenced grant funding of £3.8m in 2020/2021 to be paid in arrears following delivery of the government's target for uplift in officer numbers. We have assumed this funding will be consolidated into the main grant upon delivery of the uplift target, to be replaced by a new ring-fenced grant in each of the next two years as further uplift targets are delivered; and
 - growth of Council Tax funding, driven by annual increases to our tax base of 1.0% in 2020/2021 and thereafter at 1.5% p.a., as well as increases to the precept of £10 in 2020/2021, followed by 1.99% p.a. – an increase in this funding of £25.7m/20.7% p.a. by 2024/2025.
- Our budget requirement is forecast to increase by £71.5m/23.2% p.a. by 2024/2025, driven by factors such as:
 - annual uplift to officer and staff pay of 3% p.a. – an increase in cost of £37.5m p.a. by 2024/2025;
 - increased pension costs to provide for current and anticipated deficits in both staff and officer pension schemes, as well as inflationary increases for injury pensions – an increase in cost of £4.5m by 2024/25;
 - inflationary increases to non-pay costs of 2.5% in 2020/2021 (3.5% for utilities/fuel costs, and 3.9% for NNDR), reducing to 2.0% (3.0% for utilities/fuel, and 3.9% for NNDR) thereafter – an increase in cost of £5.1m p.a. by 2024/2025;
 - increases in the cost of capital investments, recognising both growth in direct revenue funding of capital spend (in part to compensate for reductions in government capital grant funding), as well as increased costs associated with future planned borrowing – an increase of £1.3m p.a. by 2024/2025;
 - investment and growth across the Constabulary, predominantly focused on achieving and sustaining the planned uplift in officer numbers – an increase of £38.3m p.a. by 2024/2025; and
 - realisation of new planned and targeted revenue savings of £9.1m p.a. by 2022/2023, the significant majority of which (£6.7m) are already achieved for our 2020/2021 budget.

5.2 Policing Precept

In January 2020, the Policing Minister announced flexibility for PCCs to raise the policing precept by £10 to support the government's priority to increase officer numbers. In accordance with this announcement and after supportive public consultation, the PCC chose to raise the precept by £10, taking the average (band D) council tax precept to £227.81 per annum.

The additional funding generated by this increase has enabled the Constabulary to:

- underwrite the continued cost of 15 additional PCSOs previously funded through a ring-fenced grant which has now ceased; and
- invest in new police staff investigator posts.

5.3 Capital Programme

The PCC has agreed funding set at £71m over the next five years, which at present still leaves a deficit of £7.8m in our current plans. This will help fund both new and ongoing investments in ICT, Estates, Fleet, and other assets. Many of those capital investments will need business case approval to progress.

ICT projects include local initiatives, as well as a number of national projects. The single biggest project forecast in the next five years will be the national Emergency Services Mobile

Communication Programme (ESMCP) which will replace the current Airwave radio devices with a new digital network for operational communications.

Estates projects include the completion of a number of projects in flight, as well as new projects including the re-development of our Yeovil Police Station and new police stations for Minehead, Williton, Wincanton, and Bristol East.

5.4 Approach to Future Challenges and Funding

As identified above, this MTFP and the assumptions made within it were prepared prior to the COVID-19 global pandemic. This public health emergency is likely to have far reaching consequences, the scale and impact of which are not yet fully understood. It is reasonable to assume that there will be financial consequences for public services generally, and Avon and Somerset specifically.

These impacts will be in both our funding (consequences for council tax base and government grant) and in our costs (responding to COVID-19, pension costs, future pay awards and inflation). It is not possible to predict this impact accurately at this stage. Our intention over the summer and into the autumn will be to model a range of potential scenarios in order to inform our forward plans.

Our record of accomplishment in delivering efficiencies and savings over the past ten years demonstrates our ability to effectively balance budgets and achieve capacity to support targeted investments that further our ambitions. Our MTFP prior to COVID-19 already identified the need for us to achieve further savings in the medium term. As we quantify the scale of any additional savings now required, we will bring forward future opportunities for savings, realising the benefits from existing and planned investments.

6 Procurement

Our strategic procurement service ensures compliant delivery of contracted procurement with our suppliers. During the course of 2019/2020 we had £54.6m of “influenceable spend”, against which we have identified and delivered £2.3m/4.1% in savings during 2019/2020. The delivery of procurement savings is an important component of demonstrating how we achieve value for money. We report on our savings into the Home Office’s National Commercial Board, which enables us to benchmark our performance against other forces. In 2019/2020 the value of savings delivered was second only to the Metropolitan Force, a force ten times our size.

7 Accounting for Pensions

In line with International Accounting Standard (IAS) 19 on employee benefits, we are reporting a significant pensions liability of £3.8bn shown on the balance sheet. This is reduced when the pension scheme assets of £0.3bn are taken into account. The net liability of £3.5bn is offset by an intragroup debtor with the PCC. More details are disclosed in notes 13 to 15. The liability has no impact on the reported outturn and the usable reserves.

8 Basis of Preparation

This Statement of Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. This follows International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to local authority accounts as determined by Her Majesty’s Treasury.

This Statement of Accounts summarises the financial year for 2019/2020. 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.

Our review of this framework has not altered from previous years, concluding 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.

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 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 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 balance sheet at 31 March 2020** – 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 summarises the total police officer pension contributions and pension benefits paid. The difference is funded by the Home Office.

9 Conclusion

The financial affairs of PCC and Chief Constable have been and continue to be prudently and effectively managed. Best practices and CIPFA guidance and codes of practice in financial management, governance, and treasury management are being followed.

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

Looking ahead we recognise the challenges that are likely to result from the COVID-19 pandemic, and will bring forward work to assess these, and co-ordinate our strategic response to them. In the meantime, we will continue to focus on delivering those investments planned through the increase in precept and meeting the targets set by government for police officer numbers.



Nick Adams LLB (Hons), FCA
Chief Finance Officer to OCC
27 November 2020

Office of the Chief Constable 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 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 economic, efficient, and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

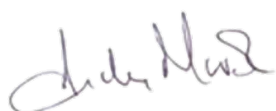
2 The Chief Finance Officer's Responsibilities

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 ensuring appropriate risk management mechanisms are in place; and
- made sure that the internal control systems are effective – pages 16 to 28 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 2020 and its income and expenditure for the year ended 31 March 2020.



Andy Marsh QPM
Chief Constable
27 November 2020



Nick Adams LLB (Hons), FCA
Chief Finance Officer to OCC
27 November 2020

Auditor's Report

Independent auditor's report to the Chief Constable for Avon and Somerset

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Chief Constable for Avon and Somerset (the 'Chief Constable') for the year ended 31 March 2020 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the Fund Account and the Net Assets Statement. The notes to the financial statements include the EFA, Notes to the Core Statements and Policies and Judgements. 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 2019/2020.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/2020; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Chief Financial Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Chief Constable's future operational arrangements.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Chief Constable's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Chief Financial Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/2020 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Chief Constable's operating activities, including effects arising from macro-economic uncertainties such as COVID-19 and Brexit. We analysed how those risks might affect the Chief Constable's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Chief Constable will continue in operation.

Emphasis of Matter – effects of COVID-19 on the Pension Fund property assets

We draw attention to Note 4.2 of the financial statements, which describes the effects of the COVID-19 pandemic on the valuation of the Somerset County Council Local Government Pension Scheme property assets as at 31 March 2020. As, disclosed in Note 4.2 to the financial statements the investments held by Somerset County Council Local Government Pension Scheme includes property assets. The actuary has calculated that the PCC Group's share of the property assets was £29m as at 31 March 2020. The valuation of these pension property assets took into account the potential future impact of COVID-19, and as such was reported on the basis of material valuation / market uncertainty as per VPS 3 VPGA of the RICS Red Book. Consequently, less certainty can be attached to the valuation of the property than would normally be the case.

Our opinion is not modified in respect of this matter.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report and the Annual Governance Statement, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Chief Constable obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Chief Constable gained through our work in relation to the Chief Constable's arrangements for securing economy, efficiency, and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Chief Constable and the Chief Financial Officer for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 10, the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer. 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 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Chief Constable will no longer be provided.

The Chief Constable is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements – Conclusion on the Chief Constable's arrangements for securing economy, efficiency, and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of the Chief Constable

The Chief Constable is responsible for putting in place proper arrangements for securing 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.

Auditor's responsibilities for the review of the Chief Constable's arrangements for securing economy, efficiency, and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects 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 this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of the Chief Constable for Avon and Somerset in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 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.

Iain Murray

Iain Murray

Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
London

30 November 2020

Office of Chief Constable for Avon & Somerset

Annual Governance Statement

Governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, cost effective, open and accountable manner. It comprises the systems, processes, culture and values by which organisations are directed and controlled, and through which they account to, engage with and lead their communities.

There is a statutory requirement to conduct a review, at least once a year, of the effectiveness of the organisation's governance. This statement gives the results of our yearly assessment of how well we are managing and controlling risks in achieving our aims and meeting the responsibilities that we have by law.

1 Scope of Responsibilities

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 those set out in the CIPFA Delivering Good Governance in Local Government Framework (2016). A copy of the Avon and Somerset joint governance framework is on the website at <http://www.avonandsomerset-pcc.gov.uk>.

This statement covers the accounts of the OCC, and outlines how he ensures appropriate practice in accordance with the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)". Here within, the detailed arrangements are outlined to support the view of the Chief Constable and his Chief Finance Officer (CFO) that the financial management arrangements conform to the governance requirements of the CIPFA statement on the role of the CFO in Local Government published in 2016.

In discharging this overall responsibility, the OCC is responsible for establishing proper arrangements for the governance of its affairs in accordance with the Joint Scheme of Governance, and in so doing the OCC is ensuring a sound system of internal control is maintained throughout the year, including appropriate arrangements for the management of risk.

The PCC and OCC share most core systems of control including the SAP ERP systems, finance function with shared financial controls and the IT, legal and information governance functions. 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 OCC has primary responsibility for the delivery arrangements for internal controls through the delegated responsibilities set out in the PCC's scheme of governance. The PCC maintains oversight and scrutiny of this, and places reliance on these controls managed by the OCC.

The OCC's Chief Finance Officer (OCC 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 PCC Chief Finance Officer (PCC CFO), 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 2019/2020 financial year covers the period from 1 April 2019 to 31 March 2020 and up to the date of approval of the annual Statement of Accounts.

The governance framework enables the PCC and CC to monitor the achievement of their strategic objectives and to consider whether those objectives have led to the delivery of appropriate 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 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.

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. This statement has been written to evidence how the CIPFA Principles of Good Governance are being delivered.

2.1 Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Chief Constable has set out and communicated the mission and vision for policing in Avon and Somerset, underpinned by our values. These are:

- Mission: Serve. Protect. Respect.
- Vision: Outstanding policing for everyone.
- Values: Caring. Courageous. Inclusive. Learning.

The Constabulary operates in an open and transparent way, with the Chief Constable setting the tone for the organisation by creating a climate and culture of openness, support and respect, reinforced through our values:

- Courageous;
- Caring;
- Inclusive; and
- Learning.

The Constabulary has adopted the College of Policing's Code of Ethics, including the 9 policing principles, and the 10 standards of professional behaviour embedded within this. This includes establishing the national decision making tool for use by officers and staff to enable them to make decisions which are consistent with these principles and expected behaviours.

The Constabulary reinforces these principles and the expected standards of behaviour for its staff through processes, procedures and policies.

The key governance legal powers and responsibilities within the Constabulary are set out in legislation and statutory guidance (especially the Police Reform and Social Responsibility Act 2011, Policing Protocol Order 2011, Revised Financial Management Code of Practice 2018 and Strategic Policing Requirement 2015), the Scheme of Delegation, Financial Regulations and Contract Standing Orders. These are referenced in the Joint Scheme of Governance.

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 inappropriate conduct through its Counter Corruption Unit (CCU). The CCU was identified as an 'area for improvement' by HMICFRS in their last inspection and the Constabulary has responded accordingly in the last year through investment, developing the capability and capacity of the unit by strengthening investigative and intelligence resource and improving processes which underpin task allocation and priority of work.

In February 2020 new Police Complaints and Misconduct regulations come into place for police officers. The regulations bring three main changes:

- Raises the threshold for misconduct – this will mean that underperformance or conduct that does not meet the threshold will be dealt with as part of a reflective practice review process held by the line manager;
- Introduces a new broader definition of a police complaint to ‘expression of dissatisfaction with a police force’. This reflects that complaints can be an organisational ‘service delivery’ issue as opposed to individual failing. This will support reflective learning and further move from a culture of blame;
- Complaint handling will be reasonable and proportionate with a customer service focus. Where possible complaints will be dealt with there and then.

These national changes will help us to be an organisation that learns and improves, where we recognise when things have gone wrong and take the time to understand how we can improve. The introduction of a reflective review process with an emphasis on ‘putting things right’ through clear actions and constructive outcomes supports our force values.

The new complaints process is less bureaucratic. It is quicker, transparent and independent with greater discretion by police forces, the IOPC and respective decision makers and local oversight by Police and Crime Commissioners.

The Constabulary also has a well-established, independently chaired, Ethics Committee. This supports the Constabulary, its police officers and staff in considering difficult ethical dilemmas when making decisions.

2.2 Principle B: Ensuring openness and comprehensive stakeholder engagement

The Chief Constable is responsible for the direction and control of the Constabulary, and is accountable to the PCC in doing so in a way that delivers her Police and Crime Plan (PCP).

The Constabulary engages in an open and transparent working relationship with the OPCC and this is reflected by the publication of minutes from meetings such as the Joint Audit Committee (JAC), Police and Crime Board (PCB) and the publication of decision notices for public consumption. Furthermore, meetings such as the JAC are open to the public to attend.

The Constabulary uses Independent Advisory Groups (IAGs) as a way for our communities to work with us to help improve our services. These groups advise on policing issues that may cause concern to local people and communities. IAG members are volunteers drawn from our communities from various backgrounds. They have an interest in policing and its effect on our communities and offer independent advice.

The Constabulary is also scrutinised and receives feedback through three independent panels (listed below) established by the PCC.

- **Independent Residents Panel** – volunteers from the communities of Avon and Somerset come together with the PCC’s office in order to examine complaints made against the Constabulary. During 2019/2020 the panel met quarterly as planned in June, September, December 2019 and March 2020.
- **Scrutiny of police powers** – volunteers from the communities of Avon and Somerset come together with the PCC’s office to examine the use of Taser, stop and search, body worn video and the use of force by the police. During 2019/2020 the panel met three times: in May, August and November 2019.
- **Out of courts disposal panel** – Out of court disposals are a means of resolving an investigation without prosecution through the courts. This panel brings together professionals from numerous criminal justice agencies and victims services who review the use of out of court disposals. In the financial year 2019/2020 the panel met quarterly as planned in June, September, December 2019 and March 2020.

The PCC and Constabulary jointly develop an annual Medium Term Financial Plan (MTFP) which considers the future financial context for the combined organisations, forecasting both revenue and capital plans across a five year planning horizon. The MTFP considers a five

year planning horizon over which we aim to consider the risk surrounding our financial context, enabling us to take action in good time to address this risk and ensure we are able to achieve financial sustainability over the short and medium term.

This plan is informed by both internal discussions and review, as well as through external stakeholder engagement undertaken by the PCC with partners and the public. This document is shared with our partners, and is published alongside the PCC's precept decision, to enable scrutiny through the Police and Crime Panel, and ultimately by the public.

Public consultation to inform decision making is undertaken where warranted. The Constabulary has access to consultation undertaken by the PCC as well as systematic data gathered from surveying of victims and the wider public. Other consultation is undertaken such as via the Joint Audit Committee, Independent Advisory Groups, Ethics Committee and local consultation as well as using sources such as the quarterly police and crime survey.

Effective communication plays a direct role in improving engagement and supporting our employees to deliver our strategic business objectives. Through our external and internal communications, we raise awareness of the ways we are carrying out our mission to serve, protect and respect.

We recognise that compelling communication builds trust and confidence. Effective communication is therefore important in building stronger community relationships, enhancing our legitimacy and improving our ability to deliver an effective public service.

Over the course of 2019/2020 the Constabulary has used innovative social media approaches to enhance its communication and engagement with the public. This has included running digital beat surgeries and regular PCC and Chief Constable live discussions with the public.

2.3 Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Our vision is for Avon and Somerset Constabulary to deliver outstanding policing for everyone, and for this to be recognised by the communities we serve and our staff. Such a shared vision is crucial if we are to increase public trust and confidence so that local communities believe we treat them fairly, with respect and professionalism, and take their concerns seriously.

The PCP is set by the PCC, with the bulk of responsibility for delivering the outcomes expected within this plan resting with the Chief Constable and the Constabulary. Within the Constabulary a continuous improvement framework provides opportunity for scrutiny of performance against the plan through regular monthly thematic and operational assurance activity reported jointly at Constabulary and OPCC governance boards.

Underpinning our annual planning cycle and refresh of our corporate strategies, is an ongoing review and consideration of our contextual analysis including consideration of factors such as the political landscape, legislative changes, partners, market forces, demographics and crime trends.

In the last 12 months, the Constabulary has refreshed its four corporate strategies which are framed around People, Service, Digital and Infrastructure, each of which cumulatively support the delivery of the PCP. Furthermore the development of the single delivery plan to capture all assurance and improvement activity provides the strategic oversight to consider if the desired outcomes are being achieved and if not, what interventions the Constabulary can take.

Through the investment made in our data analytics capability in recent years, the Constabulary is well placed to be able to improve on its performance reporting in both diagnostic and outcome terms. Additionally through robust control of the change portfolio and discipline in business change control, benefits realisation of change is tracked, recorded and verified through the chair of the respective programme boards, as well as being assessed by scheduled post implementation reviews 6-12 months after the change has been delivered.

The Constabulary has also established a 6 point sustainability plan that exists within the infrastructure strategy, which seeks to improve utilisation, asset management and value for money to ensure its infrastructure supports the demands of modern policing.

2.4 Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

The Constabulary has continued to develop effective understanding of our demand during the last 12 months, achieved through our pioneering use of data analytics. We use this understanding to identify opportunities to bring forward changes to our ways of working that improve productivity and efficiency. In support of this we continue to develop and embed the use of business intelligence and data visualisation tools, supporting officers and staff to better understand their priorities.

During 2019/2020 a new incident management process, based around a threat, risk, and harm assessment, was introduced into the control room environment overseen by dedicated triage sergeants. This system has helped better manage lower level demand, ensuring the appropriate allocation of this demand into our frontline teams.

Among many different interventions that the Constabulary has initiated to ensure optimal outcomes, there are three that we would highlight as critical pieces of work.

- The first is Operation Remedy, which now extended into its second year, is the result of £2million investment made possible by the policing part of increased council tax precept and focuses on the most important issues to our communities – knife crime, burglary and drug related crime.

Op Remedy has resulted in a 10% reduction in recorded dwelling burglary against the previous 12 months; and significant improvement in positive outcomes. In relation to knife crime there has been an increase in the use of Community Resolution and diversionary interventions in our preventative approach to serious violence. Op Remedy has resulted in greater proactivity in communities, with an improved focus on drug offences and knife crime.

- During 2019, funding was made available by the Government to address the rise in serious violence. This funding took two forms:
 - Surge funding – this funding was specifically made available to the Constabulary to support a variety of proactive and preventative interventions to reduce serious violence; and
 - Violence reduction – this funding was specifically made available to the PCC to help establish local Violence Reduction Units (VRUs).

Through both of these funding streams we have taken forward a number of actions, including:

- the engagement, education of young people;
 - proactive high-visibility targeted patrols, including the use of ‘knife arches’ at local train stations; and
 - targeted covert operations designed to prevent and disrupt criminal activity associated with serious violence.
- During 2019/2020 we have, in collaboration with our partners in the Crown Prosecution Service, established a Joint Task Force. The focus of this group is to share data, improve the quality of case files, and realise improvements through our local criminal justice services. This group has the support of both organisations at the most senior level, who intend that through this work we can be confident that the criminal justice system in Avon and Somerset is delivering the right outcomes for victims and ensuring that offenders are brought to justice.

All of these interventions are critical to maintain the trust and confidence of our communities, one of the identified strategic risk areas for the Constabulary.

2.5 Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Like most public services, Avon and Somerset Constabulary delivers its services through its officers and staff. Our officers and staff are our greatest asset – developing their capabilities supports their personal development and adds immeasurable benefits to the organisation.

The Constabulary places a significant value of the capability of leadership. During 2019/2020 we have:

- Supported our officers and staff from under-represented backgrounds in undertaking the “Stepping Up” leadership development programme led by Bristol City Council;
- Delivered, in partnership with University of the West of England (UWE)¹, a development programme for talented leaders who have shown further promise and progression potential;
- Delivered cultural intelligence and inclusive leadership training for all senior leaders in the Constabulary;
- Hosted a number of leadership workshops in support of the College of Policing's Leadership development programme work; and
- Continued to deliver in-house leadership courses for all leaders and managers across the Constabulary.

The Constabulary operates an Individual Performance Review (IPR) process. Through our IPR 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. During the year, we've also continued to make improvements to support and increase the use of Individual Performance Review (IPR). This included developing bite-size learning videos for guidance on how to use IPR, archiving records pre 2017 to aid better data reporting of completion and drop in sessions to support individuals and line managers at different locations around the force area.

The Constabulary has adopted the national Oscar Kilo wellbeing framework and have conducted a comprehensive self-assessment against its standards which has identified further areas for improvement that we are working on.

During 2019/2020 the Constabulary has increased and developed its capacity in a number of areas of business, including:-

- Custody – increasing the capacity and resilience of this team to manage demand both now and into the future;
- Citizens in Policing – increasing our capacity to continue to grow the number of specials and volunteers supporting and enhancing our services;
- Police Constable Degree Apprenticeship – during 2019/20 we introduce our new entry route for new police officers into the Constabulary. We have done this in partnership with UWE, enabling us to significantly increase the volumes of new officers we are able to introduce into the Constabulary at any one time;
- Delivering and enabling the uplift in officer numbers – increasing the capacity in a number of critical functions (e.g. recruitment, training school) to enable the delivery of our police officer uplift targets;
- Process Automation – introducing the capability to automate many operational and business processes across the organisation, thereby creating capacity and reducing risks resulting from human errors.

¹ <https://www.uwe.ac.uk>

2.6 Principle F: Managing risks and performance through robust internal control and strong public financial management

The Constabulary and the OPCC both have strategic risk registers (SRR) which are reviewed and scrutinised by the Joint Audit Committee (JAC). The risks identified in these SRRs inform the scope and focus of our annual internal audit planning, and direct the scope of individual audits contained therein.

The JAC 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 committee.

The Deputy Chief Constable is responsible for the Constabulary SRR. The SRR has undergone an extensive refresh this year, with the addition of new strategic risks linked to the Constabulary's delivery of objectives within its four corporate strategies. In addition there are a number of other strategic risks that form the totality of the SRR.

The Constabulary has moved away from having directorate risk registers and has developed a single delivery plan of all improvement activity being carried out across the organisation, thus ensuring that every activity has value and is aligned to the strategic objectives and strategic risk. The plan is visualised using data analytics and is open and accessible to the business so that anyone within the Constabulary can view current activity. This approach has democratised information and embeds the ethos of managing risk through facilitating continual improvement within day to day operational activity.

Using the single delivery plan, the Constabulary can monitor levels of assurance and apply scrutiny to business areas, providing a single version of the truth from which senior leaders can commission assurance activity or further insight work to ensure the Constabulary is effectively performing.

The monthly Constabulary Management Board (CMB) is chaired jointly by the Chief Constable and Deputy Chief Constable, and brings together all senior leaders across the Constabulary. CMB focuses on managing business as usual, championing continuous improvement, providing decision making over and commissioning all transitional and transactional change activity within its delegated authority under the Joint Scheme of Governance. It receives monthly reports on operational performance and quarterly financial positions enabling it to take an overview of wider force performance.

The OCC and OPCC jointly developed a new performance framework which has been reporting since the beginning of 2020. This was developed to expand the quantitative measures and indicators against which delivery of the PCP could be monitored. This introduced performance thresholds to better identify reductions or improvements in performance. These thresholds are determined using both performance at any given time combined with an understanding of trends over longer periods of time. This system was designed like this so these measures could equally be used as key risk indicators and to better join together performance and risk management. With the refresh of our four force strategies and the planned introduction of a national performance framework, we will be reviewing this further during 2020/2021.

Each quarter the Strategic Planning Meeting, which is chaired by the Chief Constable, meets to review and refresh the SRR as well as to focus on environmental scanning, strategy development, future planning and setting the strategic direction for the Constabulary.

These 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 the monthly Police and Crime Board meetings, as well as through regular meetings between the Chief Constable and the PCC.

2.7 Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Both the Constabulary and the OPCC adhere to the use of Government Security Classification (GSC) markings. In doing so are able to determine those documents which can be published through the PCC's and CC's websites so that they are visible to the public. Published items include:

- Significant decisions of the PCC;
- Papers presented to Police and Crime Board;
- Chief Officer contact with the media;
- Chief Officer expenses and gifts;
- Freedom of Information requests; and
- Registers of business interests, gifts and hospitality.

The Internal Audit function is commissioned by the OPCC and OCC on behalf of the Joint Audit Committee (JAC) and is undertaken by a third party auditor for additional independence. For the start of the 2019/2020 financial year a new company, South West Audit Partnership (SWAP), was appointed as our internal auditor. A significant benefit of this organisation is that they also audit other PCCs and police forces in the South West region so can bring direct experience and share learning across the force areas.

The appointment of new internal auditors brought with it some challenges, with both organisations gained understanding of new ways of working. Despite these challenges, the audit plan was delivered during 2019/2020 and, through the recommendations made, continues to provide good assurance and value for money in supporting both organisations' drive towards continuous improvements.

Whilst COVID-19 presents an additional challenge, we are continuing with the audit schedule as planned, recognising the critical importance of this function. The progress of internal audit in the coming year will be monitored closely to ensure the impacts of COVID-19 do not adversely affect this more than necessary.

The JAC Chair continues her term until December 2021 and three members reached the end of their terms, one of whom had only been in the role for one year. Through a competitive recruitment process one member was reappointed and two new members appointed, bringing a diverse range of skills and experience to the new team.

All JAC meetings are open to members of the public to attend, and all papers presented to JAC, including those from our internal and external auditors, are published on the PCC's website (where nothing of a sensitive or confidential nature prevent us from doing so) allowing members of the public to have access to these reports and their contents.

Internal Audit conducted an advisory review of the JAC Terms of Reference (TOR) for their South West PCC/police clients. This highlighted some areas of statutory compliance that should be better represented in the TOR. The OPCC used this advice as an opportunity to review the TOR to ensure it was still current. The content of the proposed TOR was accepted by the JAC but it was felt it could be presented in a more easy to understand format; the OPCC will complete this final revision in the coming months.

The Constabulary is committed to ensuring it is open and transparent in the way that it conducts its business, and has effective working relationships with both internal and external auditors, as well as with HMICFRS for whom the Constabulary produces its annual Force Management Statement (FMS), making it available on the force website.

Over the last 12 months the Constabulary has invested further in establishing an internal assurance function to support its vision of becoming an outstanding police force. A small team of officers has been assembled supporting our already established inspection team to conduct assurance activity using evidence based methods to support and improve how the Constabulary delivers on its stated objectives.

3 Review of Effectiveness

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework. 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 OCC CFO, and of managers within the Constabulary who have responsibility for the development and maintenance of the governance environment.

For 2019/2020 this review included the following considerations:

- the internal auditor's reports to the Joint Audit Committee (JAC) throughout the year and their annual report to JAC;
- external auditors' reports at JAC meetings;
- the HMICFRS 'PEEL' inspection;
- the Force Strategic Risk Register;
- the 2019/2020 financial outturn that delivered a balanced position; and
- the planning and development of the MTFP for the next five 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.

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 risk management.

3.1 Follow up from last year's findings

In our 2018/2019 Annual Governance Statement, we highlighted three significant governance issues which we planned to take steps to address. These were:

- **Loss of legitimacy / public confidence** - we recognised that there would be heightened expectations from our communities and from government because of the increases in our funding in 2019/2020. We needed to fulfil these expectations through effective investments, after we had accounted for increases in our costs. In support of this we have:
 - Recruited the 100 extra officers funded by the PCC through the increases in the 2019/2020 precept;
 - Recruited an additional 46 officers funded by the Government as the initial target towards our share of their uplift of 20,000 new police officers across England and Wales;
 - Launched Operation Remedy - a year-long operation focusing on residential burglary, drugs and knife crime. This initiative has now been extended for a further year having yielded some excellent results in the first 12 months.

Because of this work, and other ongoing activity, our public confidence stands at 78.2% placing us 6th nationally, increasing our standing from 12th when we reported this last year.

- **Failure to be an inclusive and diverse organisation** – we recognised that we needed to accelerate our plans to grow our diversity as an organisation to better represent the communities that we serve and maintain and enhance our legitimacy. In support of this we have continued to progress the ambitions set out in our Inclusion and Diversity plans, including:
 - Delivered cultural intelligence training to managers across the Constabulary, with plans to now extend this through a 'train the trainer' initiative as part of our leadership development work;
 - Successfully introduced 7 outreach workers to enhance our 'recruit for difference campaign' which has seen us run several engagement, discovery

and workshop type events encouraging a greater diversity of candidates to come forward to join our police family;

- Developed our capability to analyse the results of our people survey by different protected characteristic demographics in order to provide meaningful insight and inform response plans.

While we recognise that there is still much more to do, we have been encouraged by the progress made to date, specifically:

- Since 2018 we have seen a 23% increase in officers and staff identifying as BAME, a 34% increase in those identifying as having a disability, and a 24% increase in those identified as LGBT;
- We have achieved the National Equality Standard (NES), becoming the first Home Office police force to do so; and
- We have recently been nominated in two categories ('neurodiversity' and 'inclusive culture') at the Employers Network for Equality and Inclusion (ENEI) 2020 awards.

- **Failure to improve data quality** – We recognised that the more we developed our capabilities to make best use of our data to inform our day to day work, the more important it becomes that we can rely on good data. Our Strategic Information Management Board has established itself as body through which our work to improve data quality will be overseen. During 2019/2020 we have progressed work in this area in a number of ways:

- We have introduced a dedicated data quality team in our IT directorate to rectify inaccurate information created in our 'Niche' records management system. This team, which we have funded for 2 years, is averaging resolution of 16,000 data issues per month;
- We are using our growing Robotic Process Automation (RPA) capability to realise data quality improvements. We have progressed work to automate 3 processes which will reduce the number of records with data quality by more than 200,000;
- We have developed a day long IT systems refresher training course to be rolled out to officers and staff who regularly use our 'Niche' record management system. This training has been developed specifically to address known areas of high data quality occurrences.

Data Quality continues to be a key risk for the Constabulary and is one which we recognise will take significant time to address satisfactorily. However, we are encouraged by the progress we have made, specifically:

- A reduction of nearly 68,000 outstanding duplicate records;
- We have created a virtual team of almost 300 individuals who have had to work from home during COVID-19, to focus on improving data quality. Through their work we have realised a 39% reduction in data quality issues from April into May.

3.2 Internal Audit

Throughout 2019/2020 the Internal Audit function completed nine substantive audits, one advisory review as well as contributing towards regional advisory work and conducted follow-up work on previous audits.

Each internal audit conducted throughout the year receives a graded assurance opinion from the auditors. The assurance levels are; none, partial, reasonable and substantial.

The conclusion of our internal auditors was that they were able to offer a reasonable assurance annual opinion. In providing this opinion they have recognised that the majority of the assurance opinions resulting from Internal Audit work completed in 2019/2020 were graded as 'partial assurance', which they attribute to both the PCC and Constabulary having a

sound understanding of their respective risk profiles and potential areas of weakness in their respective control environments.

Each of the audits also provides recommendations for improvement which are categorised into three priority categories reflecting their importance. In total our internal auditors made 51 recommendations during 2019/2020, of which:

- 16 were identified as findings that require attention, the lowest grading;
- 35 were identified as findings that are important and require the attention of management, the medium grading; and
- None were identified as findings that were fundamental requiring immediate attention.

Whilst we take assurance from the fact that none of the findings is considered to be fundamental, we recognise that the recommendations from our internal auditors provides us with a number of important actions which we need to progress.

The most significant matters raised and improvements recommended by internal audit are being addressed by PCC and Constabulary and arising from the following audits:

- IT Business Continuity – a partial assurance report was issued in relation to this area, reflecting the need for departmental business continuity plans to be produced and business critical IT systems and recovery plans to be mapped in support of this;
- Personal Issue of Assets – a partial assurance report was issued in relation to this area, reflecting the need for improvements in our processes and systems used to record and manage personal assets issued to individual officers and staff (e.g. laptops, mobile phones, body worn video cameras);
- Data Quality – a partial assurance report was issued in relation to the ways in which the importance of data quality is reinforced through training of officers and staff. The report specifically identified a need for greater targeted interventions through provision of refresher training.

3.3 HMICFRS Inspections

The primary framework by which police forces are inspected by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) is called 'Police Efficiency, Effectiveness and Legitimacy' (PEEL). All forces are inspected using this consistent methodology, with the outcome being that a grade is awarded for each of the three pillars. Avon and Somerset was inspected in May 2019. The outcome was that the Constabulary maintained our **overall 'Good' rating**, with the grading across the three pillars being:

- **Legitimacy** - HMICFRS found that the Constabulary is **Good** in respect of the legitimacy with which it keeps people safe and reduces crime.
- **Efficiency** – HMICFRS found that the Constabulary is **Outstanding** in respect of the efficiency with which it keeps people safe and reduces crime.
- **Effectiveness** – HMICFRS found that the Constabulary is **Good** at keeping people safe and reducing crime. The inspectors' conclusion that we had performed well in this year's effectiveness inspection and have made good progress since last year.

The HMICFRS Integrated PEEL Assessment is one of the most important sources of assurance for both the PCC and CC, in both the delivery of the PCP and the realisation of the Constabulary's vision. Therefore, the improvement to outstanding in efficiency was particularly pleasing. Within the efficiency pillar the theme that improved was 'planning for the future' – this is the very essence of good risk management and demonstrates the Constabulary's strength in this area.

The PCC and the Chief Constable are pleased with the progress made since the last HMICFRS PEEL inspections but recognise there is still more to be done to meet the vision of delivering outstanding policing for everyone

3.4 Significant Risks

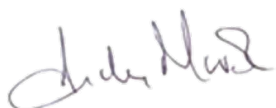
Through our review and considering the content of our Strategic Risk Register, we have identified that the biggest risks to the organisation at this time are:

Risk	Progress
Loss of legitimacy / public confidence	<p>We recognise the continued heightened expectations of our communities and of Government because of the increases in our funding in 2020/2021.</p> <p>The extra government and precept funding, particularly that which is left after we have accounted for increases in our costs, provides the Constabulary with a great opportunity which if we fail to capitalise on gives rise to significant risk.</p> <p>Our ability to capitalise on this is potentially hampered by the occurrence of COVID-19. This public health crisis has led to unprecedented restrictions on social and professional lives. Our operational and organisational response to this may impact on our ability to realise the ambitions set out in our original plans.</p>
Failure to deliver necessary improvements to data quality to ensure effective decision making	<p>Although we are encouraged by the progress made and continuing to be made, this remains as a high risk on our strategic risk register.</p> <p>We are addressing this challenge through comprehensive action plans which include:</p> <ul style="list-style-type: none"> ■ Utilising resources working from home during COVID-19 to address and reduce the number of data quality issues identified; ■ Rolling out our refresher training for officers and staff who routinely utilise our Niche records management system; ■ Continuing to develop technological solutions that help reduce and correct data quality issues; and <p>Embedding the importance of data quality and data literacy into the Leadership Programme.</p>
Failure to effectively plan and manage financial resources	<p>Our financial planning and the assumptions that underpin this all now need to be reviewed in light of the medium and longer-term consequences of COVID-19.</p> <p>At this stage it is very uncertain as to what the scale of this impact is likely to be. This will ultimately depend on the wider economic situation, and how this affects both grant funding and local council tax funding, as well as the impact it will have on immediate and longer-term costs.</p> <p>We intend to model a range of scenarios over the coming months, allowing us to consider how we might respond to these.</p>

4 Conclusions

No system of internal control can provide absolute assurance. However, on the basis of the review of the sources of assurance set out in this statement, we are satisfied that the OCC for Avon and Somerset has in place satisfactory and adequate systems of internal control, including arrangements for good governance and for the control, mitigation and management of risk.

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 QPM
Chief Constable
27 November 2020



Nick Adams LLB (Hons), FCA
Chief Finance Officer to the OCC
27 November 2020

Office of the Chief Constable for Avon & Somerset

Comprehensive Income and Expenditure Statement for the year ended 31 March 2020

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 intragroup adjustments. See note 2 for further details.

OCC Expenditure £'000	OCC Income £'000	Total 2018/2019 £'000	Comprehensive Income and Expenditure Statement - OCC	OCC Expenditure £'000	OCC Income £'000	Total 2019/2020 £'000
549,471	-37,481	511,990	Police Services	403,682	-36,551	367,131
210	-136	74	Police Services restated	0	0	0
-549,471	37,481	-511,990	Intragroup adjustment	-403,682	36,551	-367,131
-210	136	-74	Intragroup adjustment restated	0	0	0
0	0	0	Net cost of police services	0	0	0
		85,076	Net interest on pensions			88,088
		-85,076	Intragroup adjustment (pension interest cost)			-88,088
0	0	0	Financial and investment income and expenditure	0	0	0
58,477	0	58,477	Police pension top-up grant (note 14)	58,600	0	58,600
0	-58,477	-58,477	Intragroup adjustment (Police pension top-up grant)	0	-58,600	-58,600
		-84,184	Intragroup adjustment (Re-measurement of pension assets and liabilities)			381,758
		-84,184	Taxation and non-specific grant income			381,758
		-84,184	Surplus(-)/deficit on provision of services			381,758
		93,137	Re-measurement of pension assets and liabilities (note 13)			-415,773
		-8,953	Return on pensions assets (note 13)			34,015
0	0	84,184	Other comprehensive income and expenditure	0	0	-381,758
0	0	0	Total comprehensive income and expenditure	0	0	0

Office of the Chief Constable for Avon & Somerset

Movement in Reserves Statement 2018/2019 and 2019/2020

These statements show only the pension related transactions for the years ending 31 March 2019 and 31 March 2020. All reserves are held by the PCC.

Movement in reserves statement 2018/2019					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2018	0	0	0	0	0
Total comprehensive income and expenditure	84,184	0	84,184	-84,184	0
Adjustments between accounting & funding basis under regulations					
Net IAS 19 charge for retirement benefits	-84,184	0	-84,184	84,184	0
Increase/decrease(-) in 2018/2019	0	0	0	0	0
Balance as at 31 March 2019	0	0	0	0	0

Movement in reserves statement 2019/2020					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2019	0	0	0	0	0
Total comprehensive income and expenditure	-381,758	0	-381,758	381,758	0
Adjustments between accounting & funding basis under regulations					
Net IAS 19 charge for retirement benefits	381,758	0	381,758	-381,758	0
Increase/decrease(-) in 2019/2020	0	0	0	0	0
Balance as at 31 March 2020	0	0	0	0	0

Office of the Chief Constable for Avon & Somerset

Balance Sheet as at 31 March 2020

The balance sheet shows the pension liability, other employee related creditors, and provisions accrual offset by debtors from the PCC.

2019 £'000	Balance Sheet	2020 £'000
	Long term assets	
3,715,699	Long term intragroup debtor (note 2)	3,493,195
357,655	Police staff pension assets (note 15)	335,238
4,073,354	Total non-current assets	3,828,433
0	Payments in advance (note 16)	0
14,344	Intragroup debtor (note 2)	10,826
14,344	Total current assets	10,826
0	Intragroup creditor	0
-11,148	Creditors (note 17)	-8,151
-3,196	Short term provisions (note 18)	-2,675
-14,344	Total current liabilities	-10,826
	Long term liabilities	
-4,073,354	Police pension liabilities (note 13 to 15)	-3,828,433
-4,073,354	Total long term liabilities	-3,828,433
0	Net assets	0
0	Total usable reserves	0
0	Total unusable reserves	0
0	Total reserves	0



Nick Adams LLB (Hons), FCA
Chief Finance Officer to OCC
27 November 2020

Office of the Chief Constable for Avon & Somerset

Cash Flow Statement

This note does not show any cash flows for the year ending 31 March 2020 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.

2018/2019 £'000	Cash Flow Statement	2019/2020 £'000
-84,184	Net surplus(-)/deficit on the provision of services	381,758
84	Increase(-)/decrease in provision charged back to service	2,408
84,184	Charges for retirement benefits in accordance with IAS 19	-381,758
3,112	Increase/decrease(-) in long and short term debtors	242
-3,196	Increase(-)/decrease in long and short term creditors	-2,650
84,184	Adjust net surplus or deficit on the provision of services for non-cash movements	-381,758
0	Net increase(-)/decrease in cash and cash equivalents	0

Office of the Chief Constable for Avon & Somerset

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 2019/2020 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 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.

1.3 Employee Benefits

1.3.1 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.

1.3.2 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.

1.3.3 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 collects the contributions, responsibility for the cost of these payments has transferred to the Government.

Police staff including PCSOs 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.

1.3.4 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.

1.4 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 charged to 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.

1.5 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.

1.6 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 intragroup adjustment with the PCC. The comprehensive income and expenditure statement shows the net cost of policing services excluding the costs of administering the PCC and the PCC commissioning costs. This is met by an intragroup 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 issued but not adopted and are unlikely to have a material impact on the financial statements.

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures.
- Annual Improvements to IFRS Standards 2015-2017 cycle.
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

IFRS 16 Leases: In April 2020, CIPFA issued a statement from the CIPFA/LASAAC that the implementation of the IFRS 16 leases will be deferred until 1 April 2021 due to the impact of COVID-19.

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 13 to 15 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	+0.1%	0.0%	-0.1%
Present value of total obligation	3,158,231	3,222,206	3,287,590
Projected service cost	76,038	78,010	80,036
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,231,104	3,222,206	3,213,378
Projected service cost	78,554	78,010	77,470
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,278,919	3,222,206	3,166,717
Projected service cost	79,499	78,010	76,567
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	3,351,146	3,222,206	3,098,501
Projected service cost	80,366	78,010	75,723

Police Staff Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	590,990	606,227	621,872
Projected service cost	25,178	25,942	26,730
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	608,000	606,227	604,471
Projected service cost	25,955	25,942	25,929
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	620,168	606,227	592,649
Projected service cost	26,721	25,942	25,186
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	628,021	606,227	585,236
Projected service cost	26,723	25,942	25,184

4.2 Pension Assets – OCC

The investments held by Somerset County Council Local Government Pension Scheme includes property assets. The actuary has calculated that the PCC Group's share of the property assets was £29m as at 31st March 2020. The valuation of these pension property assets took into account the potential future impact of COVID-19, and as such was reported on the basis of material valuation/market uncertainty as per VPS 10 VPGA of the RICS Red Book. Consequently, less certainty can be attached to the valuation of the property than would normally be the case.

4.3 Short and Long Term Provisions

In determining the provisions set aside at 31 March 2020 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 18 Short and Long Term Provisions.

5 Events After the Balance Sheet Date

There are no post balance sheet events to date.

6 Expenditure and Funding Analysis

This note shows how the annual expenditure is allocated and the funding available to the Constabulary in a format which is used for decision making purposes. It is reconciled to the comprehensive income and expenditure statement.

Net expenditure chargeable to general fund	2018/2019 Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E	OCC Expenditure and Funding Analysis	Net expenditure chargeable to general fund	2019/2020 Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E
£'000	£'000	£'000		£'000	£'000	£'000
279,729	232,261	511,990	Police Services	301,696	65,435	367,131
0	74	74	Police Services - OCC restated	0	0	0
-279,729	-232,261	-511,990	Intragroup adjustment	-301,696	-65,435	-367,131
0	-74	-74	Intragroup adjustment - restated	0	0	0
0	0	0	Net cost of police services	0	0	0
0	85,076	85,076	Net interest on pensions	0	88,088	88,088
0	-85,076	-85,076	Intragroup adjustment (Pension interest cost)	0	-88,088	-88,088
0	0	0	Financial and investment income and expenditure	0	0	0
0	-84,184	-84,184	Intragroup adjustment (Re-measurement of pension assets & liabilities)	0	381,758	381,758
0	-84,184	-84,184	Taxation and non-specific grant income	0	381,758	381,758
0	-84,184	-84,184	Surplus(-)/deficit on provision of services	0	381,758	381,758

Capital Purposes £'000	2018/2019			OCC Expenditure and Funding Analysis Adjustment between accounting & funding basis	Capital Purposes £'000	2019/2020		
	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000			Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000
11,093	231,509	-10,341	232,261	Police Services	10,749	71,166	-16,480	65,435
0	0	-74	-74	Police Services - OCC restated	0	0	0	0
-11,093	-231,509	10,341	-232,261	Intragroup adjustment	-10,749	-71,166	16,480	-65,435
0	0	74	74	Intragroup adjustment - restated	0	0	0	0
0	0	0	0	Net cost of police services	0	0	0	0
0	85,076	0	85,076	Net interest on pensions	0	88,088	0	88,088
0	-85,076	0	-85,076	Intragroup adjustment (Pension interest cost)	0	-88,088	0	-88,088
0	0	0	0	Financial and investment income and expenditure	0	0	0	0
0	-84,184	0	-84,184	Intragroup adjustment (Re-measurement of pension assets & liabilities)	0	381,758	0	381,758
0	-84,184	0	-84,184	Taxation and non-specific grant income	0	381,758	0	381,758
0	-84,184	0	-84,184		0	381,758	0	381,758
0	-84,184	0	-84,184	Difference between surplus on the general fund and deficit on the provision of services	0	381,758	0	381,758

7 Income and expenditure analysed by nature

Restated 2018/2019 £'000	Income and Expenditure analysed by nature	2019/2020 £'000
224,930	Employee costs	238,090
13,298	Premises costs	13,559
5,090	Transport costs	5,348
30,642	Supplies & services	27,647
13,696	Partnership costs	13,685
13,564	Misc, central, & grants	12,785
16,809	Depreciation, amortisation, & impairment	21,145
231,653	Employee benefit expenses	71,422
85,076	Net interest on pensions	88,088
58,477	Police pension top up grant	58,600
-718,942	Intragroup adjustment	-110,011
-25,707	Total expenditure	440,358
-15,732	Sales, rent, fees, & charges	-15,175
-662	Southwest One recharges	0
-1,683	Seconded officers	-1,920
-9,112	Counter terrorism policing grant	-9,598
0	Serious violence grant	-1,720
0	Uplift grant	-659
-10,428	Other specific grants	-7,479
-20,860	Intragroup adjustment	-22,049
-58,477	Total income	-58,600
-84,184	Surplus/deficit on provision of services	381,758

8 Paying Staff

Disclosure of Remuneration for Senior Employees 2018/2019					
Post Holder Information (post title and name)	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2018/2019	Pension Contributions	Total Remuneration Including Pension Contributions 2018/2019
	£	£	£	£	£
Chief Constable - A Marsh	161,440	6,359	167,799	0	167,799
	<u>161,440</u>	<u>6,359</u>	<u>167,799</u>	<u>0</u>	<u>167,799</u>

Disclosure of Remuneration for Senior Employees 2019/2020					
Post Holder Information (post title and name)	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2019/2020	Pension Contributions	Total Remuneration Including Pension Contributions 2019/2020
	£	£	£	£	£
Chief Constable - A Marsh	165,394	7,747	173,141	0	173,141
	<u>165,394</u>	<u>7,747</u>	<u>173,141</u>	<u>0</u>	<u>173,141</u>

Disclosure of Remuneration for Senior Employees 2018/2019

Post Holder Information (post title)	Note	Salary (including fees & allowances)	Expense Allowances	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2018/2019	Pension Contributions	Total Remuneration Including Pension Contributions 2018/2019
		£	£	£	£	£	£
Director of Resources and Chief Finance Officer to the OCC	1	95,318	2,760	12,372	110,450	12,429	122,879
Chief Officer - Finance, Resources and Innovation	2	50,255	0	963	51,218	6,634	57,852
Director of People & Org Development		114,313	0	4,905	119,218	15,089	134,307
Deputy Chief Constable		129,996	0	6,187	136,183	31,459	167,642
ACC - Investigations Operational Support		115,127	0	5,863	120,990	0	120,990
ACC - Neighbourhoods & Partnerships	3	97,402	0	0	97,402	22,960	120,362
ACC - Regional Collaborations	4	98,319	0	0	98,319	23,793	122,112
T/ACC - Tri Force		107,738	0	3,851	111,589	25,406	136,995
Force Medical Officer		142,907	0	0	142,907	18,698	161,605
		951,375	2,760	34,141	988,276	156,468	1,144,744

- Note 1: The outgoing Director of Resources and Chief Finance Officer to the OCC was seconded to the NPCC with effect from 01/10/2018 and reduced hours to 14.48 hours per week. The annualised salary is £113,688.
- Note 2: The Director of Resources and Chief Finance Officer to the OCC was renamed Chief Officer – Finance, Resources and Innovation on 01/10/2018. The incoming Chief Officer – Finance, Resources and Innovation commenced in the role on 01/10/2018. The annualised salary is £100,509.
- Note 3: The ACC Neighbourhoods & Partnerships was appointed to Avon & Somerset Constabulary on 01/05/2018. The annualised salary is £106,986.
- Note 4: The ACC - Regional Collaborations post was previously filled by a Wiltshire officer. An Avon & Somerset Constabulary officer moved into this role on 06/04/2018. The annualised salary is £100,509.

Disclosure of Remuneration for Senior Employees 2019/2020

Post Holder Information (post title)	Note	Salary (including fees & allowances)	Expense Allowances	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2019/2020	Pension Contributions	Total Remuneration Including Pension Contributions 2019/2020
		£	£	£	£	£	£
Chief Officer - Finance, Resources and Innovation & Section 151 Officer of the PCC	1	25,057	0	9,404	34,461	3,308	37,769
Chief Officer - Finance, Resources and Innovation		80,238	0	0	80,238	10,591	90,829
Director of People & Org Development	2	93,221	0	4,585	97,806	12,146	109,952
Director of People & Org Development	3	23,957	0	0	23,957	2,961	26,918
Deputy Chief Constable		132,978	0	6,797	139,775	41,223	180,998
ACC - Investigations Operational Support		117,998	0	6,453	124,451	0	124,451
ACC - Regional Collaborations	4	5,487	0	0	5,487	1,658	7,145
T/ACC - Regional Collaborations	5	17,741	0	0	17,741	5,500	23,241
ACC - Regional Collaborations	6	90,874	0	0	90,874	26,246	117,120
ACC - Neighbourhoods & Partnerships		114,794	0	7,993	122,787	34,732	157,519
Force Medical Officer		141,264	0	0	141,264	19,308	160,572
		843,609	0	35,232	878,841	157,673	1,036,514

- Note 1: The Chief Officer – Finance, Resources and Innovation is also currently the Interim Chief Finance Officer to the PCC role, with effect from 09/01/2020. The annualised salary is £109,662.
- Note 2: The Director of People & Org Development left on 12/01/2020. The annualised salary was £116,346.
- Note 3: The temporary Director of People & Org Development commenced on 13/01/2020 and was confirmed permanently in post with effect from 05/03/2020. The annualised salary is £103,023.
- Note 4: The ACC – Regional Collaborations retired on 18/04/2019. The annualised salary was £109,662.
- Note 5: The T/ACC – Regional Collaborations was temporarily promoted to this rank on 19/04/2019 at an annualised salary of £106,986. The temporary promotion ended on 02/06/2019.
- Note 6: The ACC – Regional Collaborations commenced on 03/06/2019 at an annualised salary of £103,023.

The number of staff to whom we pay more than £50,000 a year is shown below. Pay includes salary, taxable travel and expenses. Bands with nil values in both years have been removed.

2018/2019 Number	Pay Range	2019/2020 Number
185	£50,000 - £54,999	187
109	£55,000 - £59,999	131
18	£60,000 - £64,999	24
10	£65,000 - £69,999	9
8	£70,000 - £74,999	8
7	£75,000 - £79,999	5
8	£80,000 - £84,999	7
5	£85,000 - £89,999	6
3	£90,000 - £94,999	2
2	£95,000 - £99,999	1
1	£100,000 - £104,999	0
0	£105,000 - £109,999	1
2	£110,000 - £114,999	1
1	£115,000 - £119,999	0
1	£120,000 - £124,999	2
1	£135,000 - £139,999	1
1	£140,000 - £144,999	1
1	£165,000 - £169,999	0
0	£170,000 - £174,999	1
363		387

The numbers within each band can be impacted year on year by inflationary changes.

9 Exit Packages

During 2019/2020 there were some redundancies of staff, the numbers and cost of which are presented in the table below. This follows the significant restructure in our enabling services functions in 2018/2019.

Compulsory & Voluntary Redundancies 2018/2019		Exit Packages	Compulsory & Voluntary Redundancies 2019/2020	
Number	£'000	Banding	Number	£'000
21	210	£0 - £19,999	16	180
17	433	£20,000 - £39,999	0	0
7	360	£40,000 - £59,999	0	0
6	472	£60,000 - £79,999	0	0
5	458	£80,000 - £99,999	0	0
3	382	£100,000 - £179,999	0	0
59	2,315		16	180

10 External Audit Costs

External audit services are provided to the CC by Grant Thornton. The amounts paid in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to any non-audit services are shown in the following table.

2018/2019 £'000	External Audit Costs	2019/2020 £'000
	Chief Constable:	
14	Fees for external audit services paid to Grant Thornton	19
<u>14</u>		<u>19</u>

Fees paid by the CC in 2019/2020 were based on the scale fee, with an additional variation cost of £3,000 relating to 2018/2019 audit and £2,000 accrued for 2019/2020 variations.

11 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.

11.1 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.

Andy Marsh is the Chief Constable. During 2019/2020 we have rendered £2,142 of services relating to the emergency installation of an alarm at his home following the receipt of threats from an offender (no services were provided in 2018/2019).

No other transactions were disclosed.

11.2 Other Related Parties

The Home Office and the Ministry of Housing, Communities and Local Government exert significant influence on the PCC Group through legislation and grant funding.

The relationship of the PCC with South West One Limited concluded in 2018/2019, and as such there were no further costs incurred during 2019/2020. Supplies and services were provided by South West One Limited to the value of £1,711,886 in 2018/2019. The payments to South West One Limited cover staffing costs and the provision of other services for Technology Services for the first three months of 2018/2019.

Amounts of £871,507 were received for staff seconded to South West One Limited and non-pay adjustments in 2018/2019. As at 31 March 2019, the PCC had a creditor balance of £13 with South West One Limited.

The OCC has a relationship with the Police Community Trust and the Avon and Somerset Constabulary Force Club. Payments were made to the Police Community Trust of £249,987 in 2019/2020 (£437,640 in 2018/2019). Payments were also made to the Avon and Somerset Constabulary Force Club in 2019/2020 of £8,178 (£3,245 in 2018/2019).

12 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:

2018/2019 Expenditure £'000	Joint Operations	2019/2020 Expenditure £'000
3,015	South West Regional Organised Crime Unit	3,359
1,103	Firearms Training	1,209
564	Counter Terrorism Specialist Firearms Officers	653
4,788	Major Crime Investigation (Brunel)	4,866
11,240	Specialist Operations (Tri Force)	0
99	Tri Force ACC	0
6,315	South West Forensic Services	6,529
1,048	South West Region - Special Branch	1,134
35	Regional ACC	39
-	Disaster Victim Identification / Casualty Bureau	28
440	Other Regional Programmes	423
28,647	Total	18,240

12.1 South West Regional Organised Crime Unit (SW ROCU)

SW ROCU 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 £10,356,470 in 2019/2020 (£9,297,703 in 2018/2019).

12.2 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 £2,891,075 in 2019/2020 (£2,637,087 in 2018/2019).

12.3 Counter Terrorism Specialist Firearms Officers (CTSFO)

The CTSFO collaboration was set up in April 2017 to provide a resilient and rapidly available specialist firearms capability. The collaboration is between Avon and Somerset (53.6%), Gloucestershire (23.2%) and Wiltshire (23.2%). The total cost of the operation was £1,217,721 in 2019/2020 (£1,050,456 in 2018/2019). An element of this firearms capability is funded from a government grant which is reported separately.

12.4 Major Crime Investigation (Brunel)

This is a collaboration between Avon and Somerset (64%), Gloucestershire (17%) and Wiltshire (19%) for the purposes of providing regional oversight and scrutiny of major incidents. The total cost of the service was £7,602,453 in 2019/2020 (£7,481,411 in 2018/2019).

12.5 Specialist Operations (Tri Force)

Tri Force was a collaboration between Avon and Somerset (53.6%), Gloucestershire (23.2%) and Wiltshire (23.2%) to deliver armed, roads and dogs policing. This was completed in April 2019, and so no costs were incurred in 2019/2020. The total cost of the operation was £21,376,758 in 2018/2019.

12.6 Tri Force ACC

This post was put in place from June 2016 to oversee the Tri Force collaborations for MCIT, Specialist Operations, Black Rock, and the emerging CTFSO hub. The costs were shared between Avon and Somerset (59.5%), Gloucestershire (19.5%) and Wiltshire (21.0%). This role completed on April 2019, and so no costs were incurred in 2019/2020. The total cost for the ACC was £165,416 in 2018/2019.

12.7 South West Forensic Services

South West Forensic Services is a collaboration between Avon and Somerset (36.6%), Devon and Cornwall (30.5%), Dorset (18.7%) and Wiltshire (14.2%) to provide forensic services. The total cost of the operation was £18,171,422 in 2019/2020 (£17,587,200 in 2018/2019).

12.8 South West Region – Special Branch

This is a collaboration between Avon and Somerset (28.4%), Devon and Cornwall (28.9%), Dorset (23.9%) and Wiltshire (18.8%) to provide Special Branch policing across the South West Region. The total cost of the operation was £3,992,900 in 2019/2020 (£3,690,800 in 2018/2019).

12.9 Regional ACC

This post was put in place from May 2016 to oversee the regional collaborations for Forensics, Special Branch, SW ROCU, and CTPSW. The costs are shared between Avon and Somerset (33.1%), Gloucestershire (11.1%), Devon and Cornwall (32.4%), Dorset (11.5%) and Wiltshire (11.9%). The total cost for the ACC was £119,199 in 2019/2020 (£108,589 in 2018/2019).

12.10 Disaster Victim Identification / Casualty Bureau

This is a new collaboration from 1st April 2019 between Avon and Somerset (30.8%), Gloucestershire (12.0%), Devon and Cornwall (31.8%), Dorset (13.6%) and Wiltshire (11.8%) to provide two posts to assist with officer deployment across the South West. The total cost of the operation was £91,632 in 2019/2020.

12.11 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 £1,249,682 in 2019/2020 (£1,266,093 in 2018/2019).

13 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 intragroup transfers with the PCC. There is no impact on the PCC's general fund.

	Police Staff		Police Officers	
	2018/2019 £'000	2019/2020 £'000	2018/2019 £'000	2019/2020 £'000
Comprehensive income and expenditure statement				
Cost of services:				
Current service cost	27,132	28,254	62,480	86,173
Administration expenses	197	236	0	0
Past service cost including curtailments	2,165	5,831	182,760	0
Financing and investment income and expenditure:				
Net interest cost	6,612	6,511	78,463	81,577
Total post employment benefits charged to the comprehensive income and expenditure statement	36,106	40,832	323,703	167,750
Other post employment benefits charged to the comprehensive income and expenditure statement				
Return on plan assets	8,953	-34,015	0	0
Changes in demographic assumptions	36,942	4,120	82,461	-6,626
Changes in financial assumptions	-35,754	82,507	-222,089	306,189
Experience gain/loss(-) on defined benefit obligations	0	-20,537	0	0
Other actuarial gain/loss(-)	0	-3,281	45,303	53,401
Total other comprehensive income	10,141	28,794	-94,325	352,964
Movement in reserves statement				
Reversal of net charges made for retirement benefits in accordance with the code	-36,106	-40,832	-140,943	-167,750
Actual amount charged against the general fund balance for pensions in the year				
Employer's contribution to scheme	13,714	13,116	23,482	29,563
Retirement benefits payable to pensioners	114	110	5,916	6,539

2019 £'000	IAS 19 Pension Liabilities	2020 £'000
-3,443,522	Police officers	-3,222,206
-272,177	Police staff	-270,989
-3,715,699		-3,493,195

14 Pensions for Police Officers

Employee 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 £30,849,000 in financial year 2020/2021.

From 2015/2016 the employer contribution rate was reduced to 21.3% of pensionable pay for all three pension schemes; however, the constabulary retained a budget at 24.2%. Since April 2019 the contribution rate was increased to 31%, and we have adjusted our budget accordingly.

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.

2018/2019 £'000	Cost of Injury and Ill-Health Benefits - Police Officers	2019/2020 £'000
7,142	Payments to pensioners	6,539

2018/2019 £'000	Pensions Account	2019/2020 £'000
94,996	Benefits paid to officers	103,041
-36,519	Less contributions received from officers	-44,441
58,477	Balance met from PCC Group	58,600

A full valuation of the pension scheme liabilities was undertaken as at 31 March 2016. 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 weighted average duration of the scheme's liabilities is 20 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	21.6
	Females	23.7
Retiring in 20 years		
	Males	23.3
	Females	25.5

The main assumptions used for the purposes of IAS 19 are shown as yearly percentages.

2018/2019 %		2019/2020 %
2.40	Discount rate	2.35
3.90	Rate of increase in salaries	3.40
2.40	Rate of increase in pensions in payment	1.90
3.40	Retail price index	2.70
2.40	CPI increases	1.90

The movement in the present value of scheme liabilities for the year to 31 March 2020 is as follows:

2018/2019 £'000	Present Value of Police Pension Scheme Liabilities	2019/2020 £'000
-3,054,892	Present value of schemes liability as at 1 April	-3,443,522
	Movements in the year	
-62,480	Current service cost	-86,173
-182,760	Past service cost	0
87,527	Estimated benefits paid (net of transfers in)	102,228
-12,826	Contributions by scheme participants	-12,725
-78,463	Interest costs	-81,577
-222,089	Change in financial assumptions	306,189
82,461	Change in demographic assumptions	-6,626
0	Experience gain/loss on defined benefit obligations	0
-3,443,522	Present value of schemes liability as at 31 March	-3,222,206

The movement in the fair value of scheme assets for the year to 31 March 2020 is as follows:

2018/2019 £'000	Fair Value of Police Pensions Scheme Assets	2019/2020 £'000
0	Present value of schemes assets as at 1 April	0
	Movements in the year	
44,580	Change in financial assumptions	53,401
29,398	Contributions by employer	36,102
12,826	Contributions by scheme participants	12,725
-86,804	Estimated benefits paid (net of transfers in)	-102,228
0	Present value of schemes assets as at 31 March	0

15 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.

2018/2019		Pension Costs - Police Staff	2019/2020	
Payments	Percentage		Payments	Percentage
£'000	of Employees' Contributions		£'000	of Employees' Contributions
12,684	106-240	PCC's contribution	13,147	106-240

During 2019/2020 the Constabulary paid into the fund at rates of between 106% and 240% 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 £14,617,000 in financial year 2020/2021.

With effect from April 2020 the Constabulary will pay 16.3% of the employee salary in pension contribution (previously 13.2%) for current active members and an annual fixed sum to pay for past service deficit recovery. The fixed sum paid in 2019/2020 was £2,944,000, the amount due in 2020/2021 is £2,260,000.

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 13.

A full valuation of the pension scheme liabilities was undertaken as at 31 March 2019. 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 26 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 Age 65 Years		
Current pensioners		
	Males	23.3
	Females	24.7
Retiring in 20 years		
	Males	24.7
	Females	26.2

The main assumptions used for the purposes of IAS 19 are shown as yearly percentages.

2018/2019		2019/2020
%		%
2.45	Discount rate	2.35
3.90	Rate of increase in salaries	2.80
2.40	Rate of increase in pensions in payment	1.80
3.40	Retail price index	2.60
2.40	Consumer price index	1.80

The return on the pension fund assets on a bid value basis for the year to 31 March 2020 is estimated to be -7%. The estimated value of the PCC's share of the fund's assets is £335,238,000 on a bid value basis (2018/2019 £357,655,000). The assets are made up of the following:

2018/2019		Assets	2019/2020	
£'000	%		£'000	%
Equities				
357	0.1	UK - Quoted	335	0.1
59,371	16.6	Overseas - Quoted	21,020	6.3
74,750	20.9	UK - Unquoted	64,701	19.3
108,012	30.2	Overseas - Unquoted	137,772	41.1
7,482	2.1	Private equity	9,052	2.7
249,972	69.9		232,880	69.5
Gilts - Public Sector				
8,369	2.3	UK fixed interest	8,816	2.6
11,587	3.2	UK index linked	11,319	3.4
357	0.1	Overseas index linked	335	0.1
20,313	5.6		20,470	6.1
Other Bonds				
15,557	4.35	UK	16,790	5.0
17,114	4.8	Overseas	17,192	5.1
32,671	9.2		33,982	10.1
31,137	8.7	Property	29,493	8.8
23,562	6.6	Cash (invested internally)	18,413	5.5
357,655	100	Total assets	335,238	100

The following amounts were measured in line with the requirements of IAS 19.

2018/2019 £'000	Police Staff Pensions	2019/2020 £'000
357,655	Share of assets in pension fund	335,238
-627,974	Estimated liabilities in pension fund	-604,478
-1,858	Estimated unfunded liabilities	-1,749
-272,177	Deficiency in fund	-270,989

The movement in the present value of schemes obligations for the year 31 March 2020 is as follows:

2018/2019 £'000	Present Value of Police Staff Liabilities	2019/2020 £'000
-592,282	Present value of defined obligations as at 1 April	-629,832
	Movements in the year	
-27,132	Current service cost	-28,254
10,582	Estimated benefits paid (net of transfers in)	11,753
-4,784	Contributions by scheme participants	-4,913
-15,353	Interest costs	-15,350
114	Unfunded pension payments	110
-35,754	Change in financial assumptions	82,507
36,942	Change in demographic assumptions	4,120
0	Experience loss(-)/gain on defined benefit obligations	-20,537
-2,165	Past service cost, including curtailments	-5,831
-629,832	Present value of defined obligations as at 31 March	-606,227

The movement in the fair value of scheme assets for the year to 31 March 2020 is as follows:

2018/2019 £'000	Fair Value of Police Staff Scheme Assets	2019/2020 £'000
332,243	Fair value of scheme assets as at 1 April	357,655
	Movements in the year	
8,740	Interest on assets	8,839
8,953	Return on assets less interest	-34,015
0	Other actuarial gain/loss(-)	-3,281
-197	Administration expenses	-236
13,828	Contributions by employer	13,226
4,784	Contributions by scheme participants	4,913
-10,696	Estimated benefits paid (net of transfers in)	-11,863
357,655	Fair value of scheme assets as at 31 March	335,238

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.

16 Payments In Advance

There are no payments in advance in either 2018/2019 or 2019/2020.

17 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 2019/2020 is £8,151,000 (2018/2019 £11,148,000).

18 Short and Long Term Provisions

Short and Long Term Provisions	Balance 1 April 2019 £'000	Used in Year £'000	New in Year £'000	Balance 31 March 2020 £'000
Pension claim provision	0	0	138	138
Ill-health & termination benefits	227	-123	0	104
Overtime liability	2,969	0	-536	2,433
	3,196	-123	-398	2,675

The pension claim provision of £138,000 relates to historic pension claims yet to be settled.

The ill health and termination benefits provision of £104,000 is where approval was agreed at 31 March 2020 to make the payments during 2020/2021.

The overtime liability provision at 31 March 2020 is in respect of claims for overtime worked in prior years.

19 Contingent Liabilities

We have reviewed the position in respect of contingent liabilities as at 31 March 2020.

Annual assessments are carried out to manage our key risks and set the level of our reserves. As a result, the following contingent liability was identified:

19.1 McCloud/Sargeant

Claims against the Police pension scheme (the Aarons case) that had previously been stayed behind the McCloud/Sargeant judgement were lifted and a case management hearing was held on 25 October. The resulting Order of 28 October included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. This interim declaration applies to claimants only. However, the government made clear that non-claimants who are in the same position as claimants will be treated fairly to ensure they do not lose out. This was re-iterated in the Written Ministerial Statement on 25 March.

19.1.1 Impact on Police Officer pension liability

Allowing for all members to remain in their existing scheme as at 1 April 2015 would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries have estimated the potential increase in scheme liabilities for Avon & Somerset force to be £200m of pensions scheme liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018/2019 accounts. In 2019/2020 scheme actuaries have reviewed these assumptions at a force level and have estimated a further increase of £17.2m in scheme liabilities. This increase reflects a change in assumptions and therefore represents a gain/loss on re-measurement and is reported in the Comprehensive Income and Expenditure Statement (CIES).

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

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

19.1.2 Impact on Police Staff pension liability

The government has confirmed that they expect to have to make an amendment to all public service schemes as a result of the McCloud judgment. Scheme actuaries have estimated the potential increase in scheme liabilities for Avon & Somerset force to be £5.648m of pensions scheme liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2019/2020 accounts.

19.1.3 Impact of Government proposals on the Police Pension scheme published after the end of the reporting period

On 16 July 2020, after the end of the reporting period, the Government published a consultation on the proposed remedy to be applied to the unfunded public sector pension scheme benefits in response to the McCloud/Sargeant cases. The consultation closes in October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. The proposed remedy will apply to those members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. It is proposed that these members will choose which scheme they are to accrue benefits in over the remedy period (1 April 2015 to 31 March 2022). It is yet to be decided whether the members will have to make this decision a year or two after 31 March 2022 or at retirement. From 1 April 2022, everyone is assumed to accrue benefits in the 2015 scheme.

The actuary has calculated that the Government's proposed remedy would lead to a reduction in the defined benefit obligation by around £28,930,000 or 0.9%. The actuary had previously assumed that all members who were previously in a final salary scheme would move back to that scheme. When calculating the impact of the proposed remedy, the actuary has only included those members that were active as at 31 March 2012 and on or after 1 April 2015. The actuary has assumed that these members would choose the scheme that they could accrue the most benefits in over the remedy period based on the actuarial assumptions at the last valuation date. Given that members' final salary schemes tended to provide the higher benefit in the first place, the overall effect of the proposal is a reduction in the defined benefit liability.

The Constabulary has decided that the Government's publication of the proposed remedy after the end of the reporting period should be treated as a non-adjusting event. The CIPFA Code guidance notes for practitioners states that changes to the law and other government provisions that affect assets and liabilities for the year covered by the statement of accounts, but which were announced after the balance sheet date (for example rules for pension schemes) should be treated as non-adjusting events. Furthermore, the consultation process has not yet concluded and the final impact of the case is still unknown. Given the high degree of uncertainty, it is prudent to treat the proposed remedy as non-adjusting and avoid the risk of understating the pension liability.

19.2 COVID-19

The impact of the COVID-19 pandemic commenced from mid-March 2020, creating additional requirements from the government on the public service provided by the Force. The implications could result in additional financial demands on costs and funding, which are not provided for in these statements.

The Home Office is collating information on a monthly basis from all forces in England and Wales to assess the overall financial impact. Late in the year, the Home Secretary will announce her decision on future grant support following ongoing consultation with the Association of Police and Crime Commissioners (APCC), the National Police Chiefs Council (NPCC) and HM Treasury.

Additionally, in calculating our provisions we have had to make assumptions which may be inaccurate, leading to potential liabilities for any under-provision.

These amounts and the timings of when these liabilities will become due are 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 14 of the accounts.

2018/2019 £'000	Police Officers Pension Fund Account	2019/2020 £'000
	Contributions receivable	
	Employers contributions:	
-20,118	Normal 31% contributions (2018/19 24.2%)	-29,562
-625	Ill health/early retirements	-1,338
-20,743		-30,900
	Employee contributions	
-3,935	1987 Police Pension Scheme	-2,816
-114	2006 Police Pension Scheme	-90
-8,787	CARE Police Pension Scheme	-9,972
-12,836		-12,878
-201	Transfers in from other schemes	-729
	Benefits payable	
76,572	Pensions	80,668
18,365	Commutations and lump sum retirement benefits	21,902
94,937		102,570
	Payments to and on account of leavers	
21	Refund of contributions	60
20	Transfers out to other schemes	65
18	Other	412
59		537
61,216	Net amount payable for the year	58,600
-2,739	Additional contribution from the local policing body	0
-58,477	Transfer from Police Fund to meet deficit	-58,600
0	Net amount payable/receivable for the year	0

This note shows the pension fund account assets and liabilities as at 31 March 2020.

31 March 2019 £'000	Pension Fund Net Assets	31 March 2020 £'000
	Current assets	
0	Amounts due from Central Government	0
	Current liabilities	
0	Amounts owing to pensioners	0
<hr/> 0	Net assets	<hr/> 0

Office of the Chief Constable for Avon & Somerset

Glossary of Terms

Term	Definition
ACC	Assistant Chief Constable
Accounting policies	These are a set of rules and codes of practice we use when preparing the accounts.
ASPIRE	Internal Avon and Somerset development programme
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
CC	Chief Constable
CCU	Counter Corruption Unit
CFO	Chief Financial Officer
CIPFA	Chartered Institute of Public Finance and Accountancy
Closing value	The value at 31 March, the date when the accounts are closed.
CMB	Constabulary Management Board
Commutated 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.
CSB	Constabulary Strategy Board
CTSFO	Counter Terrorism Specialist Firearms Officers
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.
Expenditure and funding analysis	This shows the performance reported and the adjustments made to reconcile to the comprehensive income and expenditure statement.
Financial instruments	Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Term	Definition
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.
GDPR	General Data Protection Regulation. Regulation in EU law on data protection and privacy.
GSC	Government Security Classification
HMICFRS	Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services
HMICFRS PEEL	The HMICFRS PEEL assessment stands for Police Effectiveness, Efficiency and Legitimacy.
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).
IFRS	International Financial Reporting Standards. A set of international accounting and reporting standards that will help to harmonise company financial information across international borders.
ILM	Institute of Leadership and Management
IOPC	Independent Office for Police Conduct
IPR	Individual Performance Review
IPSAS	International Public Sector Accounting Standards
I&E	Income and Expenditure Account
JAC	Joint Audit Committee
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
Movement in reserves statement	Summarises the movement in the reserves of the OCC during the financial year.
MTFP	Medium Term Financial Plan
NNDR	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.
NPCC	National Police Chiefs' Council. The national coordination body for law enforcement and the representative body for police chief officers.
OCC	Office of the Chief Constable

Term	Definition
PCB	Police and Crime Board
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).
PCP	Police and Crime Plan
PCSO	Police community support officer
PFEW	Police Federation of England and Wales. The statutory staff association for police Constables, Sergeants, Inspectors and Chief Inspectors in England and Wales.
PFI	Private Finance Initiative
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 council tax collected on the PCC's behalf by local billing authorities.
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.
SOLACE	Society of Local Authority Chief Executives
SRR	Strategic Risk Register
SWAP	South West Audit Partnership
SW ROCU	South West Regional Organised Crime Unit
TOR	Terms of Reference
UWE	University of the West of England
VRU	Violence Reduction Units



Further information can be obtained online at:-

www.avonandsomerset-pcc.gov.uk (PCC Website)

www.avonandsomerset.police.uk (Constabulary Website)

Or in writing to:-

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