

*2020/2021*

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



POLICE AND CRIME  
COMMISSIONER FOR  
**AVON AND  
SOMERSET**

# **Police & Crime Commissioner for Avon & Somerset**

## **Officers of the Police & Crime Commissioner**

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

Sue Mountstevens	Police & Crime Commissioner for Avon & Somerset to 12 May 2021
Mark Shelford	Police & Crime Commissioner for Avon & Somerset from 13 May 2021 Phone: 01278 646188
Mark Simmonds	Interim Chief Executive and Monitoring Officer to the Police & Crime Commissioner for Avon & Somerset from 9 January 2020 to 30 April 2021
Sally Fox	Interim Chief Executive and Monitoring Officer to the Police & Crime Commissioner for Avon & Somerset from 1 May 2021 Phone: 01278 646188
Nick Adams	Interim Section 151 Officer for Police & Crime Commissioner for Avon & Somerset from 9 January 2020 to 29 June 2020 Phone: 01278 646400
Paul Butler	Interim Chief Finance Officer to Police & Crime Commissioner for Avon & Somerset from 29 June 2020 Phone: 01278 646188
Address for chief officers:	Valley Road Portishead Bristol BS20 8QJ

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

Andy Marsh	Chief Constable to 1 July 2021
Sarah Crew	Temporary Chief Constable from 2 July 2021 Phone: 01278 646212
Nick Adams	Chief Officer – Finance, Resources and Innovation Phone: 01278 646400
Address for chief officers:	Valley Road Portishead Bristol BS20 8QJ



## **Statement of Accounts 2020/2021**

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# Police & Crime Commissioner for Avon & Somerset

## Chief Finance Officer's Narrative Report

This section provides information about the PCC and 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 the future. This statement should be read in conjunction with the Chief Finance Officer's Narrative Report in the Office of the Chief Constable's Statement of Accounts.

### 1 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 Police & 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 their 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 2020/2021 have been to:

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

In May 2021 a new PCC was elected. We therefore expect the priorities to change as a new Police and Crime Plan is developed.

The PCC oversees the delivery of services against these priorities, holding the Chief Constable and their team to account for those aspects of the plan that they are expected to deliver.

Under the direction and control of the Chief Constable and the Constabulary chief officer team, the constabulary is divided into nine directorates, encompassing all aspects of operational and organisational delivery.

- Neighbourhood and Partnerships
- Response
- Investigations
- Operational Support
- Information Technology
- Finance and Business Services
- People and Organisational Development
- Office of the Chief of Staff
- Legal and Compliance Services

The Constabulary also partners with other police forces in the region to provide aspects of its service, including Forensic Science Services, Specialist operational training and major crime investigation.

The Constabulary's Mission, Vision and Values are:

<b>Mission</b>	Serve. Protect. Respect.
<b>Vision</b>	Outstanding policing for everyone
<b>Values</b>	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 2021 is as follows:

Employees	Actual 2020/2021 FTE	Actual 2020/2021 Headcount	Actual 2020/2021 % Part-Time
Police Officers	2,997	3,076	3%
Police Community Support Officers	380	395	4%
Police Staff	2,660	2,965	11%
OPCC	22	26	18%
<b>Total</b>	<b>6,059</b>	<b>6,462</b>	<b>7%</b>

In addition the Constabulary is supported by 314 Special Constables, 167 Police Cadets, and approximately 1,300 volunteers, of which 1,100 of whom support community speedwatch throughout Avon and Somerset.

## 2 COVID-19

Throughout the entirety of 2020/2021 we have lived and worked through the COVID-19 global pandemic. This has presented significant challenges, requiring us to take immediate and decisive action to keep people safe and protect the NHS.

A command structure of Gold, Silver, and Bronze groups, with representatives from across the organisation, was established at the outset of the pandemic and has been in place throughout 2020/2021. Through this structure we managed all aspects of both and operational and organisational response to the pandemic:

- **COVID-19 Operational response** – Throughout our response we sought to strengthen our relationship with our communities while implementing an approach of engagement, explanation, encouragement and then enforcement. This has been largely successful, as demonstrated by both our public confidence performance, as well as by public surveys conducted in which nearly 75% of the public fully supported the approach taken by the police and 38% said our handling of Covid-19 restrictions had increased their confidence in the police.

Over the course of the year our demand has changed. Reported crime has been down in most areas, offset by increases in demand in other areas such as those borne out of the public's frustrations with restrictions (e.g. illegal gatherings, parties and raves) and the recurring challenges presented by the policing of protests – which at varying times have or have not been allowed within the regulations.

A recent report<sup>1</sup> by Her Majesty's Inspectorate of Constabulary and Fire Services (HMICFRS) has acknowledged that officers have sometimes been confused by the restrictions due to a lack of clarity in legislation, its rapid introduction and repeated changes. Where our response has at times suffered as a result of this confusion we have been quick to acknowledge and learn.

At the time these financial statements are being prepared we are beginning to see a gradual easing of the restrictions under which we have been living, on and off, for the past year. This easing coincides with a seasonal increase in demand through spring and into summer. We recognise the potential for further demand challenges this places upon us, and have been preparing our resourcing and plans through the oversight of our Demand and Capacity committee chaired by an Assistant Chief Constable.

- **COVID-19 Organisational response** – Our response to the pandemic has required officers and staff to work in new ways, from different locations, using new tools and methods. We mobilised large numbers of our workforce to be able to work from home, supporting this with both hardware (laptops, screens etc.) and software (accelerating the introduction of Microsoft Teams). At its peak over 40% of our workforce were working from home, and this continued to be at 39% as at the end of March 2021.

Supporting and enabling this many staff to work from home also enabled us to ensure that those who continued to work from our police stations, offices and other workplaces could do so in a safe and compliant environment. We have stood up the provision of personal protective equipment (PPE), initially on our own and then through the national distributions channels established across all policing. We have also introduced enhanced cleaning across our estate, as well as other measures to support safe working practices (one-way systems, hand sanitiser stations, regular alerts to remind of the need to clean down workstations etc.).

During the pandemic we have continued to enjoy the support of a large number of our specials and volunteers where this has been possible. Throughout the year our specials have provided us with nearly 66,500 hours of service, the equivalent of an additional 32 full time officers. In particular, there are a few officers who, as a consequence of being furloughed from their paid employment, have shown exceptional commitment working full-time alongside our teams.

As we plan for the future we are keen to retain much of the learning and advantages we have achieved during our response to the pandemic. In particular, we recognise the opportunity to support a greater number of our workforce to make working from home a more regular feature of their employment. We are developing our plans to provide this greater flexibility to our workforce, and through this realise the benefits to both individuals and to the organisation.

### 3 Operational Performance

During the course of the year the Constabulary has matured its performance reporting and management, developing a monthly integrated performance and quality report which is presented to and discussed at the Constabulary's Management Board as well as the PCC's Police and Crime Board. Through this report we recognise that our performance and outcomes are considered through a number of different lenses, including:

- The PCC's priorities as set out in the Police and Crime Plan;
- The Home Office's national policing outcomes; and
- The key lines of enquiry used by HMICFRS when conducting their Police Efficiency, Effectiveness, and Legitimacy (PEEL) reviews.

This insight has been used to develop a framework of key performance questions, through which we are able to regular assess what we are doing well and where improvements are needed.

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<sup>1</sup> <https://www.justiceinspectorates.gov.uk/hmicfrs/publications/the-police-response-to-the-coronavirus-pandemic-during-2020/>

Overall police recorded crime levels have reduced by 14.1% since last year. This reflects the reductions brought about as a consequence of COVID-19 impacting particularly on crimes such as theft (-33%), burglary (-28%) and vehicle offences (-23%).

While recorded crime has reduced over the last 12 months, the impact of COVID-19 saw almost equivalent demand in responding to and enforcing COVID-19 restrictions and breaches. This is evident from our overall calls for service which remained stable with no overall change from previous year.

The performance in the Control Room, which has been recognised by HMICFRS as outstanding, has been consistently excellent throughout the year. Call abandonment rates have remained consistently low; 999 calls (0.05%) and 101 calls (2.3%) over the last year. The victim satisfaction rate for initial contact with the police increased to 95.1% (+1% on previous year).

Public confidence, as measured by the crime survey for England and Wales, reports that confidence stands at 78.6% (+0.4% on previous year) which puts Avon & Somerset at 8<sup>th</sup> when ranked nationally. Our local public confidence survey, which captures a wider and more representative sample, shows overall public confidence at 79.7% for the last 12 months (+5.7% on previous year).

Overall victim satisfaction to reports of volume crime stands at 76.4% (+1.7% on previous year), with victims of hate crime having high satisfaction rates at 77.9%, and victims of dwelling burglary with satisfaction rates of 85%. Overall victim satisfaction with the way they are treated remains strong at 90%.

Our staff survey results were particularly pleasing this year, continuing an improving trend across most areas measured. In particular, staff reporting they feel happy at work was 75%, which has increased from 56% over a three-year period. Staff reporting that they felt the Constabulary respects difference was 79%, which has increased from 58% over the same three-year period.

Despite our successes, we recognise that there remain areas for improvement. Our file quality, after an initial improvement, has worsened during the year, with an increase in error rates coinciding with changes to the charging guidance introduced by the CPS. Our performance here ranks us 38th in the country and remains a focus for our improvement activity.

Our response timeliness for immediate and priority incidents has remained below where we would want it to be. We have made changes during the year to reduce the pressure on our response officers, including investment in our Incident Assessment Unit triage team and changes to our grading policy. However, the capability in our response teams increasingly reflects larger proportions of student officers who are young in service and under tutorship, impacting on our performance here. This will improve with time, and will remain an ongoing area of review for us.

Our charge rate for rape and serious sexual offences (RASSO) is the second lowest of any police force in the country. We know there are a complex mix of reasons for this, and we are leading work nationally through our project bluestone which, combined with the planned investment into our investigative capabilities enabled by officer uplift, will target improvement here over time.

Our positive outcome rate, which is the measure of sanctioned detection outcomes or a restorative justice outcome as a percentage of crimes recorded, is 13.5%. This performance places us in the bottom quartile nationally; a position we recognise is not where we want to be. We recognise that this reflects on both our investigative standards work and on the capacity and capability within our investigative functions – both issues we have plans to address through our uplift investments.

The Constabulary has continued to deliver investment throughout 2020/2021 to further support operational performance delivery. Our delivery of officer numbers in line with the Government's uplift programme has continued at pace, with an officer headcount of 3,076 at the end of the year being 104 more than the Government target.

The majority of these officers have joined us through our Police Constable Degree Apprenticeship (PCDA) route which we have continued to deliver in partnership with the University of the West of England. However, in February 2021 we welcomed our first Degree Holder Entry Programme (DHEP) enabling us to fast track these officers into detective roles.

These new detectives will be in addition to the investment made in police staff investigators made during the year and funded from the 2020/2021 precept increase, bolstering our investigative capacity.



A number of estates projects have been progressed during the year, with the completion of the refurbishment of our central Bristol response base at Kenneth Steel House, as well as new police stations in Street and Williton, and significant progress made on other projects soon to be delivered.

HMICFRS last inspected the Constabulary under their PEEL framework during 2019/2020, with a further inspection not now expected until spring 2022. The overall assessment of the Constabulary at the time of their last inspection 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.

## **4 Financial Performance**

### **4.1 Revenue Expenditure**

In February 2020, the PCC approved a total 2020/2021 net revenue budget of £328.5m, an increase of £22.2m (7.2%) on the previous year. This budget was funded through a combination of Government grants (£198.1m/60.3%) and local council tax (£130.3m/39.7%). In total £323.4m was provided to the Chief Constable in order to support the provision of policing services to the communities of Avon and Somerset, an increase of £22m (7.3%).

In order to manage ongoing inflationary and other cost pressures the Constabulary needed to identify and deliver savings of £6.7m, which when combined with the increase in funding enabled us to deliver a balanced budget. This took our cumulative savings since 2010/2011 to £90m (30.1%).

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 2020/2021 was reported to the PCC in June 2021, and can be found published on the PCC’s website.

The Group’s net revenue expenditure in 2020/2021 was £314.4m. When compared to budget this means we have underspent by £14.1m (4.3%), 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 been our priority across the course of the year and we were over-established in officer numbers by the end of the year, reflecting our plan to deliver national uplift targets early.

We had PCSOs vacancies throughout much of the year, however recruitment activity in the final quarter saw our position improve significantly against budget. Police staff recruitment saw significant delays as a consequence of COVID-19 restrictions, although this has improved over the course of the year.

Recruitment activity will continue throughout the coming financial year, supported by investments made improving the efficiency and effectiveness of our recruitment and vetting processes.



The following table summarises the revenue financial performance for 2020/2021:

	Budget	Expenditure	Over/ Under (-)
	£'000	£'000	£'000
Neighbourhood & partnerships	40,569	39,096	-1,473
Response	78,314	81,387	3,073
Operational support	53,697	52,693	-1,004
Investigation	32,394	28,366	-4,028
Collaboration	20,120	18,939	-1,181
Enabling services	77,267	75,504	-1,763
Central costs & miscellaneous	21,048	27,445	6,397
<b>Constabulary sub total</b>	<b>323,409</b>	<b>323,430</b>	<b>21</b>
Office of the PCC	1,555	1,534	-21
Commissioning	3,487	3,487	0
<b>Total revenue expenditures</b>	<b>328,451</b>	<b>328,451</b>	<b>0</b>

It should be noted that the figures above cannot be agreed directly to the comprehensive income and expenditure statement on page 34 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.

## 4.2 Capital Expenditure

Capital investment is made on core assets such as buildings, vehicles, communications equipment, information technology systems, and software. During the year continued investment was made in both our building assets to deliver improved and more efficient facilities, and in our digital infrastructure and capabilities to better support police officers and staff.

The COVID-19 pandemic impacted the delivery of the capital programme for the year necessitating the re-profiling of capital expenditure to support projects in future years. During 2020/2021 capital spending amounted to £8.3m. The following table shows how the money was spent.

Capital Expenditure	2020/21 £'000	%
ICT replacement and renewal	2,987	36%
Estates replacement and renewal	599	7%
Fleet replacement and renewal	2,063	25%
Equipment replacement and renewal	408	5%
Digital Projects	417	5%
Estates Projects	1,122	13%
Funded / Part Funded Projects	713	9%
	<b>8,309</b>	<b>100%</b>
Non-enhancing expenditure written off to revenue	-332	
	<b>7,977</b>	

### **4.3 Reserves**

During 2020/2021 the PCC agreed to utilise reserves to support ongoing transformation programmes, to fund capital expenditure and in accordance with their earmarked purpose. In addition, new funds have been set aside during the year to fund capital projects in future years and to meet recognised liabilities.

At 31 March 2020 our earmarked reserves stood at £49.0m and at 31 March 2021 these had increased to £57.1m. The majority of the increase relates to our capital reserves, reflecting the capital funding plans set out in our MTFP, and to an increase in our general reserve primarily in response to the risk of economic disruption caused by COVID-19. More details on our earmarked reserves can be found in note 27 of these accounts.

### **4.4 Treasury Management**

In the financial year 2020/2021 the PCC complied in full with the CIPFA prudential code of practice and CIPFA Treasury Management code of practice and operated within all agreed prudential indicators set out in the published Treasury Management Strategy Statement.

The PCC continued to adopt a passive borrowing strategy and will only take new borrowing if absolutely required to manage risk, support capital programmes, and manage cash holdings. Within the year, £1.5m of new borrowing was drawn down. As a result net total borrowing increased by £0.2m in 2020/2021 to just over £46m after scheduled repayments. In addition to new debt funding, the PCC utilises direct revenue funding, capital reserves, receipts from the sale of assets and other government grants in order to fund capital programmes which must all have approved business cases.

Cash balances increased during the year due to the positive timing of cashflows relating to revenue underspends and capital spend weighted to the end of the year, as well as the delay to the capital programme referred to above. Cash remains sufficient to underwrite the reserve levels required by the PCC for risk and capital funding and manage working capital movements. Deposit return rates remain at historic low levels as the Bank of England remained cautious on rate rises, and average returns have reduced to 0.36%, down from 0.86% in 2019/2020. With the cash holdings, the PCC has retained the approved counterparties that may be used to spread risk and maximise returns whilst always adhering to the agreed counterparty ratings limits and prudential indicators set out in the published treasury management strategy.

## **5 Financial Outlook**

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 2021, covers the five-year period from 2021/2022 through until 2025/2026. The election of a new PCC in May 2021 may set a different direction, and therefore the information provided below reflects the MTFP as approved by the previous PCC.

### **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 by March 2023. Thereafter we're forecasting continued increases in funding to support ongoing inflationary and other forecast cost pressures.

	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000
Budget requirement	348,140	359,226	372,508	382,451	393,312
Less total funding	-339,879	-350,311	-361,040	-370,333	-379,054
<b>Surplus(-)/deficit before savings</b>	<b>8,261</b>	<b>8,915</b>	<b>11,468</b>	<b>12,118</b>	<b>14,258</b>
Savings	-7,261	-7,694	-8,606	-7,756	-5,761
Planned use of reserves	-1,000				
<b>Surplus(-)/deficit after savings</b>	<b>0</b>	<b>1,221</b>	<b>2,862</b>	<b>4,362</b>	<b>8,497</b>

The key assumptions that underpin this forecast position are:

- Our funding is forecast to grow by £59.3m/18.5% p.a. by 2025/2026, driven by increases to both grant funding (+£33.9m/17.9% by 2025/2026) and increases to council tax funding (+£25.3m/19.5% by 2025/2026);
- Our budget requirement is forecast to increase by £66.3m/20.5% p.a. by 2025/2026, driven by a large number of factors, including:-
  - Inflationary and incremental adjustments to officer and staff pay of a pay freeze (or £250 if earning less than £24k) in 2021/2022 thereafter assuming an increase of 2.5% p.a. – an increase in £33.2m p.a. by 2025/2026;
  - 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 £3.4m p.a. by 2025/2026;
  - Inflationary increases to general and specific (e.g. fuel, utilities etc...) non-pay costs are assumed to add £6.5m p.a. by 2025/2026;
  - Investment and growth across the Constabulary, predominantly focused on achieving and sustaining the planned uplift in officer numbers – an increase of £24.0m p.a. by 2025/2026; and
  - Realisation of new planned and targeted revenue savings of £7.3m p.a. from 2021/2022, with further movements in these expected over the course of the MTFP.

## 5.2 Policing Precept

In December 2020, the Policing Minister announced flexibility for PCCs to raise the policing precept by up to £15 to support the government's priority to increase officer numbers. In accordance with this announcement and after supportive public consultation, the PCC chose to recommend a raise of the maximum amount, an increase of 6.6%. Following review, the Police and Crime Panel vetoed this proposal, and asked for alternatives to be considered. After due consideration the PCC reduced the proposal to an increase of £13.39 (5.9%), reducing the funding generated from council tax by £1m from the original proposal – a shortfall which has been made up from reserve funding in 2021/2022.

## 5.3 Capital Programme

The PCC has agreed funding set at £93m over the next five years, which at present still leaves a deficit of £0.4m 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 new or refurbished police stations for Yeovil, Minehead, Williton, Wincanton, Bristol East and Bristol South.

## **5.4 Approach to Future Challenges and Funding**

The COVID-19 pandemic has introduced short and medium term pressures and uncertainties, which made the job of forecasting our future financial position more challenging than normal. Our understanding is that the Government intends for its 2021 Spending Review (SR21) to cover three years rather than one year which has been the case for much of the last decade. If this happens this will be a welcome change which should provide some additional certainty behind our forward forecasts.

We expect SR21 to set out how the Government intends to manage the economic and fiscal consequences of the costs of our COVID-19 response. We know this will require some difficult choices, and while we are pleased with the continued commitment to delivering the officer uplift, we equally recognise the wider public finance constraints within which this commitment is being managed.

The MTFP published in February 2021 represents our best estimate based on all of the information available to us at that time. Many of the assumptions included in these numbers will be kept under continued review and consideration so as to better inform the timing and likelihood of the need for further savings to balance our budgets.

In the absence of certainty we are continuing to advance considerations and options for the ongoing delivery of efficiencies and savings. Our MTFP already identifies savings across the medium term, however despite these we forecast more will be needed. Our ambition remains to not only deliver the savings our forecasts predict will be required, but to exceed these thereby providing greater assurance around our ability to balance our budgets and enable ongoing investment in support of new and emerging priorities.

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.

## **6 Procurement**

Our strategic procurement service ensures compliant delivery of contracted procurement with our suppliers. During the course of 2020/2021 we had £59.0m of “influenceable spend”, against which we have identified and delivered £1.5m/2.6% in savings during 2020/2021. The delivery of procurement savings is an important component of demonstrating how we achieve value for money.

## **7 Accounting for Pensions**

In line with the International Accounting Standard IAS 19 employee benefits there is a significant pension liability of £4.8bn shown on the balance sheet. This is reduced when the pension scheme assets of £0.4bn are taken into account. The net liability of £4.4bn is offset by an intragroup debtor with the PCC. More details are disclosed in notes 16 to 18. The liability has no impact on the reported outturn and the usable reserves.

## **8 Basis of Preparation**

This Statement of Accounts has 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 2020/2021. 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 PCC and the CFO in respect of the Statement of Accounts;
- **An annual governance statement** - This statement reviews the effectiveness of the PCC's internal control systems;
- **A comprehensive income and expenditure statement** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Taxation is raised to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement;
- **A movement in reserves statement** – This statement shows the movement during the year on the different reserves held by the PCC;
- **A balance sheet at 31 March 2021** - The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the PCC. The net assets of the PCC (assets less liabilities) are matched by the reserves held;
- **A cash flow statement** - The cash flow statement shows the changes in cash and cash equivalents during the year. The statement shows how cash and cash equivalents are generated and used by classifying cash flows under operating, investing or financing activities;
- **A police officers pension fund account statement** - This statement summarises the total police officer pension contributions and pension benefits paid. The difference is funded by the Home Office.

## 9 Conclusion

The financial affairs of the 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 immediate challenges continuing to be presented by the COVID-19 pandemic, and the longer-term financial challenges that may result from this as we await the outcome of the Government's SR21. In the meantime we will work with the new PCC on their priorities, continue to focus on delivering the uplift ambitions funded through both the grant funding and the increases to the policing precept and develop further opportunities for efficiencies and savings to ensure we remain fit for the future.



**Paul Butler**  
Interim Chief Finance Officer to PCC  
28 October 2021

# Police & Crime Commissioner for Avon & Somerset

## Statement of Responsibilities

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

### 1 Police and Crime Commissioner's Responsibilities

The Police and Crime Commissioner is required to:

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

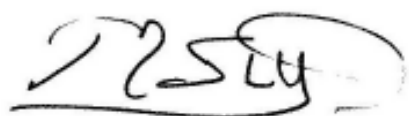
### 2 The Chief Finance Officer's Responsibilities

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

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

- chosen suitable accounting policies and then applied them consistently;
- made reasonable and prudent judgements and estimates;
- complied with the CIPFA Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud, including preparing an audit and risk-management strategy; and
- made sure that the internal control systems are effective – pages 20 to 33 show this in more detail.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Police and Crime Commissioner as at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.



**Mark Shelford**  
Police and Crime Commissioner  
28 October 2021



**Paul Butler**  
Interim Chief Finance Officer to PCC  
28 October 2021



# **Auditor's Report**

## **Independent auditor's report to the Police and Crime Commissioner for Avon and Somerset**

### **Report on the Audit of the Financial Statements**

#### **Opinion on financial statements**

We have audited the financial statements of the Police and Crime Commissioner for Avon and Somerset (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable for Avon and Somerset (the 'group') for the year ended 31 March 2021 which comprise the Group Comprehensive Income and Expenditure Statement, the PCC Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the PCC Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the Avon & Somerset Police Officers Pension Fund financial statements comprising the Fund Account and Net Assets. 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 2020/2021.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2021 and of the group's expenditure and income and the Police and Crime Commissioner's 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 2020/2021; 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, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. 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 group and the Police and Crime Commissioner 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.

#### **Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings**

We draw attention to Note 4.4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the group's land and buildings as at 31 March 2021. As, disclosed in Note 4.4 to the financial statements, the valuation was reported on the basis of material valuation/market uncertainty as per VPS3 VPGA of the RICS Red Book. Consequently, less certainty can be attached to the valuation of land and buildings than would normally be the case. Our opinion is not modified in respect of this matter.

#### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and Police and Crime Commissioner's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group and the Police and Crime Commissioner to cease to continue as a going concern.



In our evaluation of the Chief Finance 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 2020/2021 that the group and the Police and Crime Commissioner's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Police and Crime Commissioner. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and the Police and Crime Commissioner and the group and Police and Crime Commissioner's disclosures over the going concern period.

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

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Chief Finance Officer with respect to going concern are described in the 'Responsibilities of the Police and Crime Commissioner and the Chief Finance Officer for the financial statements' section of this report.

### **Other information**

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the group and Police and Crime Commissioner 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 group and the Police and Crime Commissioner 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 in April 2020 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 group and the Police and Crime Commissioner, the other information published together with the financial statements in the Statement of Accounts, 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 Police and Crime Commissioner 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 Police and Crime Commissioner and the Chief Finance Officer for the financial statements**

As explained more fully in the Statement of Responsibilities, the Police and Crime Commissioner 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 Finance Officer. The Chief Finance 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 2020/2021, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance 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 Finance Officer is responsible for assessing the group's and the Police and Crime Commissioner'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 group and the Police and Crime Commissioner will no longer be provided.

The Police and Crime Commissioner 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the Police and Crime Commissioner and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related

to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011). We also identified the following additional regulatory frameworks in respect of the police pension fund: Public Service Pensions Act 2013, the Police Pension Fund Regulations 2007, the Police Pensions Regulations 2015 and the Police Pensions Regulations 2006.

- We enquired of senior officers and the Police and Crime Commissioner concerning the group and Police and Crime Commissioner's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers and the Police and Crime Commissioner, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group and Police and Crime Commissioner's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and revenue and expenditure recognition. We determined that the principal risks were in relation to:
  - journal entries with a focus on large and unusual journals; and
  - the significant accounting estimates in the financial statements, including those related to the valuation of property, plant and equipment, the net pensions liability and significant year-end accruals.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Chief Finance Officer has in place to prevent and detect fraud;
  - journal entry testing, with a focus on large and unusual journals;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of property, plant and equipment, the net pension liability and significant year-end accruals; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuation of property, plant and equipment, the net pension liability and significant year-end accruals.
- Assessment of the appropriateness of the collective competence and capabilities of the group and Police and Crime Commissioner's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the police sector

- understanding of the legal and regulatory requirements specific to the group and Police and Crime Commissioner including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA and, LASAAC/SOLACE
  - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the group and Police and Crime Commissioner's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the group and Police and Crime Commissioner's control environment, including the policies and procedures implemented by the group and Police and Crime Commissioner to ensure compliance with the requirements of the financial reporting framework.

## **Report on other legal and regulatory requirements - the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Matter on which we are required to report by exception – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Police and Crime Commissioner's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

### **Responsibilities of the Police and Crime Commissioner**

The Police and Crime Commissioner 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 Police and Crime Commissioner'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 Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Police and Crime Commissioner plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Police and Crime Commissioner ensures that it makes informed decisions and properly manages its risks; and

- Improving economy, efficiency and effectiveness: how the Police and Crime Commissioner uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Police and Crime Commissioner has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

### **Report on other legal and regulatory requirements - Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate for the Police and Crime Commissioner for Avon and Somerset for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report; and
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Police and Crime Commissioner for the year ended 31 March 2021.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2021.

### **Use of our report**

This report is made solely to Police and Crime Commissioner, 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 Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

[Jackson Murray](#)

**Jackson Murray**

Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

29 October 2021



# **Police & Crime Commissioner 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.

The COVID-19 pandemic was, to a large extent, unexpected and unplanned for. It had a large impact on communities globally and is arguably the most significant event since World War II. It has fundamentally changed people's personal and work lives over the last year. People and organisations, the world over, had to adapt in order to be able to continue to work and deliver in a way that was safe and effective.

Throughout this statement you will see reference to various meetings in terms of discharging governance and, unless noted otherwise, these meetings have been conducted digitally over the last year. The most prominent method has been the use of video-conferencing enabled by people's computers.

In a global emergency, such as this, the public sector will always have an important role to play and this is particularly true of the police for two reasons. Firstly, whatever may happen, the police will always be expected to preserve life, keep the peace and tackle crime and disorder. Secondly and specifically to this public health emergency new laws were created, amended and abolished at an unprecedented pace in order to control the spread of the virus and ultimately save lives. It has been the responsibility and expectation of the police to enforce these COVID-19 regulations.

### **1 Scope of Responsibilities**

The Police and Crime Commissioner (PCC) and Office of the Chief Constable (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 [www.avonandsomerset-pcc.org.uk](http://www.avonandsomerset-pcc.org.uk)<sup>2</sup>.

This statement covers the group accounts, incorporating governance arrangements of both the PCC and the OCC, and outlines how these ensure 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 PCC and their 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 PCC 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 PCC is ensuring a sound system of internal control is maintained throughout the year, including appropriate arrangements for the management of risk.

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<sup>2</sup> <https://www.avonandsomerset-pcc.gov.uk/Official-site.aspx>

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

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

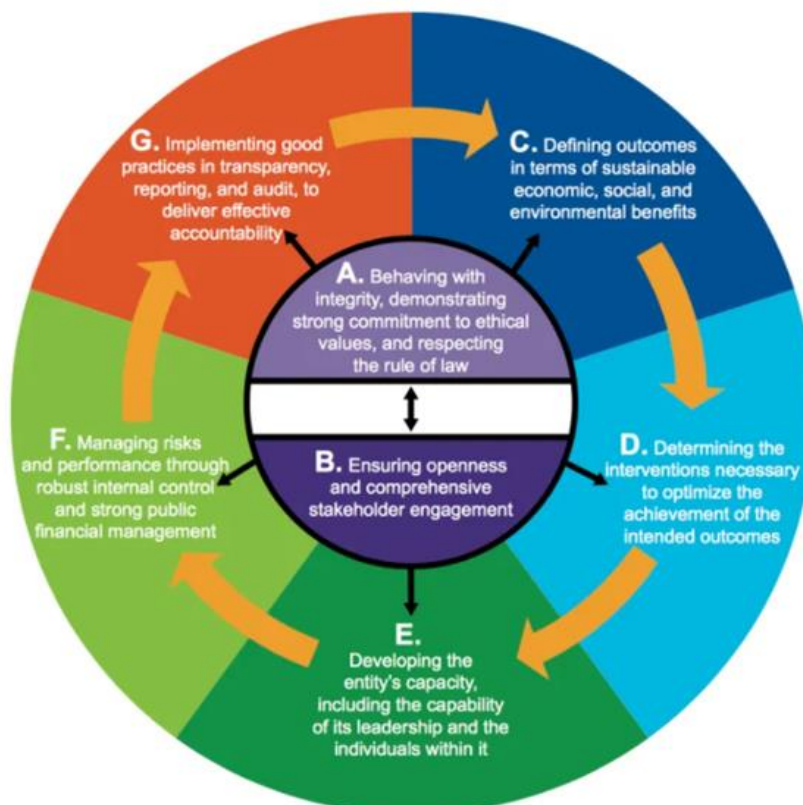
## 2 The Governance Framework

The governance framework in place throughout the 2020/2021 financial year covers the period from 1 April 2020 to 31 March 2021 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. It is important to note that this group AGS should not be read in isolation but in conjunction with the AGS of the Chief Constable. The Chief Constable's governance is integral to and underpins the PCC's system of governance as the vast majority of the PCC's funding is delegated to the Chief Constable and the Constabulary is the primary delivery organisation for the PCC.





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

The OPCC has an ethical framework which incorporates the seven Nolan Principles – nationally agreed standards for those in public service – with additional elements of the College of Policing code of ethics. Integrity is a core principle of this framework. The OPCC also has a code of conduct – which builds upon the ethical principles – and is incorporated into staff members' contracts of employment. The code of conduct forms part of the formal induction for new members of staff.

In addition to these the OPCC has published policies and procedures covering important and specific areas such as: anti-fraud, bribery and corruption; data protection and freedom of information; equal opportunities and whistleblowing.

Towards the end of the previous financial year the PCC and Chief Executive Officer (CEO) worked in partnership – and in consultation with all members of the office – to develop values for the OPCC. These values are:

- Openness;
- Partnership;
- Compassion; and
- Courage.

An OPCC staff survey was conducted in quarter three of the year and in this 95% said they knew what the values were; 89% agreed “that our values represent what we stand for as a team and reflect the culture within our workplace”; 84% agreed that SLT demonstrate and promote the values. These are high levels of agreement showing engagement with the values in the OPCC. However over the coming year the development of these values will be monitored to ensure they remain meaningful to the functioning of the office.

The PCC maintains scrutiny of the Constabulary's Professional Standards Department (PSD) and continues to oversee performance of the Constabulary's complaints process. This scrutiny includes oversight of those complaints that are handled externally by the Independent Office for Police Conduct (IOPC). This is done informally through meetings and updates with or from senior officers as well as a formal quarterly review at the Police and Crime Board.

Towards the end of the previous financial year, significant changes were made to the police complaints regulations and the PCC adopted the option of reviewing appeals for low-level service complaints handled by the Constabulary, where the complainant is dissatisfied with the outcome. During 2020/2021 the OPCC dealt with 230 complaint reviews.

Another important system of redress, that the PCC has responsibility for, relates to police officer misconduct. A panel led by an independently Legally Qualified Chair (LQC) and accompanied by a police Superintendent and an Independent Panel Member (IPM) hear misconduct hearings. Both the LQCs and the IPMs are recruited and appointed independently by the OPCC following a competitive recruitment process. In the last year, the bank of LQCs and IPMs have been maintained at current levels with a plan to increase this over the coming year.

Where an officer is subject to a misconduct hearing and is dissatisfied with the result they can appeal: this appeals process is known as a Police Appeal Tribunal and is coordinated by the OPCC. During 2020/2021 there were five appeals and two went to oral hearing; this process was maintained even during COVID-19 restrictions and Avon and Somerset were one of the first to hold a virtual PAT.

It is worth noting that within the OPCC there has been another year where there have been no disciplinary or misconduct issues among the employees.

## **2.2 Principle B: Ensuring openness and comprehensive stakeholder engagement**

The PCC is elected to be the 'voice of the people' in overseeing the delivery of their police service. The PCC has a statutory duty to secure an efficient and effective police for their area. Therefore, the two most important stakeholders are the public and the Constabulary. The COVID-19 pandemic has had a significant impact on engagement, in that face-to-face engagement has been severely limited over the last year.

### **2.2.1 Public**

In response the changes the OPCC has further focussed on digital engagement. Within the last year, the PCC has done 26 Facebook livestream events where they talk with the Chief Constable about important issues and ask and answer questions from members of the public. These have accrued over 320,000 views. The PCC also organised a livestreamed event where they and other important partners discussed tackling disproportionality in the criminal justice system. The PCC has a social media footprint and often communicates with and through other national and local media such as television, radio and newspapers: the PCC has regular pieces in both local papers and on local radio. The PCC has a phone line and e-mail which are available for anybody to make contact with and every contact is listened to. The PCC has a website, separate from the Constabulary through which many key documents and updates can be accessed by anybody.

The PCC also conducts a Local Police and Crime Survey: a survey of 3,000 local residents a year which reports quarterly. It is used to understand public sentiment about the PCC and police as well as asking about issues important to the community and views on precept funding.

Public opinion is of particular importance to the PCC when deciding if, and by how much, to raise the Council Tax Precept. This public opinion became even more important in the last year as the Government increased the maximum amount PCCs could ask for to the highest it has ever been. This increase meant that the responses gathered through the regular survey would not have been directly applicable. As a result of this a standalone online survey was run as was a randomised postal survey. In just two months these surveys resulted in nearly 2,900 responses and was the biggest survey ever conducted by the office. The results of which supported the initial precept increase proposed to the Police and Crime Panel.

Openness and stakeholder engagement are recognised as a fundamental part of daily business and to improve these, over the last year, the following has been implemented:

- A newly redesigned PCC website was launched to make it more user friendly and informative – compared to the previous year the number of website users grew by nearly 17% to over 55,000 and the number of page views grew by nearly 21% to over 145,000;
- The communications role with a focus on digital engagement has been re-graded to a higher level to allow for greater responsibility and autonomy;
- Comprehensive stakeholder mapping with enhanced digital management capability has been worked on with some progress although this is not yet complete due to the additional demands cause by this last year.

The PCC has established a number of independent panels to scrutinise the performance of the Constabulary and provide feedback and learning. The panels assess cases/incidents based on all the information available including body worn video footage. The selection of cases is usually random to ensure independence. However, the choice of case or incident to review can also be informed by particular themes or resulting from specific points of public interest or issues of public confidence. The panels issue reports to the PCC and Chief Constable and are published on the PCC's website. The panels are described below:

- **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. In the financial year 2020/2021 the panel met quarterly as planned in June, September, December 2020 and March 2021.
- **Scrutiny of Police Powers Panel** – 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. In the financial year 2020/2021 the panel met five times: in April, May, September and December 2020 as well as March 2021. This panel was highlighted by HMICFRS as positive practice in their report 'Disproportionate use of police powers - A spotlight on stop and search and the use of force' (February 2021). In addition to existing business the panel also conducted six review sessions throughout the year looking explicitly at the enforcement of COVID-19 regulations.
- **Out of Court 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 2020/2021 the panel met twice in December 2020 and March 2021. The reason the panel was not convened in quarters one and two was due to a lack of capacity within the OPCC to support this.

### 2.2.2 Constabulary

There continues to be a good, open relationship between the OPCC and the Constabulary. This is facilitated through informal working relationships and formal governance structures. The Constabulary extends an open invite to their meetings and during the last year the OPCC have continued to attend key meetings such as Change Programme Boards, the Constabulary Management Board and the Committees in the new governance structure. The Constabulary have also maintained their attendance at the PCC's weekly SLT meeting.

This open working has continued throughout the pandemic period, with the PCC or representatives attending regular COVID-19 Gold and Silver Command meetings.

Both organisations continue to work closely together on budgets and managing these. This is evident in the way in which forward financial planning is undertaken, and through the management of in-year financial performance. In the last year the organisations worked together to ensure better financial forecasting – in an effort to reduce significant underlying underspends – primarily through re-profiling of workforce costs.

### 2.2.3 Partners and other local stakeholders

Throughout the last year the PCC has continued to meet and correspond regularly with MPs, leaders of local authorities and other key partners. The PCC and CEO have continued to meet as a group with the Local Authority leaders and CEOs from across Avon and Somerset.

The OPCC continue to represent the PCC at Community Safety Partnerships (CSP) meetings across each of the Local Authority areas engaging with numerous key stakeholders at these meetings.

The PCC or OPCC continue to attend the Local Criminal Justice Board and the Regional Criminal Justice Board in order to engage with partners such as CPS, courts and probation.

The OPCC CFO chairs a Business Crime Forum for the Avon and Somerset area on a quarterly basis and the OPCC have continued to regularly attend the Rural Crime Forum.

The PCC or OPCC have met regularly with the Chairs of local safeguarding boards to improve multi-agency working for vulnerable people. Violence Reduction Units discussed below are a further example of key stakeholder engagement.

### **2.2.4 Regional Representation**

There are a number of significant regional collaborations, including the Regional Organised Crime Unit, Counter Terrorism Policing, Forensics, Major Crime Investigation Teams and firearms training.

As well as collaboration boards the PCC and Chief Constable meet regularly with the other four regional PCCs and Chief Constables in the South West of England to seek ways to enhance regional cooperation and collaboration. This regional meeting is also undertaken at a PCC CEO level.

### **2.2.5 National Representation**

The PCC is a member of the national Association of Police and Crime Commissioners (APCC). Through membership of this association, access is gained to various national agencies and groups. Within the APCC the PCC is a Deputy Lead for the criminal justice service Portfolio. In addition the OPCC are part of the Association of Policing and Crime Chief Executives (APACE) network which is a group for PCC's offices that share information and best practice. The CFO is also a member of the Police and Crime Commissioners Treasurer Society (PACCTS), a national network for CFOs.

The OPCC have regularly taken part in and engaged with various national forums on topics such as victims and victims' services including meetings held with the Ministry of Justice and Victims' Commissioner. The Victims' Commissioner has been holding fortnightly briefings which have continued to be attended by the OPCC.

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

The priorities and strategic objectives of the PCC are set out in the PCC's Police and Crime Plan. The plan is unchanged in the last year and will remain valid until replaced by the new PCC's plan in the coming financial year. There are four priorities each underpinned by six objectives:

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

The full plan can be accessed on the website at [www.avonandsomersetplan.co.uk](http://www.avonandsomersetplan.co.uk).<sup>3</sup>

Due to the pandemic consideration was given to amending the Plan or creating an addendum to it. The current Plan's outcomes are defined as:

1. People are safe
2. Vulnerable people/victims are protected and supported
3. Offenders are brought to justice
4. People trust the police
5. People feel safe

Although the context changed – with new and novel laws to police – and therefore the delivery and focus of organisations had to adapt, it was agreed that these five outcomes were equally as relevant during the pandemic.

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<sup>3</sup> <https://www.avonandsomersetplan.co.uk/wp-content/uploads/2019/10/AS-Police-Crime-Plan-2019-2021.pdf>

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

The most significant portion of the budget directly controlled by the PCC is used to commission services from third party organisations. These services operate through a grant agreement following a competitive commissioning process. New contracts started from 1st April 2019.

In recent years, there has been an increase in serious violence recognised as a national problem. As part of the Home Office Serious Violence Strategy, in early 2019, they agreed a fund to grant to forces most affected by this problem. 2020/2021 saw a second year of £1.16 million in additional grant funding to maintain Violence Reduction Units (VRUs). The model continued as it did in year one with funding divided between the five Community Safety Partnership areas based on population and levels of serious violence. All VRUs continued to be overseen through a Strategic Governance Group which is chaired by the DPCC and includes Local Authority leaders and representatives from other partners. In the second year areas continued to deliver against the response strategy created in the first year although the delivery plans had to be adapted because of COVID-19. Mandatory products were also delivered: the Strategic Needs Assessment and Annual Report which can be accessed on the website at [www.avonandsomerset-pcc.gov.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>4</sup>. The VRU was also subject to a local evaluation and part of the national evaluation. At the time of writing the findings have not been published.

The PCC has successfully secured a third year of funding for 2021/2022, enabling this work to continue. This third year will be challenging once again as society and crime likely returns to a pre-pandemic point and it will be important to draw out and implement any improvements identified through the evaluations.

PCCs have a statutory duty to deliver an Independent Custody Visitors (ICV) Scheme. This scheme is where volunteers from the community visit police centres to check on the welfare of detainees in custody, the conditions in which they are held and that their rights and entitlements are being observed. Beyond being a statutory duty this scheme is a critical part in ensuring all detainees are treated fairly and respectfully and receive the best possible policing service. This scheme also ensures openness and accountability because the ICVs are members of the public. A separate annual report is published on the PCC's website [www.avonandsomerset-pcc.gov.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>5</sup>.

Last year's report discussed the increased focus on reducing re-offending. In 2020/2021 this work has continued with a permanent role now leading this in the OPCC working in conjunction with a regional Senior Responsible Officer.

In order to accelerate progress towards reducing disproportionality the Lammy Review Group has now identified five key work streams and has commissioned Task and Finish Groups to drive improvements in these particular areas. The workstreams are stop and search; youth justice; out of court disposals; judicial; and prisons. At the time of writing this statement a closing report is being written by the Lammy Review Group. A challenge in the coming year will be how, without the presence of that group, the recommendations are implemented and overseen across organisations.

COVID-19 has had an impact on how business is done and the interventions necessary to achieve outcomes. For example, the criminal justice service is the biggest risk area, where there were already a number of planned improvement activities including reducing the end-to-end time it takes for a case to be finalised. Lockdowns and social distancing measures have dramatically reduced the courts capacity resulting in much longer criminal justice processes and increasing backlogs of case, exacerbating the existing issue. This is a national problem but has continued to see governance and partnership working at a local level through the Local Criminal Justice Board and in Avon and Somerset the backlog is a lower level compared to nationally.

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<sup>4</sup> [https://www.avonandsomerset-pcc.gov.uk/wp-content/uploads/2021/02/VRU\\_Annual\\_Report\\_Jan\\_2020.pdf](https://www.avonandsomerset-pcc.gov.uk/wp-content/uploads/2021/02/VRU_Annual_Report_Jan_2020.pdf)

<sup>5</sup> <https://www.avonandsomerset-pcc.gov.uk/reports-publications/independent-custody-visiting-schemes-annual-reports/>



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

During the 2020/2021 financial year the OPCC have expanded the teams in a number of areas to increase its collective capacity and capability all of which help deliver against objectives in the Police and Crime Plan.

- **Deputy PCC (DPCC)** – Given the unprecedented situation, in terms of workload and health risk, the PCC decided to appoint a DPCC for the first time. The DPCC was appointed in April 2020, during the first lockdown, and provided resilience to the role of the PCC and with a focus on engagement.
- **CFO** – at the time of writing last year's statement the PCC had begun a process to appoint an interim CFO to once again ensure the independence of the CFO as being separate from the OCC CFO. This process concluded with the successful appointment of the interim CFO in June 2020.
- **Criminal justice** – this directly relates to objective 4.4 of the Police and Crime Plan – a new Senior Commissioning and Policy Officer was employed to lead on this area of business.
- **Reducing re-offending** – this directly relates to objective 4.5 of the Police and Crime Plan – the Senior Responsible Officer (SRO) contract came to an end but a new, permanent, Senior Commissioning and Policy Officer was employed to lead on this area of business. In addition the co-funded South West regional SRO contract has been extended for two years;
- **Commissioning and Partnership Team** – the work of this team covers a wide portfolio of work but particularly delivers against Police and Crime Plan objectives 1.2 and 2.4. Towards the end of the year two new full time roles were recruited: one to primarily support the victims portfolio and a temporary analyst to support the work of the VRUs;
- **Contacts and conduct** – there was a considerable increase in contacts demand during the first half of the year and a new officer was employed to support the servicing of this demand and to enable the senior lead in this area to develop more strategic work.

The PCC elections were due to take place in May 2020 but were postponed by a year because of the pandemic. The PCC agreed to stay in office for the additional year but confirmed that they would not seek re-election. The contracts of the interim CEO and CFO were extended to cover the period until the new PCC takes office.

As can be seen above there has been a considerable amount of recruitment on top of the additional people management required because of the pandemic. In order to provide the single Office and HR Manager with support the OPCC has just temporarily seconded an employee of the OCC HR function.

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

The most senior meeting in the PCC's and Chief Constable's governance structure is the Police and Crime Board (PCB). This is where necessary, high-level, decisions are signed off and is the formal holding to account of the Chief Constable. This has standing agenda items for performance, assurance and for both organisations to bring forward risks and issues for discussions and questions which forms an important part of the risk management process. Over the last year this meeting has continued to operate successfully with meetings held every month with relevant papers included, minutes and actions taken and responded to and followed up. The minutes continue to be published on the PCC website.

### 2.6.1 Risk management

Risk is maintained under constant review and is summarised in the Strategic Risk Registers of the PCC and the Constabulary. The OPCC register is formally reviewed, internally, at the OPCC Management Board. Both registers are also scrutinised by the Joint Audit Committee (JAC) (discussed below).

When the OPCC are considering and assessing risk, it takes account of the Constabulary view of risk: particularly as articulated in the Constabulary's Strategic Risk Register. This does not mean risks will always be viewed the same by both organisations as their remits are different.

Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the PCC's overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximize the use of the PCC's assets and limited resources to best achieve the PCC's objectives and targets.

Over the last year the key financial reporting to and scrutiny at PCB has continued as part of the risk management process. This includes quarterly and year-end financial performance reports; annual accounts; treasury management annual report and strategy; and the five year Medium Term Financial Plan (MTFP).

### **2.6.2 Performance**

The OPCC and OCC jointly developed a performance framework which has been the basis of external reporting. The reporting has been in place, on a quarterly basis, since quarter two of 2019/2020; they are scrutinised by the Police and Crime Panel (discussed below).

Over the last year the Constabulary has further refined their process through the Integrated Performance Quality Framework. This change was implemented to provide greater insight and was facilitated by additional / re-prioritised resource being given to this area of business. Reporting on this framework is structured around performance priorities, good performance, where improvements are needed and emerging risks, issues and opportunities. This is discussed at the Constabulary Management Board (CMB) and is also scrutinised at PCB.

Some of these key performance measures will be available to review through the Annual Report published on the website [www.avonandsomerset-pcc.gov.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>6</sup>.

This performance framework will need to be reviewed in the coming year to incorporate the National Crime and Policing Measures (released in April 2021) and adapted to reflect the new Police and Crime Plan.

One of the most powerful tools in performance management in Avon and Somerset are our data analytics and data visualisation capabilities. This has been deployed throughout the Constabulary, democratising data and providing a tool to drive performance improvements. The OPCC has access to this tool, providing live time data which supports the PCC's ability to scrutinise and hold to account the Constabulary.

In terms of financial performance, as can be seen in these group accounts, once year-end adjustments have been made, a break-even position has been achieved during 2020/2021. The underlying performance showed a £14.1m/4.3% underspend, of which £12.3m relates to performance against Constabulary managed budgets and £1.8m against PCC managed budgets. This underspend has been used for various matters including the bolstering of the general fund for the purposes of risk management and also a significant amount was required to be added to capital reserves again to make up the shortfall in the capital grant received from the Government.

The outlook in the current MTFP shows greater deficits than the plan published at the point of writing this statement last year. This is largely due to the fact that the central Home Office grant was only increased in order to fund the additional police officers promised through Op Uplift for 2021/2022 which in real terms meant it was frozen. For 2021/2022 the government allowed PCCs to increase the Council Tax precept by a greater amount than in previous years: £15 for an average Band D household. However in Avon and Somerset this maximum amount was vetoed by the Police and Crime Panel

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<sup>6</sup> <https://www.avonandsomerset-pcc.gov.uk/reports-publications/annual-reports/>



and the precept was set at £13.39. This also contributed to a marginally less positive outlook.

There continues to be great uncertainty caused by, yet another, single year settlement. This is exacerbated by the wide reaching impact of COVID-19; although the economic consequences cannot be quantified it has had a large negative effect on the economy and central Government will once again need to make savings to public spending.

## **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 website so that they are visible to the public.

Items which are published include:

- Significant decisions of the PCC;
- PCC responses to HMICFRS recommendations;
- reports of scrutiny panels;
- performance reports;
- expenses and gifts;
- Freedom of Information requests;
- other statutory and non-statutory reports;
- The Strategic Risk Register.

CoPaCC are an independent organisation that monitor and advise on police governance in England and Wales. The OPCC was awarded the Open and Transparent Quality Mark in both 2020 and 2021; in the current year it was awarded "highly commended". This award has been given based on the new website which was launched halfway through 2020/2021.

### **2.7.1 Internal Audit**

The Internal Audit function is commissioned by the OPCC and OCC on behalf of the Joint Audit Committee and is undertaken by a third party auditor for additional independence. The South West Audit Partnership (SWAP) continued as the internal auditor for the second year.

COVID-19 presented challenges for the way SWAP operate but they were able to complete the substantive audit schedule as proposed but were finishing a small amount of follow-up and regional work at the time of this statement.

### **2.7.2 Joint Audit Committee (JAC)**

The independent JAC has concluded another year of work in accordance with their Terms of Reference (TOR) and publishes an annual report on their work which can be found on the website [www.avonandsomerset-pcc.gov.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>7</sup>. The TOR was revised and agreed in quarter two of 2020/2021. The JAC met four times in the financial year but it should be noted that the November meeting was an exceptional meeting for the purpose of reviewing the External Audit Annual Report. The meeting that would have taken place in March 2021 was deferred to April 2021 due to attendance issues.

The annual report being worked on this year will look to ensure CIPFA best practice is incorporated into the document. In the coming year a new Chair will need to be appointed as the current Chair reaches the end of their term in December 2021.

### **2.7.3 Police and Crime Panel**

The Police and Crime Panel were established as part of the statutory governance structure when the role of PCCs was introduced. The Panel consists of elected Local Authority members from across Avon and Somerset as well as members of the public.

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<sup>7</sup> <https://www.avonandsomerset-pcc.gov.uk/reports-publications/joint-audit-committee-reports/>

The Panel scrutinises, challenges and maintains a regular check and balance on the performance and activities of the PCC. The Panel are therefore a key stakeholder of the PCC and OPCC.

In the last year the Panel has continued to meet, on at least a quarterly basis, to fulfil its duties. It has again scrutinised the request, by the PCC, to increase the precept and the appointment of the replacement interim CEO.

It should be reflected here that the last year has been challenging in terms of the relationship between the Panel and the PCC. This has been due to two main reasons.

Firstly the Panel expressed dissatisfaction with the initially proposed process for appointing the Deputy PCC. This was resolved in that a revised process was implemented that was subject to Panel scrutiny. However this was subject to a formal complaint which the Panel dealt with and upheld in part. It will be important for the OPCC to ensure the learning from this is communicated to the new PCC in the coming year when they seek to appoint a new deputy.

Secondly, and for the first time this year, the Panel vetoed the initial precept increase proposed by the PCC. The primary reason for this veto was the financial hardship this would cause for residents, many of whom have been detrimentally affected by the pandemic. Part of the reasoning was about the underspend in the previous year and failure to deliver on the full plan for Op Remedy (which was funded by the previous precept increase). Again it is important that the OPCC ensure the learning from this is highlighted to the new PCC.

As well as the specific learning points mentioned above a new PCC taking office will be an opportunity to further develop this important relationship with the Panel.

### **3 Review of Effectiveness**

The PCC has responsibility for conducting, at least annually, a review of the system of internal control. This review 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 senior managers in both the OPCC and Constabulary who have responsibility for the development and maintenance of the governance environment.

For 2020/2021 these considerations took account of:

- the internal auditor's reports to the Joint Audit Committee (JAC) throughout the year and their annual report to JAC;
- external auditors' reports at JAC meetings;
- the Constabulary Strategic Risk Register;
- the PCC's Strategic Risk Register;
- the 2020/2021 financial outturn position that delivered a balanced position; and
- the planning and development of the MTFP for the next five years.

The pandemic, and response to this, was also a significant test of the systems of internal control. It is fair to conclude that the business of both organisations continued to be delivered in an effective way throughout this time.

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 Internal Audit**

Throughout 2020/2021 the Internal Audit function completed ten substantive audits, one follow-up review as well as contributing towards regional advisory work and conducted follow-up work on previous audits. The ten substantive audits were:

- Data Protection – Incident Reporting
- Records and Data Retention

- Health and Safety Management of Front-Line Staff and Officers
- Digital strategy
- Key Financial Controls
- Partnership Arrangement
- Payments to staff and Absence Management
- Performance Management
- Police Officer and Police Staff Training
- Recruitment and Vetting Processes

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

Seven of the audits resulted in a reasonable assurance opinion and three resulted in a limited assurance opinion. The conclusion of our internal auditors was that they were able to offer a **reasonable assurance** annual opinion.

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 27 recommendations during 2020/2021, of which:-

- 12 were identified as findings that require attention, the lowest grading;
- 15 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.

### 3.2 HMICFRS PEEL inspection

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. The last PEEL inspection Avon and Somerset was graded on took place in May 2019. The outcome was that the Constabulary maintained their 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 Police and Crime Plan and the realisation of the Constabulary's vision. Therefore the improvement to outstanding in efficiency is welcomed. This specifically reflects delivery of the Police and Crime Plan objective (3.1) to understand the demand facing the police and partner organisations, ensuring that they are able to resource the most effective response. 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 being 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.

### 3.3 Significant risks

At the point of writing the most significant risks identified by the OPCC are:

Risk	Progress
<b>Failure to deliver the Police and Crime Plan (SR2)</b>	<p>Over the last year policing demand has changed significantly; although there were some reductions in traditional demand such as acquisitive crime, there was the additional demand created in responding to the pandemic and enforcing COVID-19 restrictions. Demand is expected to return to pre-pandemic levels and possibly exceed them at points during the coming year creating additional strain on police resources.</p> <p>The pandemic has caused significant delays in the criminal justice system with large Crown Court backlogs. Although outside the control of local agencies, this clearly has a negative impact on the delivery of the current or any future police and crime plan.</p> <p>Over the last year it has been highlighted how poorly the CJS responds to Rape and Serious Sexual Offences and this has become an area of national focus. This directly links to priority one of the current plan and is likely to be a feature of a new plan.</p> <p>The risk in this area is also increased because of uncertainty: within the next year a new PCC will be elected and a new plan created. A new plan could change the focus and priorities of policing and other organisations.</p> <p>It should also be recognised that there is a possibility of tension for the police due to the need to deliver against the newly defined National Crime and Policing Measures as well as the local plan.</p>
<b>Financial incapability or ineffectiveness (SR3)</b>	<p>There remains the ongoing uncertainty created by single year funding settlements.</p> <p>We have judged the financial risk is higher now than it was at the pointing of writing last year's statement. The MTFP now shows a higher level of savings, over and above the planned savings, across the five year term.</p> <p>The risk is also heightened due to the wider economic circumstances caused by the pandemic and Brexit which will likely impact on public spending.</p>
<b>Lack of capacity/capability within the OPCC (SR6)</b>	<p>Although there have been some additional posts created over the last year these have been put in place in order to cope with current demand and still there is a resilience issue with particular functions of the office.</p> <p>There has also been a high turnover of staff in a short space of time and there has been a significant cumulative loss of knowledge and experience with people leaving.</p> <p>In addition to the loss of experience the new PCC and Police and Crime Plan could have priorities that are not currently a focus for the office which would directly impact capability while the office learns new business. This is also set against a context of a national review with an impetus for PCCs to do more and expand their role.</p>

## 4 Conclusion

No system of internal control can provide absolute assurance however following completion of the review of effectiveness we are satisfied that our arrangements for governance, risk management, and finance controls are generally adequate and effective.

However, on the basis of the review of the sources of assurance set out in this statement, we are satisfied that the PCC for Avon and Somerset has in place satisfactory and adequate systems of internal control which facilitate the effective exercise of their functions and which include arrangements for good governance and for the control, mitigation, and management of risk.

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.



**Mark Shelford**  
Police and Crime Commissioner  
28 October 2021



**Sally Fox**  
Interim Chief Executive of the PCC  
28 October 2021

# Police & Crime Commissioner for Avon & Somerset

## Group Comprehensive Income and Expenditure Statement

### for the year ended 31 March 2021

Gross Expenditure £'000	Gross Income £'000	Total 2019/2020 £'000	Comprehensive Income and Expenditure Statement - Group	Gross Expenditure £'000	Gross Income £'000	Total 2020/2021 £'000
<b>Expenditure</b>						
403,682	-36,551	367,131	Police Services - OCC	413,924	-45,124	368,800
0	-2,827	-2,827	Police Services - OCC restated	0	0	0
1,482	-19	1,463	OPCC	1,553	0	1,553
5,553	-4,174	1,379	Commissioning costs	6,938	-5,383	1,555
<b>410,717</b>	<b>-43,571</b>	<b>367,146</b>	<b>Net cost of police services</b>	<b>422,415</b>	<b>-50,507</b>	<b>371,908</b>
		11	Gain(-)/loss on disposal of non-current assets			-125
		<b>11</b>	<b>Other operating expenditure</b>			<b>-125</b>
		6,026	External interest payable			5,993
		-700	Interest and investment income			-406
		88,088	Net interest on pensions			80,821
			<b>Financial and investment income and expenditure</b>			<b>86,408</b>
		<b>93,414</b>				
		-105,807	Police - revenue grant			-114,113
		-56,792	Ex-DCLG formula funding			-60,654
		-1,033	Capital grant and contributions			-310
		-3,331	Council tax freeze grant			-3,331
		-11,378	Local council tax support grant			-11,378
		-2,827	Pension grant			0
		2,827	Pension grant restated			0
		0	Tax income guarantee grant			-414
58,600	-58,600	0	Police pension top-up grant (note 16)	53,418	-53,418	0
		-123,149	Council tax - local authorities (note 12)			-129,140
		<b>-301,490</b>	<b>Taxation and non-specific grant income</b>			<b>-319,340</b>
		<b>159,081</b>	<b>Surplus(-)/deficit on provision of services</b>			<b>138,851</b>
			Re-measurement of pension assets and liabilities (note 15)			842,337
		-415,773				-89,556
		34,015	Return on pensions assets (note 15)			-4,613
		9,519	Gain(-)/Loss on revaluation			
		<b>-372,239</b>	<b>Other comprehensive income and expenditure</b>			<b>748,168</b>
			<b>Total comprehensive income and expenditure</b>			<b>887,019</b>
		<b>-213,158</b>				

The £2.827m pension grant, recorded in the 2019/2020 statement of accounts within Taxation and non-specific grant income, has been reclassified to be included within Police Services - OCC gross income, in the net cost of police services.

# Police & Crime Commissioner for Avon & Somerset

## PCC Comprehensive Income and Expenditure Statement for the year ended 31 March 2021

PCC Expenditure £'000	PCC Income £'000	Total 2019/2020 £'000	Comprehensive Income and Expenditure Statement - PCC	PCC Expenditure £'000	PCC Income £'000	Total 2020/2021 £'000
<b>Expenditure</b>						
1,482	-19	1,463	OPCC	1,553	0	1,553
5,553	-4,174	1,379	Commissioning costs	6,938	-5,383	1,555
<b>7,035</b>	<b>-4,193</b>	<b>2,842</b>	<b>Net cost of police services before funding</b>	<b>8,491</b>	<b>-5,383</b>	<b>3,108</b>
403,682	-36,551	367,131	Intragroup adjustment	413,924	-45,124	368,800
0	-2,827	-2,827	Intragroup adjustment - restated	0	0	0
<b>410,717</b>	<b>-43,571</b>	<b>367,146</b>	<b>Net cost of police services</b>	<b>422,415</b>	<b>-50,507</b>	<b>371,908</b>
		11	Gain(-)/loss on disposal of non-current assets			-125
		<b>11</b>	<b>Other operating expenditure</b>			<b>-125</b>
		6,026	External interest payable			5,993
		-700	Interest and investment income			-406
			Net interest on pensions			
88,088		88,088	Intragroup adjustment (pension interest cost)	80,821		80,821
			<b>Financial and investment income and expenditure</b>			<b>86,408</b>
		-105,807	Police - revenue grant			-114,113
		-56,792	Ex-DCLG formula funding			-60,654
		-1,033	Capital grant and contributions			-310
		-3,331	Council tax freeze grant			-3,331
		-11,378	Local council tax support grant			-11,378
		-2,827	Pension grant			0
		2,827	Pension grant restated			0
		0	Tax income guarantee grant			-414
		-58,600	Police pension top-up grant (note 16)			-53,418
			Intragroup adjustment			
58,600		58,600	(Police pension top-up grant)	53,418		53,418
		-123,149	Council tax - local authorities (note 12)			-129,140
			Intragroup adjustment (Re-measurement of pension assets and liabilities)			
-381,758		-381,758		752,781		752,781
		<b>-683,248</b>	<b>Taxation and non-specific grant income</b>			<b>433,441</b>
		<b>-222,677</b>	<b>Surplus(-)/deficit on provision of services</b>			<b>891,632</b>
		9,519	Gain(-)/Loss on revaluation			-4,613
		<b>9,519</b>	<b>Other comprehensive income and expenditure</b>			<b>-4,613</b>
		<b>-213,158</b>	<b>Total comprehensive income and expenditure</b>			<b>887,019</b>

The £2.827m pension grant, recorded in the 2019/2020 statement of accounts within Taxation and non-specific grant income, has been reclassified to be included within Police Services - OCC gross income, in the net cost of police services.



# Police & Crime Commissioner for Avon & Somerset

## Group Movement in Reserves Statement 2019/2020 and 2020/2021

Movement in reserves statement 2019/2020					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
<b>Balance as at 31 March 2019</b>	<b>34,101</b>	<b>3,528</b>	<b>37,629</b>	<b>-3,591,825</b>	<b>-3,554,196</b>
Total comprehensive income and expenditure	-159,081	0	-159,081	372,239	213,158
Adjustments between accounting & funding basis under regulations	169,948	454	170,402	-170,556	-154
Increase/decrease(-) in 2019/2020	10,867	454	11,321	201,683	213,004
<b>Balance as at 31 March 2020</b>	<b>44,968</b>	<b>3,982</b>	<b>48,950</b>	<b>-3,390,142</b>	<b>-3,341,192</b>

Movement in reserves statement 2020/2021					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
<b>Balance as at 31 March 2020</b>	<b>44,968</b>	<b>3,982</b>	<b>48,950</b>	<b>-3,390,142</b>	<b>-3,341,192</b>
Total comprehensive income and expenditure	-138,851	0	-138,851	-748,168	-887,019
Adjustments between accounting & funding basis under regulations	145,338	1,620	146,958	-146,958	0
Increase/decrease(-) in 2020/2021	6,487	1,620	8,107	-895,126	-887,019
<b>Balance as at 31 March 2021</b>	<b>51,455</b>	<b>5,602</b>	<b>57,057</b>	<b>-4,285,268</b>	<b>-4,228,211</b>

More details on the movement in reserves statement are disclosed in note 7.

# Police & Crime Commissioner for Avon & Somerset

## PCC Movement in Reserves Statement 2019/2020 and 2020/2021

Movement in reserves statement 2019/2020					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
<b>Balance as at 31 March 2019</b>	<b>34,101</b>	<b>3,528</b>	<b>37,629</b>	<b>-3,591,825</b>	<b>-3,554,196</b>
Total comprehensive income and expenditure	222,677	0	222,677	-9,519	213,158
Adjustments between accounting & funding basis under regulations	-211,810	454	-211,356	211,202	-154
Increase/decrease(-) in 2019/2020	10,867	454	11,321	201,683	213,004
<b>Balance as at 31 March 2020</b>	<b>44,968</b>	<b>3,982</b>	<b>48,950</b>	<b>-3,390,142</b>	<b>-3,341,192</b>

Movement in reserves statement 2020/2021					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
<b>Balance as at 31 March 2020</b>	<b>44,968</b>	<b>3,982</b>	<b>48,950</b>	<b>-3,390,142</b>	<b>-3,341,192</b>
Total comprehensive income and expenditure	-891,632	0	-891,632	4,613	-887,019
Adjustments between accounting & funding basis under regulations	898,119	1,620	899,739	-899,739	0
Increase/decrease(-) in 2020/2021	6,487	1,620	8,107	-895,126	-887,019
<b>Balance as at 31 March 2021</b>	<b>51,455</b>	<b>5,602</b>	<b>57,057</b>	<b>-4,285,268</b>	<b>-4,228,211</b>

More details on the movement in reserves statement are disclosed in note 7.

# Police & Crime Commissioner for Avon & Somerset

## Group Balance Sheet as at 31 March 2021

Note that the intragroup liability has been removed on consolidation at the group level.

OCC £'000	PCC £'000	Group 2020 £'000	Balance Sheet	OCC £'000	PCC £'000	Group 2021 £'000	Notes
			<b>Property, plant and equipment</b>				19
0	186,049	186,049	Land and buildings	0	188,209	188,209	
0	17,716	17,716	Vehicles, plant and equipment	0	14,208	14,208	
0	5,581	5,581	Assets under construction	0	507	507	
<b>0</b>	<b>1,259</b>	<b>1,259</b>	<b>Intangible fixed assets</b>	<b>0</b>	<b>606</b>	<b>606</b>	
			<b>Long term assets</b>				
0	5	5	Loans to officers	0	0	0	
0	1,202	1,202	Prepayments	0	3,102	3,102	
3,493,195	0	0	Long Term Liability - intragroup adjus	4,378,171	0	0	
335,238	0	335,238	Police staff pension assets	442,774	0	442,774	18
<b>3,828,433</b>	<b>211,812</b>	<b>547,050</b>	<b>Total non-current assets</b>	<b>4,820,945</b>	<b>206,632</b>	<b>649,406</b>	
0	908	908	Inventories (stock)	0	1,102	1,102	
0	23,000	23,000	Short term investments	0	24,000	24,000	
0	31,112	31,112	Debtors and payments in advance	0	32,746	32,746	21
0	35,058	35,058	Cash and cash equivalents	0	37,799	37,799	22
0	3,078	3,078	Assets held for sale	0	1,098	1,098	
10,826	0	0	Intragroup debtor	15,222	0	0	
<b>10,826</b>	<b>93,156</b>	<b>93,156</b>	<b>Total current assets</b>	<b>15,222</b>	<b>96,745</b>	<b>96,745</b>	
0	-623	-623	Bank overdraft	0	-1,509	-1,509	
0	-1,286	-1,286	Short term borrowings	0	-1,923	-1,923	23
-8,151	-31,184	-39,335	Creditors and receipts in advance	-10,912	-26,948	-37,860	24
0	-10,826	0	Intragroup creditor	0	-15,222	0	
-2,675	-157	-2,832	Short term provisions	-4,310	-238	-4,548	25
0	-1,615	-1,615	Short term PFI Lease liability	0	-1,766	-1,766	20
<b>-10,826</b>	<b>-45,691</b>	<b>-45,691</b>	<b>Total current liabilities</b>	<b>-15,222</b>	<b>-47,606</b>	<b>-47,606</b>	
0	-44,757	-44,757	Long term borrowing	0	-44,309	-44,309	23
0	-9,115	-9,115	Provisions	-50	-9,932	-9,982	25
0	-66	-66	Capital grants receipts in advance	0	0	0	
0	-53,336	-53,336	PFI liability	0	-51,570	-51,570	20
0	-3,493,195	0	Pensions - intragroup adjustment	0	-4,378,171	0	
-3,828,433	0	-3,828,433	Pension liability	-4,820,895	0	-4,820,895	
<b>-3,828,433</b>	<b>-3,600,469</b>	<b>-3,935,707</b>	<b>Total long term liabilities</b>	<b>-4,820,945</b>	<b>-4,483,982</b>	<b>-4,926,756</b>	
<b>0</b>	<b>-3,341,192</b>	<b>-3,341,192</b>	<b>Net assets</b>	<b>0</b>	<b>-4,228,211</b>	<b>-4,228,211</b>	
0	48,950	48,950	Total usable reserves	0	57,057	57,057	7
0	-3,390,142	-3,390,142	Total unusable reserves	0	-4,285,268	-4,285,268	7
<b>0</b>	<b>-3,341,192</b>	<b>-3,341,192</b>	<b>Total reserves</b>	<b>0</b>	<b>-4,228,211</b>	<b>-4,228,211</b>	



**Paul Butler**  
Interim Chief Finance Officer to PCC  
28 October 2021

# Police & Crime Commissioner for Avon & Somerset

## Group Cash Flow Statement

OCC £'000	PCC £'000	Group 2019/2020 £'000	Cash Flow Statement	OCC £'000	PCC £'000	Group 2020/2021 £'000
381,758	-222,677	159,081	<b>Net surplus(-)/deficit on the provision of services</b>	-752,781	891,632	138,851
0	-20,438	-20,438	Depreciation and impairment of property, plant and equipment	0	-19,496	-19,496
0	-707	-707	Amortisation of intangible assets	0	-654	-654
2,408	2,640	5,048	Increase(-)/decrease in provision charged back to service	-1,684	-865	-2,549
-381,758	222,504	-159,254	Charges for retirement benefits in accordance with IAS 19	752,781	-884,926	-132,145
0	-254	-254	Carrying amounts of non-current assets sold	0	-1,495	-1,495
0	-5,295	-5,295	Other	0	58	58
242	198	440	Increase/decrease(-) in long and short term debtors	4,445	-974	3,471
-2,650	-5,626	-8,276	Increase(-)/decrease in long and short term creditors	-2,761	4,272	1,511
0	233	233	Increase/decrease(-) in stock/WIP	0	194	194
<b>-381,758</b>	<b>193,255</b>	<b>-188,503</b>	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	<b>752,781</b>	<b>-903,886</b>	<b>-151,105</b>
0	454	454	Proceeds from the sale of property, plant and equipment	0	1,620	1,620
0	1,033	1,033	Capital grants credited to the surplus or deficit on the provision of service	0	310	310
0	0	0	Interest received	0	256	256
0	0	0	Interest paid	0	-5,857	-5,857
<b>0</b>	<b>1,487</b>	<b>1,487</b>	<b>Adjust net surplus or deficit on the provision of services that are investing or financing activities</b>	<b>0</b>	<b>-3,671</b>	<b>-3,671</b>
<b>0</b>	<b>-27,935</b>	<b>-27,935</b>	<b>Net cash flows from operating activities</b>	<b>0</b>	<b>-15,925</b>	<b>-15,925</b>
0	14,842	14,842	Purchase of property, plant and equipment	0	7,973	7,973
0	-454	-454	Capital receipts	0	-1,620	-1,620
0	-1,033	-1,033	Capital grant/contribution income due for the year	0	-310	-310
0	6,000	6,000	Purchase of short & long term investments	0	1,000	1,000
0	-615	-615	Interest received	0	-256	-256
<b>0</b>	<b>18,740</b>	<b>18,740</b>	<b>Net cash flow from investing activities</b>	<b>0</b>	<b>6,787</b>	<b>6,787</b>
0	-563	-563	Bank overdraft	0	-886	-886
0	-6,250	-6,250	New long term loans raised	0	-1,485	-1,485
0	1,338	1,338	Repayment of long term loans	0	1,296	1,296
0	1,548	1,548	Repayment of PFI liability	0	1,615	1,615
0	6,029	6,029	Interest paid	0	5,857	5,857
<b>0</b>	<b>2,102</b>	<b>2,102</b>	<b>Net cash flow from financing activities</b>	<b>0</b>	<b>6,397</b>	<b>6,397</b>
<b>0</b>	<b>-7,093</b>	<b>-7,093</b>	<b>Net increase(-)/decrease in cash and cash equivalents</b>	<b>0</b>	<b>-2,741</b>	<b>-2,741</b>
<b>0</b>	<b>-27,965</b>	<b>-27,965</b>	Cash and cash equivalents at the beginning of the reporting period	<b>0</b>	<b>-35,058</b>	<b>-35,058</b>
<b>0</b>	<b>-35,058</b>	<b>-35,058</b>	Cash and cash equivalents at the end of the reporting period	<b>0</b>	<b>-37,799</b>	<b>-37,799</b>

# Police & Crime Commissioner 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 2020/2021, and the Accounts and Audit Regulations 2015 and are based on the following standards:

- International Financial Reporting Standards (IFRSs) as adopted by the UK;
- International Public Sector Accounting Standards (IPSASs);
- UK Generally Accepted Accounting Practice (GAAP); (Financial Reporting Standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) abstracts) as far as they are applicable.

#### 1.2 Accruals of Income and Expenditure

Activity is accounted for and recorded on an accruals basis. This means that income is recorded in the accounts when it becomes due, rather than when it is received, and the outstanding amounts are included as debtors. Expenditure is included in the accounts when the goods or services are received or supplied, and any outstanding amounts are included as creditors. The PCC Group established a de minimis level of £5,000 for accruals in both 2019/2020 and 2020/2021.

#### 1.3 Council Tax

Council tax income included within the comprehensive income and expenditure statement includes our share of the surplus or deficits from other local authority collection funds.

#### 1.4 Government Grants

##### 1.4.1 Revenue Grant

Government grants are shown as income within the comprehensive income and expenditure statement and are used to fund the expenditure on policing activities.

##### 1.4.2 Capital Grant

Income received from the Home Office in respect of the capital grant is shown within the comprehensive income and expenditure statement. When the income is matched to the capital expenditure it is transferred to the capital adjustment account. Any unused capital grant is allocated to the capital grant unapplied account within reserves. Capital grants with outstanding conditions attached have been transferred to the capital receipts in advance account.

##### 1.4.3 Specific Grants

Specific grant income is recognised immediately within the comprehensive income and expenditure statement on an accruals basis. If there are conditions outstanding to be achieved on the specific grants at the end of the financial year they are recognised as a creditor receipt in advance.

#### 1.5 VAT

Value Added Tax is not included as income or expenditure of the PCC except where it is non-recoverable.

#### 1.6 Interest

External interest receivable on investments and the interest payable on borrowing are charged to the comprehensive income and expenditure statement.

## **1.7 Employee Benefits**

### **1.7.1 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.

### **1.7.2 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.

### **1.7.3 Pension Benefits**

There are different pension arrangements for police officers and police staff. In both cases pensions and other benefits are paid to retired staff which relate to the individual's length of service.

Until 31 March 2006 retired police officers were paid their pensions from the contributions received each year. However, from 1 April 2006, although the OCC makes the payments and collects the contributions, responsibility for the cost of these payments was transferred to the Government.

Police staff including PCSOs are part of the Local Government Pension Scheme. Both the PCC and the staff in the scheme pay into the pension fund at agreed rates. When an individual retires, the fund pays all the usual benefits.

Occasionally extra costs for both police officers and police staff have to be met when an employee retires early or retires due to ill health. These costs are charged to the comprehensive income and expenditure statement.

In accordance with IAS 19 – Employee benefits, long term pension liabilities have been included in the OCC balance sheet.

### **1.7.4 Re-Measurement of Pension Assets and Liabilities**

The IAS 19 actuarial gains and losses and the return on the pension fund assets are fully recognised immediately within the comprehensive income and expenditure statement.

## **1.8 Leased Assets**

All leases have been reviewed to determine if they are operational or finance leases.

- Finance leases – these are recognised where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. Property, plant and equipment held under finance lease is recognised as an asset on the balance sheet at the commencement of the lease, matched by a liability for the obligation to pay the lessor;
- Operating leases – rents payable under operating leases are charged to the comprehensive income and expenditure statement.

All significant contracts or transactions have been reviewed for any 'embedded leases' (which convey the right to use an asset in return for a payment or series of payments). If embedded leases are found to exist they would be treated in line with formal leases as described above. No embedded leases have currently been identified.

## **1.9 Property, Plant and Equipment**

Expenditure on capital assets is recognised in the accounts when the work is carried out or when the asset has been delivered. The latest valuation was undertaken on 31 March 2021 by our internal Chartered Valuation Surveyor.



The properties have been valued in accordance with IFRSs and with the current RICS Valuation – Global Standards, incorporating the IVS, and the RICS Valuation 2020 – Global Standards UK national supplement (the RICS Red Book) published by the Royal Institution of Chartered Surveyors, on the basis of Existing Use Value, Depreciated Replacement Cost, or Fair Value:

- Operational assets that are not specialised have been valued at Existing Use Value. Existing Use Value is defined as the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction.
- Operational assets for which no market is in existence or which are specialised in nature have been valued at Depreciated Replacement Cost. Depreciated Replacement Cost is defined as the current cost of replacing an asset with its modern equivalent asset, less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.
- Surplus Assets have been valued at Fair Value. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The revaluation reserve is used to record gains arising from the revaluation of non-current assets until they are disposed. Revaluation losses that cannot be met from accumulated revaluation gains are charged to the comprehensive income and expenditure statement. To ensure that revaluation losses do not impact on taxation levels, any charges made to the comprehensive income and expenditure statement are reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account.

When a valuation for an asset is undertaken, components of the asset are separately identified when the asset value is over £1,000,000 and the components value is over 20% of the total value of the asset. Components are identified as:

- Parts of the asset that can be disposed or replaced separately from other components of the assets; and/or
- Parts of the asset which have a different useful life to other components.

When assets are disposed the value of the asset on the balance sheet is written off to the comprehensive income and expenditure statement as part of the gain or loss on disposal. The reversal of this is shown within the movement in reserves statement so that there is no impact to council tax.

Vehicles and other non-property assets are carried in the balance sheet at depreciated historical cost. Assets under construction are carried at cost until the asset is made operational at which point they are classified accordingly and depreciation commences.

## **1.10 Depreciation**

All assets are depreciated except for land and assets under construction. The following policies are used:

- Depreciation on buildings is based upon information provided within the latest valuation report regarding the useful life of the buildings and their components, and is based on the 'straight-line' method. The straight line method writes off the value of an asset in equal annual instalments over the estimated useful economic life of the asset. The useful life of our buildings are from the valuation report completed each year. Once a building is operational and transferred from assets under construction depreciation commences on the building;
- The value of other assets such as vehicles, computers and other equipment falls steadily throughout their lives. These assets are expected to have shorter useful lives of up to seven years. The depreciation starts from the month of acquisition. Again the straight-line method of depreciation is used;
- Intangible assets are amortised using the straight-line method over the period the software is in use, which is typically four years. An exception to this is the SAP licence which is amortised over 25 years.

## **1.11 Impairments**

The PCC's properties are reviewed for impairment at the end of each financial year. When impairment is identified as part of the annual review or as a result of a revaluation exercise, this will first be charged to the revaluation reserve to the extent that impairment does not exceed the amount in the revaluation reserve for the same asset, and thereafter in the comprehensive income and expenditure statement.

## **1.12 Private Finance Initiatives (PFI)**

The PCC entered into a private finance initiative with Blue Light Partnership where four facilities were constructed, including the provision of services and building maintenance over the 25 year contract. At the end of the contract the ownership of the properties will pass to the PCC for no additional charge. These properties, which are recognised on the balance sheet, are revalued and depreciated in the same way as property, plant & equipment owned by the PCC. The liability to pay for the cost of the capital investment to the Blue Light Partnership is recognised on the balance sheet.

The amounts payable to the Blue Light Partnership each year are analysed into the following elements:

- Fair value of services received during the year – this is charged to the net cost of Police services within the comprehensive income and expenditure statement;
- Finance cost – this is the interest charge on the outstanding balance sheet liability, shown within the financial and investment income and expenditure within the comprehensive income and expenditure statement;
- Contingent rent – increases in the amount to be paid for the property during the contract charged to the financial and investment income and expenditure within the comprehensive income and expenditure statement;
- Payment towards liability – this writes down the outstanding liability on the balance sheet.

## **1.13 Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits repayable within 24 hours. Cash equivalents are investments with maturity date of no more than 3 months which are easily convertible into known amounts of cash and have insignificant risk of a change in value.

## **1.14 Short and Long Term Investments**

Investments are deposits with UK and overseas banks, building societies and local authorities. Short term investments are convertible to cash from between 3 months and one year of the balance sheet date. Long term investments are convertible to cash over one year from the balance sheet date. Surplus funds are managed on behalf of the PCC by Somerset County Council Treasury. Funds are invested in line with policy approved by the PCC.

## **1.15 Financial Instruments**

### **1.15.1 Fair Value**

Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measured date. The PCC uses the most appropriate method of valuation within the hierarchy to assess the fair value.

Level 1 – Fair value is derived from quoted prices in an active market for identical assets or liabilities

Level 2 – The fair value is calculated from quoted prices that are observable from similar assets or liabilities

Level 3 – Fair value is determined from unobservable data where there is no market data available.

### **1.15.2 Financial Liabilities**

Financial liabilities comprise borrowings, creditors, and PFI contracts. These are recognised on the balance sheet when the PCC becomes a party to the contractual provisions and are initially measured at fair value and carried at their amortised cost.

Annual charges to the comprehensive income and expenditure statement in respect of interest payable are based on the carrying value of the liability and the effective rate of interest contained in the loan agreement. In respect of borrowings the amounts included in the balance sheet are the outstanding principal repayments.

### **1.15.3 Financial Assets**

Financial assets comprise investments and debtors. They are recognised on the balance sheet when the PCC becomes party to the contractual provisions and they are initially measured at fair value. The group holds financial assets measured at amortised cost and fair value through profit and loss. Annual credits to the comprehensive income and expenditure statement for interest receivable are based on the carrying value of the investment multiplied by the effective rate of interest included in the loan agreement. Investments included in the balance sheet represent the outstanding principal amounts receivable. Debtors include credit losses to reflect an assessment of the amounts likely to be irrecoverable.

## **1.16 Provisions**

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

Provisions are charged to the comprehensive income and expenditure statement in the year the PCC Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation taking into account the relevant risks and uncertainties. When settled the amounts agreed will be charged against the provision.

## **1.17 Joint Arrangements**

Joint Arrangements are classified as either Joint Operations or Joint Ventures. Joint Operations are where activities are agreed through a shared control (usually through a shared board) and the parties have 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 Group does not participate in any joint ventures.

The Police and Crime Commissioner has entered into collaborative arrangements with other police forces and local authorities. Details of these are disclosed in the notes to the accounts.

## **1.18 Contingent Liabilities**

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

## **1.19 Reserves**

The reserves that are held by the PCC are split between usable and unusable reserves on the balance sheet.

Usable reserves are amounts of money we keep to pay for future projects, and to protect against unexpected events. The useable reserves include:

- The general fund is risk assessed annually by the Chief Financial Officer of the PCC for the level of funds that the PCC needs to hold at the end of each financial year;
- Earmarked reserves are balances we hold to meet future expenditure in defined areas and within approved policies;
- The capital receipts reserve is where income is received from the sale of property, plant and equipment and held in reserve to fund new capital expenditure.

The unusable reserves include:

- The revaluation reserve, which represents the changes in the value of assets as a result of revaluation after 1 April 2007; revaluations made prior to the 31 March 2007 were transferred to the capital adjustment account below;
- The capital adjustment account absorbs the timing differences arising from the consumption of property, plant and equipment and for the financing of the acquisitions and enhancements of the assets under statutory provision. This account also includes any revaluation gain/loss prior to 1 April 2007;
- The collection fund adjustment account represents the PCC's share of the surplus or deficits on the local authorities' collection funds that have been charged to the comprehensive income and expenditure statement and reversed out to this account so there is no impact on the general fund;
- The short term compensated absences account represents outstanding employee benefits at the year end that have been earned and not taken during the year. The cost of these benefits has been charged to the comprehensive income and expenditure statement and then reversed to this account ensuring there is no impact on the council tax payer and the general fund.

## **1.20 Post Balance Sheet Events**

These are events occurring after the balance sheet date before the Statement of Accounts are authorised for issue. Two types of events can be identified:

- Adjusting events - where there is evidence that the conditions existed at the end of the reporting period and the accounts are adjusted to reflect these events;
- Non-adjusting events – where these are indicative of conditions that arose after the balance sheet date, the Statement of Accounts are not amended, but a note is included to provide an explanation of the nature and the effect of the event;

Events that have taken place after the authorised date of issue are not reflected within the Statement of Accounts.

## **2 Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the PCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the Statement of Accounts are:

- The Police and Crime Commissioner Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Reporting Code of Practice and the Police Reform and Social Responsibility Act.
- A long term debtor is included in the Chief Constable's Balance Sheet to reflect the continuing requirement on an elected policing body, as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the Chief Constable from the Police and Crime Commissioner for the payment of pensions and other employee benefits. Should the Police and Crime Commissioner be required to settle future pension liabilities, there is no long-term expectation that the Home Office will provide this funding. Similarly, the Chief Constable could not be expected to fund the liability as the Chief Constable (the current grant arrangements notwithstanding) has no assets, cash reserves, income receipts or other sources of funding. It is reasonable to expect that should the Police and Crime Commissioner Group be required to settle future pension liabilities (however unlikely this may be), then settlement would result in an outflow of resources from the Police and Crime Commissioner.
- Estimation of the pension element of the provision (set out above) is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows.
- Judgements are made by professional advisors in valuing pensions. Management have reviewed and accepted these judgements

- A judgement has been made to include the impact of the McCloud/Sargeant ruling. Whilst the regulations underpinning the Local Government Pension Scheme (LGPS) and police pension schemes have not yet been amended, a change to the remedy is not anticipated.

### **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.

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

IFRS 16 Leases has not been adopted and is too early to judge the impact on the financial statements. CIPFA has issued a statement from the CIPFA/LASAAC that the implementation of the IFRS 16 leases will be deferred until 1 April 2022 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 net liability to pay pension depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and the expected return on the fund's assets. Actuaries provide the OCC with expert advice about the assumptions that have been applied.

Further information is included within notes 16 to 18 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.

<b>Police Officer Sensitivity Analysis</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	858,905	881,115	903,922
Projected service cost	45,787	47,567	49,411
<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	883,738	881,115	878,519
Projected service cost	47,593	47,567	47,542
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	901,096	881,115	861,650
Projected service cost	49,392	47,567	45,802
<b>Adjustment to life expectancy assumptions</b>	<b>+1 year</b>	<b>None</b>	<b>-1 year</b>
Present value of total obligation	917,903	881,115	845,861
Projected service cost	49,540	47,567	45,665

<b>Police Staff Sensitivity Analysis</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	3,868,160	3,939,780	4,012,879
Projected service cost	123,548	127,734	132,064
<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	3,946,728	3,939,780	3,932,871
Projected service cost	128,208	127,734	127,264
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	4,005,250	3,939,780	3,875,586
Projected service cost	131,609	127,734	123,992
<b>Adjustment to life expectancy assumptions</b>	<b>+1 year</b>	<b>None</b>	<b>-1 year</b>
Present value of total obligation	4,133,127	3,939,780	3,755,883
Projected service cost	132,909	127,734	122,745



## **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 £31m as at 31<sup>st</sup> March 2021. As stipulated by IAS19, the market value of the assets has been used to value the assets at the accounting date. The rate of return used as at February 2021 and projected up to March 2021 to value the assets, the difference between rate used and actual rate is adjusted for in the opening balance in the following year valuation.

## **4.3 Short and Long Term Provisions**

In determining the provisions set aside at 31 March 2021 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 25 Short and Long Term Provisions.

## **4.4 Valuation of Assets**

A valuation was undertaken of the land and buildings as at 31 March 2021 and the value of the properties have been amended to reflect the updated values for the assets. Indices were used as part of the valuation for the construction costs and local market information over the year. Valuation of land and buildings are of a subjective nature and could vary by +/-10%. In assessing the fair value of the assets held for sale, the activity within the local property market was considered.

The valuation 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 land and buildings than would normally be the case.

## **5 Events After the Balance Sheet Date**

There are no post balance sheet events to date.

## 6 Group Expenditure and Funding Analysis

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

The £2.827m pension grant, recorded in the 2019/2020 statement of accounts within Taxation and non-specific grant income, has been reclassified to be included within Police Services - OCC, in the net cost of police services.

2019/2020			Group Expenditure and Funding Analysis	2020/2021		
Net expenditure chargeable to general fund	Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E		Net expenditure chargeable to general fund	Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E
£'000	£'000	£'000		£'000	£'000	£'000
290,276	76,855	367,131	Police Services - OCC	310,599	58,201	368,800
-2,827	0	-2,827	Police Services - OCC restated	0	0	0
1,463	0	1,463	OPCC	1,553	0	1,553
3,337	-1,958	1,379	Commissioning costs	1,555	0	1,555
<b>292,249</b>	<b>74,897</b>	<b>367,146</b>	<b>Net cost of police services</b>	<b>313,707</b>	<b>58,201</b>	<b>371,908</b>
0	11	11	Gain(-)/loss on disposal of non-current assets	0	-125	-125
<b>0</b>	<b>11</b>	<b>11</b>	<b>Other operating expenditure</b>	<b>0</b>	<b>-125</b>	<b>-125</b>
0	6,026	6,026	External interest payable	0	5,993	5,993
0	-700	-700	Interest and investment income	0	-406	-406
0	88,088	88,088	Net interest on pensions	0	80,821	80,821
<b>0</b>	<b>93,414</b>	<b>93,414</b>	<b>Financial and investment income and expenditure</b>	<b>0</b>	<b>86,408</b>	<b>86,408</b>
-105,807	0	-105,807	Police - revenue grant	-114,113	0	-114,113
-56,792	0	-56,792	Ex-DCLG formula funding	-60,654	0	-60,654
0	-1,033	-1,033	Capital grant and contributions	0	-310	-310
-3,331	0	-3,331	Council tax freeze grant	-3,331	0	-3,331
-11,378	0	-11,378	Local council tax support grant	-11,378	0	-11,378
-2,827	0	-2,827	Pension grant	0	0	0
2,827	0	2,827	Pension grant restated	0	0	0
0	0	0	Tax income guarantee grant	-414	0	-414
-124,185	1,036	-123,149	Council tax - local authorities	-130,304	1,164	-129,140
-1,958	1,958	0	Commissioning of victim support services grant	0	0	0
<b>-303,451</b>	<b>1,961</b>	<b>-301,490</b>	<b>Taxation and non-specific grant income</b>	<b>-320,194</b>	<b>854</b>	<b>-319,340</b>
<b>335</b>	<b>-335</b>	<b>0</b>	<b>Reverses excluded from I&amp;E eg. SWROCU</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>-303,116</b>	<b>95,051</b>	<b>-208,065</b>		<b>-320,194</b>	<b>87,137</b>	<b>-233,057</b>
<b>-10,867</b>	<b>169,948</b>	<b>159,081</b>	<b>Surplus(-)/deficit on provision of services</b>	<b>-6,487</b>	<b>145,338</b>	<b>138,851</b>
<b>34,101</b>			<b>Opening balance of general fund</b>	<b>44,968</b>		
10,867			Transfers to reserves made in year	6,487		
<b>44,968</b>			<b>Closing balance of general fund</b>	<b>51,455</b>		

2019/2020				Group Expenditure and Funding Analysis Adjustment between accounting & funding basis	2020/2021			
Capital Purposes £'000	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000		Capital Purposes £'000	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000
10,760	71,166	-5,071	<b>76,855</b>	Police Services - OCC	9,911	51,324	-3,034	<b>58,201</b>
0	0	0	<b>0</b>	OPCC	0	0	0	<b>0</b>
0	0	-1,958	<b>-1,958</b>	Commissioning costs	0	0	0	<b>0</b>
<b>10,760</b>	<b>71,166</b>	<b>-7,029</b>	<b>74,897</b>	<b>Net cost of police services</b>	<b>9,911</b>	<b>51,324</b>	<b>-3,034</b>	<b>58,201</b>
11	0	0	<b>11</b>	Gain(-)/loss on disposal of non-current assets	-125	0	0	<b>-125</b>
<b>11</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>Other operating expenditure</b>	<b>-125</b>	<b>0</b>	<b>0</b>	<b>-125</b>
0	0	6,026	<b>6,026</b>	External interest payable	0	0	5,993	<b>5,993</b>
0	0	-700	<b>-700</b>	Interest and investment income	0	0	-406	<b>-406</b>
0	88,088	0	<b>88,088</b>	Net interest on pensions	0	80,821	0	<b>80,821</b>
<b>0</b>	<b>88,088</b>	<b>5,326</b>	<b>93,414</b>	<b>Financial and investment income and expenditure</b>	<b>0</b>	<b>80,821</b>	<b>5,587</b>	<b>86,408</b>
-1,033	0	0	<b>-1,033</b>	Capital grant and contributions	-310	0	0	<b>-310</b>
0	0	1,036	<b>1,036</b>	Council tax - local authorities	0	0	1,164	<b>1,164</b>
0	0	1,958	<b>1,958</b>	Commissioning of victim support services grant	0	0	0	<b>0</b>
<b>-1,033</b>	<b>0</b>	<b>2,994</b>	<b>1,961</b>	<b>Taxation and non-specific grant income</b>	<b>-310</b>	<b>0</b>	<b>1,164</b>	<b>854</b>
<b>0</b>	<b>0</b>	<b>-335</b>	<b>-335</b>	<b>Reverses excluded from I&amp;E eg. SWROCU</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>-1,022</b>	<b>88,088</b>	<b>7,985</b>	<b>95,051</b>		<b>-435</b>	<b>80,821</b>	<b>6,751</b>	<b>87,137</b>
<b>9,738</b>	<b>159,254</b>	<b>956</b>	<b>169,948</b>	<b>Total adjustment between accounting and funding basis</b>	<b>9,476</b>	<b>132,145</b>	<b>3,717</b>	<b>145,338</b>

## 7 Notes to the Movement in Reserves Statement

These notes support the movement in reserves statement shown on page 36.

Group Movement in Reserves Statement 2019/2020	Revenue General Fund £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
<b>Balance as at 31 March 2019</b>	<b>34,101</b>	<b>3,528</b>	<b>37,629</b>	<b>964</b>	<b>75,727</b>	<b>-3,715,699</b>	<b>-6,901</b>	<b>54,084</b>	<b>-3,591,825</b>
Total comprehensive income and expenditure	-159,081	0	-159,081	0	-9,519	381,758	0	0	372,239
<b>Adjustments between accounting &amp; funding basis under regulations</b>									
<b>Reversal of items included to I&amp;E</b>									
Amortisation of intangible assets	707	0	707	0	0	0	0	-707	-707
Depreciation of non-current assets (note 18)	16,000	0	16,000	0	0	0	0	-16,000	-16,000
Revaluation loss	4,438	0	4,438	0	0	0	0	-4,438	-4,438
Capital grants and contributions	-1,033	0	-1,033	0	0	0	0	1,033	1,033
Council tax collection fund adjustment	1,035	0	1,035	-1,035	0	0	0	0	-1,035
Gain(-)/loss on disposal of non-current assets	11	454	465	0	-211	0	0	-254	-465
Holiday pay accrual adjustment	256	0	256	0	0	0	-256	0	-256
Net IAS 19 charge for retirement benefits	208,582	0	208,582	0	0	-208,582	0	0	-208,582
<b>Insert amounts excluded in I&amp;E</b>									
Minimum revenue provision	-3,091	0	-3,091	0	0	0	0	3,091	3,091
Revenue contribution to finance capital	-7,294	0	-7,294	0	0	0	0	7,294	7,294
IAS 19 employers contributions payable	-49,328	0	-49,328	0	0	49,328	0	0	49,328
<b>Other adjustments include:</b>									
Reserve movements excluded from I&E (Reg Collab, SW ROCU)	-335	0	-335	0	0	0	0	181	181
Increase/decrease(-) in 2019/2020	10,867	454	11,321	-1,035	-9,730	222,504	-256	-9,800	201,683
<b>Balance as at 31 March 2020</b>	<b>44,968</b>	<b>3,982</b>	<b>48,950</b>	<b>-71</b>	<b>65,997</b>	<b>-3,493,195</b>	<b>-7,157</b>	<b>44,284</b>	<b>-3,390,142</b>

Group Movement in Reserves Statement 2020/2021	Revenue General Fund £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
<b>Balance as at 31 March 2020</b>	<b>44,968</b>	<b>3,982</b>	<b>48,950</b>	<b>-71</b>	<b>65,997</b>	<b>-3,493,195</b>	<b>-7,157</b>	<b>44,284</b>	<b>-3,390,142</b>
Total comprehensive income and expenditure	-138,851	0	-138,851	0	4,613	-752,781	0	0	-748,168
<b>Adjustments between accounting &amp; funding basis under regulations</b>									
<b>Reversal of items included to I&amp;E</b>									
Amortisation of intangible assets	654	0	<b>654</b>	0	0	0	0	-654	<b>-654</b>
Depreciation of non-current assets (note 18)	15,986	0	<b>15,986</b>	0	0	0	0	-15,986	<b>-15,986</b>
Revaluation loss	3,510	0	<b>3,510</b>	0	0	0	0	-3,510	<b>-3,510</b>
Capital grants and contributions	-310	0	<b>-310</b>	0	0	0	0	310	<b>310</b>
Council tax collection fund adjustment	1,164	0	<b>1,164</b>	-1,164	0	0	0	0	<b>-1,164</b>
Gain(-)/loss on disposal of non-current assets	-125	1,620	<b>1,495</b>	0	-208	0	0	-1,287	<b>-1,495</b>
Holiday pay accrual adjustment	2,553	0	<b>2,553</b>	0	0	0	-2,553	0	<b>-2,553</b>
Net IAS 19 charge for retirement benefits	186,647	0	<b>186,647</b>	0	0	-186,647	0	0	<b>-186,647</b>
<b>Insert amounts excluded in I&amp;E</b>									
Minimum revenue provision	-3,297	0	<b>-3,297</b>	0	0	0	0	3,297	<b>3,297</b>
Revenue contribution to finance capital	-6,836	0	<b>-6,836</b>	0	0	0	0	6,836	<b>6,836</b>
IAS 19 employers contributions payable	-54,502	0	<b>-54,502</b>	0	0	54,502	0	0	<b>54,502</b>
<b>Other adjustments include:</b>									
Reserves used to finance capital	-106	0	<b>-106</b>	0	0	0	0	106	<b>106</b>
Increase/decrease(-) in 2020/2021	6,487	1,620	<b>8,107</b>	-1,164	4,405	-884,926	-2,553	-10,888	<b>-895,126</b>
<b>Balance as at 31 March 2021</b>	<b>51,455</b>	<b>5,602</b>	<b>57,057</b>	<b>-1,235</b>	<b>70,402</b>	<b>-4,378,121</b>	<b>-9,710</b>	<b>33,396</b>	<b>-4,285,268</b>

PCC Movement in Reserves Statement 2019/2020	Revenue General Fund £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
<b>Balance as at 31 March 2019</b>	<b>34,101</b>	<b>3,528</b>	<b>37,629</b>	<b>964</b>	<b>75,727</b>	<b>-3,715,699</b>	<b>-6,901</b>	<b>54,084</b>	<b>-3,591,825</b>
Total comprehensive income and expenditure	222,677	0	222,677	0	-9,519	0	0	0	-9,519
<b>Adjustments between accounting &amp; funding basis under regulations</b>									
<b>Reversal of items included to I&amp;E</b>									
Amortisation of intangible assets	707	0	707	0	0	0	0	-707	-707
Depreciation of non-current assets (note 18)	16,000	0	16,000	0	0	0	0	-16,000	-16,000
Revaluation loss	4,438	0	4,438	0	0	0	0	-4,438	-4,438
Capital grants and contributions	-1,033	0	-1,033	0	0	0	0	1,033	1,033
Council tax collection fund adjustment	1,035	0	1,035	-1,035	0	0	0	0	-1,035
Gain(-)/loss on disposal of non-current assets	11	454	465	0	-211	0	0	-254	-465
Holiday pay accrual adjustment	256	0	256	0	0	0	-256	0	-256
Net IAS 19 charge for retirement benefits	208,582	0	208,582	0	0	-208,582	0	0	-208,582
Net IAS 19 charge Inter group adjustment	-381,758	0	-381,758	0	0	381,758	0	0	381,758
<b>Insert amounts excluded in I&amp;E</b>									
Minimum revenue provision	-3,091	0	-3,091	0	0	0	0	3,091	3,091
Revenue contribution to finance capital	-7,294	0	-7,294	0	0	0	0	7,294	7,294
IAS 19 employers contributions payable	-49,328	0	-49,328	0	0	49,328	0	0	49,328
<b>Other adjustments include:</b>									
Reserve movements excluded from I&E (Reg Collab, SW ROCU)	-335	0	-335	0	0	0	0	181	181
Increase/decrease(-) in 2019/2020	10,867	454	11,321	-1,035	-9,730	222,504	-256	-9,800	201,683
<b>Balance as at 31 March 2020</b>	<b>44,968</b>	<b>3,982</b>	<b>48,950</b>	<b>-71</b>	<b>65,997</b>	<b>-3,493,195</b>	<b>-7,157</b>	<b>44,284</b>	<b>-3,390,142</b>



<b>PCC Movement in Reserves Statement 2020/2021</b>	<b>Revenue General Fund £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Collect Fund Adjustment £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Pensions Reserve Account £'000</b>	<b>Short Term Absences Account £'000</b>	<b>Capital Adjustment Account £'000</b>	<b>Total Unusable Reserves £'000</b>
<b>Balance as at 31 March 2020</b>	<b>44,968</b>	<b>3,982</b>	<b>48,950</b>	<b>-71</b>	<b>65,997</b>	<b>-3,493,195</b>	<b>-7,157</b>	<b>44,284</b>	<b>-3,390,142</b>
Total comprehensive income and expenditure	-891,632	0	-891,632	0	4,613	0	0	0	4,613
<b>Adjustments between accounting &amp; funding basis under regulations</b>									
<b>Reversal of items included to I&amp;E</b>									
Amortisation of intangible assets	654	0	<b>654</b>	0	0	0	0	-654	<b>-654</b>
Depreciation of non-current assets (note 18)	15,986	0	<b>15,986</b>	0	0	0	0	-15,986	<b>-15,986</b>
Revaluation loss	3,510	0	<b>3,510</b>	0	0	0	0	-3,510	<b>-3,510</b>
Capital grants and contributions	-310	0	<b>-310</b>	0	0	0	0	310	<b>310</b>
Council tax collection fund adjustment	1,164	0	<b>1,164</b>	-1,164	0	0	0	0	<b>-1,164</b>
Gain(-)/loss on disposal of non-current assets	-125	1,620	<b>1,495</b>	0	-208	0	0	-1,287	<b>-1,495</b>
Holiday pay accrual Inter group adjustment	2,553	0	<b>2,553</b>	0	0	0	-2,553	0	<b>-2,553</b>
Net IAS 19 charge for retirement benefits	186,647	0	<b>186,647</b>	0	0	-186,647	0	0	<b>-186,647</b>
Net IAS 19 charge Inter group adjustment	752,781	0	<b>752,781</b>	0	0	-752,781	0	0	<b>-752,781</b>
<b>Insert amounts excluded in I&amp;E</b>									
Minimum revenue provision	-3,297	0	<b>-3,297</b>	0	0	0	0	3,297	<b>3,297</b>
Contribution to disposal costs of capital sales	0	0	<b>0</b>	0	0	0	0	0	<b>0</b>
Revenue contribution to finance capital	-6,836	0	<b>-6,836</b>	0	0	0	0	6,836	<b>6,836</b>
IAS 19 employers contributions payable	-54,502	0	<b>-54,502</b>	0	0	54,502	0	0	<b>54,502</b>
<b>Other adjustments include:</b>									
Reserves used to finance capital	-106	0	<b>-106</b>	0	0	0	0	106	<b>106</b>
Increase/decrease(-) in 2020/2021	6,487	1,620	<b>8,107</b>	-1,164	4,405	-884,926	-2,553	-10,888	<b>-895,126</b>
<b>Balance as at 31 March 2021</b>	<b>51,455</b>	<b>5,602</b>	<b>57,057</b>	<b>-1,235</b>	<b>70,402</b>	<b>-4,378,121</b>	<b>-9,710</b>	<b>33,396</b>	<b>-4,285,268</b>

## 8 Income and Expenditure analysed by nature

Restated 2019/2020			Income and Expenditure analysed by nature	2020/2021		
OCC £'000	PCC £'000	Group £'000		OCC £'000	PCC £'000	Group £'000
238,090	1,140	<b>239,230</b>	Employee costs	258,652	1,234	<b>259,886</b>
13,559	7	<b>13,566</b>	Premises costs	15,327	0	<b>15,327</b>
5,348	18	<b>5,366</b>	Transport costs	4,135	1	<b>4,136</b>
27,647	200	<b>27,847</b>	Supplies & services	33,807	197	<b>34,004</b>
13,685	117	<b>13,802</b>	Partnership costs	14,836	121	<b>14,957</b>
12,785	0	<b>12,785</b>	Misc, central, & grants	13,140	0	<b>13,140</b>
0	5,553	<b>5,553</b>	Commissioning	0	6,938	<b>6,938</b>
21,145	0	<b>21,145</b>	Depreciation, amortisation, & impairment	20,150	0	<b>20,150</b>
71,422	0	<b>71,422</b>	Employee benefit expenses	53,877	0	<b>53,877</b>
88,088	0	<b>88,088</b>	Net interest on pensions	80,821	0	<b>80,821</b>
58,600	0	<b>58,600</b>	Police pension top up grant	53,418	0	<b>53,418</b>
0	6,026	<b>6,026</b>	Interest payments	0	5,993	<b>5,993</b>
0	11	<b>11</b>	Gain/loss on disposal of fixed assets	0	-125	<b>-125</b>
-110,011	110,011	<b>0</b>	Intragroup adjustment	-1,247,526	1,247,526	<b>0</b>
<b>440,358</b>	<b>123,083</b>	<b>563,441</b>	<b>Total expenditure</b>	<b>-699,363</b>	<b>1,261,885</b>	<b>562,522</b>
-15,175	-477	<b>-15,652</b>	Sales, rent, fees, & charges	-15,787	-703	<b>-16,490</b>
-1,920	0	<b>-1,920</b>	Seconded officers	-1,606	0	<b>-1,606</b>
0	-1,958	<b>-1,958</b>	Commissioning of victim support services	0	-2,753	<b>-2,753</b>
-9,598	0	<b>-9,598</b>	Counter terrorism policing grant	-10,074	0	<b>-10,074</b>
-1,720	-1,150	<b>-2,870</b>	Serious Violence grant	-1,124	-1,312	<b>-2,436</b>
-659	0	<b>-659</b>	Uplift grant	-3,843	0	<b>-3,843</b>
-2,827	0	<b>-2,827</b>	Officer pensions grant	-2,828	0	<b>-2,828</b>
-7,479	-607	<b>-8,086</b>	Other specific grants	-9,862	-615	<b>-10,477</b>
0	-700	<b>-700</b>	Interest and investment income	0	-406	<b>-406</b>
0	-105,807	<b>-105,807</b>	Police - revenue grant	0	-114,113	<b>-114,113</b>
0	-56,792	<b>-56,792</b>	Ex-DCLG formula funding	0	-60,654	<b>-60,654</b>
0	-1,033	<b>-1,033</b>	Capital grant and contributions	0	-310	<b>-310</b>
0	-3,331	<b>-3,331</b>	Council tax freeze grant	0	-3,331	<b>-3,331</b>
0	-11,378	<b>-11,378</b>	Local council tax support grant	0	-11,378	<b>-11,378</b>
0	0	<b>0</b>	Tax income guarantee grant	0	-414	<b>-414</b>
0	-123,149	<b>-123,149</b>	Income from council tax	0	-129,140	<b>-129,140</b>
0	-58,600	<b>-58,600</b>	Police pension top up grant	0	-53,418	<b>-53,418</b>
-19,222	19,222	<b>0</b>	Intragroup adjustment	-8,294	8,294	<b>0</b>
<b>-58,600</b>	<b>-345,760</b>	<b>-404,360</b>	<b>Total income</b>	<b>-53,418</b>	<b>-370,253</b>	<b>-423,671</b>
<b>381,758</b>	<b>-222,677</b>	<b>159,081</b>	<b>Surplus/deficit on provision of services</b>	<b>-752,781</b>	<b>891,632</b>	<b>138,851</b>

## 9 Paying Staff

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
	£	£	£	£	£
PCC - S Mountstevens	86,700	0	86,700	11,444	98,144
Chief Constable - A Marsh	165,394	7,747	173,141	0	173,141
	<b>252,094</b>	<b>7,747</b>	<b>259,841</b>	<b>11,444</b>	<b>271,285</b>

Disclosure of Remuneration for Senior Employees 2020/2021					
Post Holder Information (post title and name)	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2020/2021	Pension Contributions	Total Remuneration Including Pension Contributions 2020/2021
	£	£	£	£	£
PCC - S Mountstevens	86,700	0	86,700	14,132	100,832
Chief Constable - A Marsh	169,366	11,128	180,494	0	180,494
	<b>256,066</b>	<b>11,128</b>	<b>267,194</b>	<b>14,132</b>	<b>281,326</b>

## Disclosure of Remuneration for Senior Employees 2019/2020

Post Holder Information (post title)	Note	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2019/2020	Pension Contributions	Total Remuneration Including Pension Contributions 2019/2020
		£	£	£	£	£
<b>PCC Employees</b>						
Interim Chief Executive to the PCC	1	66,016	0	<b>66,016</b>	8,714	<b>74,730</b>
Chief Finance Officer to the PCC	2	19,348	0	<b>19,348</b>	2,554	<b>21,902</b>
Chief Executive to the PCC	3	78,405	0	<b>78,405</b>	10,401	<b>88,806</b>
<b>OCC Employees</b>						
Chief Officer –Finance, Resources and Innovation & Section 151 Officer of the PCC	4	25,057	9,404	<b>34,461</b>	3,308	<b>37,769</b>
Chief Officer - Finance, Resources and Innovation		80,238	0	<b>80,238</b>	10,591	<b>90,829</b>
Director of People & Org Development	5	93,221	4,585	<b>97,806</b>	12,146	<b>109,952</b>
Director of People & Org Development	6	23,957	0	<b>23,957</b>	2,961	<b>26,918</b>
Deputy Chief Constable		132,978	6,797	<b>139,775</b>	41,223	<b>180,998</b>
ACC - Investigations Operational Support		117,998	6,453	<b>124,451</b>	0	<b>124,451</b>
ACC - Regional Collaborations	7	5,487	0	<b>5,487</b>	1,658	<b>7,145</b>
T/ACC - Regional Collaborations	8	17,741	0	<b>17,741</b>	5,500	<b>23,241</b>
ACC - Regional Collaborations	9	90,874	0	<b>90,874</b>	26,246	<b>117,120</b>
ACC - Neighbourhoods & Partnerships		114,794	7,993	<b>122,787</b>	34,732	<b>157,519</b>
Force Medical Officer		141,264	0	<b>141,264</b>	19,308	<b>160,572</b>
		<b>1,007,378</b>	<b>35,232</b>	<b>1,042,610</b>	<b>179,342</b>	<b>1,221,952</b>

# Disclosure of Remuneration for Senior Employees 2020/2021

Post Holder Information (post title)	Note	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2020/2021	Pension Contributions	Total Remuneration Including Pension Contributions 2020/2021
		£	£	£	£	£
<b>PCC Employees</b>						
Temporary Deputy PCC	1	35,578	0	35,578	5,799	41,377
Chief Finance Officer to the PCC	2	49,288	0	49,288	8,034	57,322
Chief Executive to the PCC	3	82,277	0	82,277	13,411	95,688
<b>OCC Employees</b>						
Chief Officer - Finance, Resources and Innovation & Section 151 Officer of the PCC	4	26,806	2,801	29,607	4,369	33,976
Chief Officer - Finance, Resources and Innovation	4	87,863	9,181	97,044	14,322	111,366
Chief Officer - People and Organisational Development		113,617	0	113,617	17,279	130,896
Deputy Chief Constable		136,303	7,375	143,678	42,254	185,932
ACC - Investigations & Operational Support		122,321	7,398	129,719	0	129,719
ACC - Neighbourhoods, Partnerships & Response		120,763	7,034	127,797	36,583	164,380
ACC - Regional Collaborations		117,618	0	117,618	34,137	151,755
Force Medical Officer - D Bulpitt		150,372	0	150,372	24,511	174,883
		<b>1,042,806</b>	<b>33,789</b>	<b>1,076,595</b>	<b>200,699</b>	<b>1,277,294</b>

## Notes to Remuneration for 2019/2020

- Note 1: The Chief Finance Officer to the PCC is also the Interim Chief Executive to the PCC with effect from 09/01/2020. The annualised salary of the Interim Chief Executive to the PCC role is £104,439.
- Note 2: The Chief Finance Officer to the PCC is also the Interim Chief Executive to the PCC with effect from 09/01/2020. The annualised salary of the Chief Finance Officer to the PCC role was £96,640.
- Note 3: The Chief Executive to the PCC resigned on the 08/01/2020. The annualised salary was £101,778.
- Note 4: The Chief Officer – Finance, Resources and Innovation is also currently the Interim Section 151 Officer for the PCC, with effect from 09/01/2020. The annualised salary is £109,662.
- Note 5: The Director of People & Org Development left on 12/01/2020. The annualised salary was £116,346.
- Note 6: 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 7: The ACC – Regional Collaborations retired on 18/04/2019. The annualised salary was £109,662.
- Note 8: 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 9: The ACC – Regional Collaborations commenced on 03/06/2019 at an annualised salary of £103,023.

## Notes to Remuneration for 2020/2021

- Note 1: A temporary Deputy PCC was appointed, who worked 22.2 hours per week, with effect from 24/04/2020, at a full time equivalent salary of £65,025. This ceased on 22/03/2021.
- Note 2: The interim Chief Finance Officer to the PCC commenced on 29/06/2020 and works 29.6 hours per week. The full time equivalent annualised salary is £80,906.
- Note 3: The interim Chief Executive to the PCC works 29.6 hours per week. The full time equivalent salary is £99,057.
- Note 4: The Chief Officer – Finance, Resources and Innovation was also the Section 151 Officer of the PCC until 28/06/2020. The annualised salary is £119,220.



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.

OCC Number	PCC Number	Total 2019/2020 Number	Pay Range	OCC Number	PCC Number	Total 2020/2021 Number
187	1	188	£50,000 - £54,999	239	1	240
131	1	132	£55,000 - £59,999	147	0	147
24	0	24	£60,000 - £64,999	60	1	61
9	0	9	£65,000 - £69,999	7	0	7
8	0	8	£70,000 - £74,999	10	0	10
5	1	6	£75,000 - £79,999	5	0	5
7	0	7	£80,000 - £84,999	6	1	7
6	2	8	£85,000 - £89,999	8	1	9
2	0	2	£90,000 - £94,999	5	0	5
1	0	1	£95,000 - £99,999	0	0	0
1	0	1	£105,000 - £109,999	0	0	0
1	0	1	£110,000 - £114,999	1	0	1
0	0	0	£115,000 - £119,999	1	0	1
2	0	2	£120,000 - £124,999	0	0	0
0	0	0	£125,000 - £129,999	3	0	3
1	0	1	£135,000 - £139,999	0	0	0
1	0	1	£140,000 - £144,999	1	0	1
0	0	0	£150,000 - £154,999	1	0	1
1	0	1	£170,000 - £174,999	0	0	0
0	0	0	£180,000 - £184,999	1	0	1
<b>387</b>	<b>5</b>	<b>392</b>		<b>495</b>	<b>4</b>	<b>499</b>

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

## 10 Exit Packages – OCC

The costs for eight staff redundancies were recognised during the 2020/2021 year, the details of which are presented in the table below. This follows sixteen redundancies in 2019/2020.

Compulsory & Voluntary Redundancies 2019/2020		Exit Packages	Compulsory & Voluntary Redundancies 2020/2021	
Number	£'000	Banding	Number	£'000
16	180	£0 - £19,999	3	36
0	0	£20,000 - £39,999	3	80
0	0	£40,000 - £59,999	1	44
0	0	£60,000 - £79,999	1	65
<b>16</b>	<b>180</b>		<b>8</b>	<b>225</b>

## 11 External Audit Costs

External audit services are provided to the PCC 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.

2019/2020 £'000	External Audit Costs	2020/2021 £'000
	<b>Police and Crime Commissioner:</b>	
38	Fees for external audit services paid to Grant Thornton	44
	<b>Chief Constable:</b>	
19	Fees for external audit services paid to Grant Thornton	14
<u>57</u>		<u>58</u>

Fees paid by the PCC in 2020/2021 were based on the scale fee, with an additional £16,410 accrued for variations. The final fees for the audit have not yet been confirmed.

## 12 Council Tax

Council tax is collected by the local authorities in our area. The amounts receivable from each local authority are shown in the following table.

2019/2020 £'000	Council Tax	2020/2021 £'000
9,006	Mendip District Council	9,598
9,030	Sedgemoor District Council	9,455
12,205	Somerset West and Taunton Council	12,728
13,076	South Somerset District Council	13,724
14,488	Bath and North East Somerset Council	15,188
27,461	Bristol City Council	28,892
20,772	South Gloucestershire Council	21,887
17,111	North Somerset Council	17,668
<u>123,149</u>		<u>129,140</u>

## 13 Transactions With Related Organisations and People

There is a requirement to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the PCC or to be controlled or influenced by the PCC. In doing this we are required to consider the materiality from the viewpoint of both the PCC and the related party.

### 13.1 Key Management Personnel and Members of the Joint Audit Committee

The PCC and the OCC were asked to disclose details of any transactions between themselves or members of their immediate family with the PCC which either total over £1,000 or which might require separate explanation.

No transactions were disclosed in 2020/2021 (£2,142 was disclosed in 2019/2020).

### 13.2 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 PCC also 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 £338,176 in 2020/2021 (£249,987 in 2019/2020). Payments were also made to the Avon and Somerset Constabulary Force Club in 2020/2021 of £11,562 (£8,178 in 2019/2020).

## 14 Joint Arrangements

The PCC participates in a number of joint arrangements. These joint arrangements are where the authority works in collaboration with other organisations to deliver activities which are agreed through a shared control, usually through a shared board.

Joint arrangements are classified as either joint operations or joint ventures. Joint operations are where the parties have the rights to the assets and obligations for the liabilities relating to the arrangement. Joint ventures are where the parties have rights to the net assets of the arrangement, and typically are structured through a separate legal entity. The PCC does not participate in any joint ventures.

The PCC recognises its share of the assets, liabilities and expenditure relating to its involvement in the joint operations.

The PCC's contributions to joint operations are disclosed below:

2019/2020 Expenditure £'000	Joint Operations	2020/2021 Expenditure £'000
3,359	South West Regional Organised Crime Unit	3,361
1,209	Firearms Training	1,339
653	Counter Terrorism Specialist Firearms Officers	518
4,866	Major Crime Investigation (Brunel)	5,074
6,529	South West Forensic Services	7,158
1,134	South West Region - Special Branch	1,135
39	Regional ACC	45
28	Disaster Victim Identification / Casualty Bureau	26
423	Other Regional Programmes	402
<b>18,240</b>	<b>Total</b>	<b>19,058</b>

### 14.1 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 £10,362,943 in 2020/2021 (£10,356,470 in 2019/2020).

### 14.2 Firearms Training

Firearms Training is run in partnership between Avon and Somerset, Gloucestershire and Wiltshire. The split of expenditure between the forces is different for premises and non-premises related costs. The overall percentage allocation for 2020/2021 was 44.5% for Avon and Somerset, 30.4% for Gloucestershire, and 25.1% for Wiltshire. The total cost of the operation was £3,009,167 in 2020/2021 (£2,891,075 in 2019/2020).

### 14.3 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 £966,040 in 2020/2021 (£1,217,721 in 2019/2020). An element of this firearms capability is funded from a government grant which is reported separately.

### 14.4 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 £7,927,695 in 2020/2021 (£7,602,453 in 2019/2020).

## 14.5 South West Forensic Services

South West Forensic Services is a collaboration between Avon and Somerset (36.0%), Devon and Cornwall (31.6%), Dorset (18.4%) and Wiltshire (14.0%) to provide forensic services. The total cost of the operation was £19,890,400 in 2020/2021 (£18,171,422 in 2019/2020).

## 14.6 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 £3,996,900 in 2020/2021 (£3,992,900 in 2019/2020).

## 14.7 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 (32.4%), Gloucestershire (10.8%), Devon and Cornwall (33.3%), Dorset (11.8%) and Wiltshire (11.7%). The total cost for the ACC was £138,973 in 2020/2021 (£119,199 in 2019/2020).

## 14.8 Disaster Victim Identification / Casualty Bureau

This is a collaboration between Avon and Somerset (30.8%), Gloucester (11.9%), Devon and Cornwall (31.9%), 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 £83,800 in 2020/2021 (£91,632 in 2019/2020).

## 14.9 Other Regional Programmes

These are collaborations between Avon and Somerset, Gloucestershire, Devon and Cornwall, Dorset, and Wiltshire covering activities such as the Emergency Services Mobile Communications Programme, shared ways of working for record management systems, and regional governance and oversight of existing collaborations. The percentage split varies between projects. The total cost of all programmes was £1,238,320 in 2020/2021 (£1,249,682 in 2019/2020).

## 15 Rent for Operational Leases

The PCC has entered into operating leases in respect of land and buildings.

2019/2020 £'000	Leased Land and Buildings	2020/2021 £'000
	The future minimum lease payments due under non-cancellable leases in future years are:	
926	Not later than one year	1,071
2,429	Later than one year and not later than five years	3,559
4,031	Later than five years	4,575
<u>7,386</u>		<u>9,205</u>

## 16 Pensions Costs and Liabilities - OCC

The full costs of retirement benefits earned by employees during the year are recognised through the comprehensive income and expenditure statement net cost of police services as they are accrued. These costs are then reversed through the movement in reserves statement so that there is no impact on the general fund. It should be noted that the charge against council tax for pension benefits is based upon the cash value of employer's contributions.

	Police Staff		Police Officers	
	2019/2020	2020/2021	2019/2020	2020/2021
	£'000	£'000	£'000	£'000
<b>Comprehensive income and expenditure statement</b>				
Cost of services:				
Current service cost	28,254	28,980	86,173	76,630
Administration expenses	236	182	0	0
Past service cost including curtailments	5,831	34	0	0
Financing and investment income and expenditure:				
Net interest cost	6,511	6,180	81,577	74,641
<b>Total post employment benefits charged to the comprehensive income and expenditure statement</b>	<b>40,832</b>	<b>35,376</b>	<b>167,750</b>	<b>151,271</b>
<b>Other post employment benefits charged to the comprehensive income and expenditure statement</b>				
Return on plan assets	-34,015	89,556	0	0
Changes in demographic assumptions	4,120	6,434	-6,626	51,203
Changes in financial assumptions	82,507	-250,881	306,189	-755,449
Experience gain/loss(-) on defined benefit obligations	-20,537	6,708	0	45,429
Other actuarial gain/loss(-)	-3,281	0	53,401	54,219
<b>Total other comprehensive income</b>	<b>28,794</b>	<b>-148,183</b>	<b>352,964</b>	<b>-604,598</b>
<b>Movement in reserves statement</b>				
Reversal of net charges made for retirement benefits in accordance with the code	-40,832	-35,376	-167,750	-151,271
<b>Actual amount charged against the general fund balance for pensions in the year</b>				
Employer's contribution to scheme	13,116	16,102	29,563	31,690
Retirement benefits payable to pensioners	110	105	6,539	6,605

2020 £'000	IAS 19 Pension Liabilities	2021 £'000
-3,222,206	Police officers	-3,939,780
-270,989	Police staff	-438,341
<b>-3,493,195</b>		<b>-4,378,121</b>

## 17 Pensions for Police Officers - OCC

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 11.00% to 15.05% depending on their pay scale and the scheme they are in. Employer contributions to the Police Officer Pension Scheme are projected at £34,128,000 in financial year 2021/2022. Since April 2019 the employer contribution rate has been 31%.

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.

2019/2020 £'000	Cost of Injury and Ill-Health Benefits - Police Officers	2020/2021 £'000
6,539	Payments to pensioners	6,605

2019/2020 £'000	Pensions Account	2020/2021 £'000
103,041	Benefits paid to officers	100,063
-44,441	Less contributions received from officers	-46,645
<b>58,600</b>	<b>Balance met from PCC Group</b>	<b>53,418</b>

A full valuation of the pension scheme liabilities was undertaken for 31 March 2021. 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 18 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	2020/2021	2019/2020
<b>Current pensioners</b>		
Males	21.1	21.6
Females	23.3	23.7
<b>Retiring in 20 years</b>		
Males	22.3	23.3
Females	24.8	25.5

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

2019/2020 %		2020/2021 %
2.35	Discount rate	2.00
3.40	Rate of increase in salaries	3.85
1.90	Rate of increase in pensions in payment	2.85
2.70	Change in Retail Price Index (RPI)	3.25
1.90	Change in Consumer Price Index (CPI)	2.85

The movement in the present value of scheme liabilities for the year to 31 March 2021 is as follows:



2019/2020 £'000	Present Value of Police Pension Scheme Liabilities	2020/2021 £'000
-3,443,522	Present value of schemes liability as at 1 April	-3,222,206
	<b>Movements in the year</b>	
-86,173	Current service cost	-76,630
0	Past service cost	0
102,228	Estimated benefits paid (net of transfers in)	106,262
-12,725	Contributions by scheme participants	-13,748
-81,577	Interest costs	-74,641
306,189	Change in financial assumptions	-755,449
-6,626	Change in demographic assumptions	51,203
0	Experience gain/loss on defined benefit obligations	45,429
<b>-3,222,206</b>	<b>Present value of schemes liability as at 31 March</b>	<b>-3,939,780</b>

The movement in the fair value of scheme assets for the year to 31 March 2021 is as follows:

2019/2020 £'000	Fair Value of Police Pensions Scheme Assets	2020/2021 £'000
0	Present value of schemes assets as at 1 April	0
	<b>Movements in the year</b>	
53,401	Other actuarial gain/loss(-)	54,219
36,102	Contributions by employer	38,295
12,725	Contributions by scheme participants	13,748
-102,228	Estimated benefits paid (net of transfers in)	-106,262
<b>0</b>	<b>Present value of schemes assets as at 31 March</b>	<b>0</b>

## 18 Pensions for Police Staff - OCC

Police staff can choose to join the Somerset County Council Local Government Pension Scheme, which is a defined benefit scheme based on career average 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.

2019/2020		Pension Costs - Police Staff	2020/2021	
Payments	Percentage of Employees' Contributions		Payments	Percentage of Employees' Contributions
£'000			£'000	
13,147	106-240	PCC's contribution	16,301	130-296

During 2020/2021 the Constabulary paid into the fund at rates of between 130% and 296% 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 £16,159,000 in financial year 2021/2022.

Since April 2020 the Constabulary has paid 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 2020/2021 was £2,260,000; the amount due in 2021/2022 is £2,340,000.

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 16.

A full valuation of the pension scheme liabilities was last undertaken as at 31 March 2019. This work has been updated for the 2020/2021 financial year 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		2020/2021	2019/2020
<b>Current pensioners</b>			
	Males	23.1	21.6
	Females	24.6	23.7
<b>Retiring in 20 years</b>			
	Males	24.4	23.3
	Females	26.0	25.5

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

2019/2020		2020/2021
%		%
2.35	Discount rate	2.05
2.80	Rate of increase in salaries	3.85
1.80	Rate of increase in pensions in payment	2.85
2.60	Change in Retail Price Index (RPI)	3.15
1.80	Change in Consumer Price Index (CPI)	2.85

The return on the pension fund assets on a bid value basis for the year to 31 March 2021 is estimated to be 28.69%. The estimated value of the PCC's share of the fund's assets is £442,774,000 on a bid value basis (2019/2020 £335,238,000). The assets are made up of the following:

2019/2020		Assets	2020/2021	
£'000	%		£'000	%
		<b>Equities</b>		
335	0.1	UK - Quoted	0	0.0
21,020	6.3	Overseas - Quoted	1,769	0.4
64,701	19.3	UK - Unquoted	77,302	17.5
137,772	41.1	Overseas - Unquoted	227,837	51.5
9,052	2.7	Private equity	11,498	2.6
<b>232,880</b>	<b>69.5</b>		<b>318,406</b>	<b>72.0</b>
		<b>Gilts - Public Sector</b>		
8,816	2.6	UK fixed interest	12,495	2.8
11,319	3.4	UK index linked	12,495	2.8
335	0.1	Overseas index linked	446	0.1
<b>20,470</b>	<b>6.1</b>		<b>25,436</b>	<b>5.7</b>
		<b>Other Bonds</b>		
16,790	5	UK	20,785	4.7
17,192	5.1	Overseas	22,111	5.0
<b>33,982</b>	<b>10.1</b>		<b>42,896</b>	<b>9.7</b>
29,493	8.8	<b>Property</b>	30,596	6.9
18,413	5.5	<b>Cash (invested internally)</b>	25,440	5.7
<b>335,238</b>	<b>100</b>	<b>Total assets</b>	<b>442,774</b>	<b>100</b>

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

2019/2020 £'000	Police Staff Pensions	2020/2021 £'000
335,238	Share of assets in pension fund	442,774
-604,478	Estimated liabilities in pension fund	-879,492
-1,749	Estimated unfunded liabilities	-1,623
<b>-270,989</b>	<b>Deficiency in fund</b>	<b>-438,341</b>

The movement in the present value of schemes obligations for the year to 31 March 2021 is as follows:

2019/2020 £'000	Present Value of Police Staff Liabilities	2020/2021 £'000
<b>-629,832</b>	Present value of defined obligations as at 1 April	<b>-606,227</b>
	<b>Movements in the year</b>	
-28,254	Current service cost	-28,980
11,753	Estimated benefits paid (net of transfers in)	11,430
-4,913	Contributions by scheme participants	-5,493
-15,350	Interest costs	-14,177
110	Unfunded pension payments	105
82,507	Change in financial assumptions	-250,881
4,120	Change in demographic assumptions	6,434
-20,537	Experience loss(-)/gain on defined benefit obligations	6,708
-5,831	Past service cost, including curtailments	-34
<b>-606,227</b>	<b>Present value of defined obligations as at 31 March</b>	<b>-881,115</b>

The movement in the fair value of scheme assets for the year to 31 March 2021 is as follows:

2019/2020 £'000	Fair Value of Police Staff Scheme Assets	2020/2021 £'000
<b>357,655</b>	Fair value of scheme assets as at 1 April	<b>335,238</b>
	<b>Movements in the year</b>	
8,839	Interest on assets	7,997
-34,015	Return on assets less interest	89,556
-3,281	Other actuarial gain/loss(-)	0
-236	Administration expenses	-182
13,226	Contributions by employer	16,207
4,913	Contributions by scheme participants	5,493
-11,863	Estimated benefits paid (net of transfers in)	-11,535
<b>335,238</b>	<b>Fair value of scheme assets as at 31 March</b>	<b>442,774</b>

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.

## 19 Property, Plant and Equipment

Property, Plant and Equipment 2019/2020	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
As at 1 April 2019	206,289	114,271	1,133	<b>321,693</b>
Additions during year	1,785	7,990	4,541	<b>14,316</b>
Disposals	-390	-13,676	0	<b>-14,066</b>
Reclassification	-1,857	0	-93	<b>-1,950</b>
<b>Revaluation gain/loss (-)</b>				
Recognised in revaluation reserve	-13,872	0	0	<b>-13,872</b>
Recognised in surplus & deficit I&E	-5,354	0	0	<b>-5,354</b>
<b>As at 31 March 2020</b>	<b>186,601</b>	<b>108,585</b>	<b>5,581</b>	<b>300,767</b>
<b>Depreciation and impairment</b>				
As at 1 April 2019	-398	-94,375	0	<b>-94,773</b>
Depreciation charge	-5,914	-10,086	0	<b>-16,000</b>
Disposals	10	13,592	0	<b>13,602</b>
Reclassification	138	0	0	<b>138</b>
<b>Revaluation gain/loss (-)</b>				
Recognised in revaluation reserve	4,565	0	0	<b>4,565</b>
Recognised in surplus & deficit I&E	1,047	0	0	<b>1,047</b>
<b>As at 31 March 2020</b>	<b>-552</b>	<b>-90,869</b>	<b>0</b>	<b>-91,421</b>
<b>Net book value</b>				
<b>As at 31 March 2020</b>	<b>186,049</b>	<b>17,716</b>	<b>5,581</b>	<b>209,346</b>
<b>As at 31 March 2019</b>	<b>205,891</b>	<b>19,896</b>	<b>1,133</b>	<b>226,920</b>

Property, Plant and Equipment 2020/2021	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
As at 1 April 2020	186,601	108,585	5,581	<b>300,767</b>
Additions during year	1,303	6,662	12	<b>7,977</b>
Disposals	0	-22,628	0	<b>-22,628</b>
Reclassification	5,344	0	-5,086	<b>258</b>
<b>Revaluation gain/loss (-)</b>				
Recognised in revaluation reserve	40	0	0	<b>40</b>
Recognised in surplus & deficit I&E	-4,127	0	0	<b>-4,127</b>
<b>As at 31 March 2021</b>	<b>189,161</b>	<b>92,619</b>	<b>507</b>	<b>282,287</b>
<b>Depreciation and impairment</b>				
As at 1 April 2020	-552	-90,869	0	<b>-91,421</b>
Depreciation charge	-6,033	-9,953	0	<b>-15,986</b>
Disposals	0	22,411	0	<b>22,411</b>
Reclassification	0	0	0	<b>0</b>
<b>Revaluation gain/loss (-)</b>				
Recognised in revaluation reserve	4,571	0	0	<b>4,571</b>
Recognised in surplus & deficit I&E	1,062	0	0	<b>1,062</b>
<b>As at 31 March 2021</b>	<b>-952</b>	<b>-78,411</b>	<b>0</b>	<b>-79,363</b>
<b>Net book value</b>				
<b>As at 31 March 2021</b>	<b>188,209</b>	<b>14,208</b>	<b>507</b>	<b>202,924</b>
<b>As at 31 March 2020</b>	<b>186,049</b>	<b>17,716</b>	<b>5,581</b>	<b>209,346</b>

Nature of assets held as at 31 March 2020	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Owned	108,053	17,716	5,581	<b>131,350</b>
PFI	77,996	0	0	<b>77,996</b>
	<b>186,049</b>	<b>17,716</b>	<b>5,581</b>	<b>209,346</b>

Nature of assets held as at 31 March 2021	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Owned	111,707	14,208	507	<b>126,422</b>
PFI	76,502	0	0	<b>76,502</b>
	<b>188,209</b>	<b>14,208</b>	<b>507</b>	<b>202,924</b>

## 20 Finance Leases – PFI

The PCC has a contract with the Blue Light Partnership for the provision of four facilities, which were built under a Private Finance Initiative (PFI). These buildings provide custody and operational facilities over the contract life, which runs until 30 March 2039. The contract includes the provision of services including building maintenance and provides for asset lifecycle replacement.

The financial implications of this contract commit the PCC to an annual unitary charge across the 25 year life of the contract. The UK Government (Home Office) has also committed to provide £186,979,000 capital funding (known as PFI Credits) in the form of annual grants over 25 years.

The building and site assets, as provided under the contract, remain the property of the Blue Light Partnership during the period of the contract and, with the exception of the shared specialist training centre, will become PCC assets at the end of the contract. The assets are recognised on our balance sheet and are matched initially by a liability to the Blue Light Partnership. This liability will continue to be written down over the life of the contract when payments which are identified as settling the liability, the capital element of the unitary charge, are made to the operator. The specialist training centre is shared with Wiltshire and Gloucestershire police and so an adjustment has been made to reflect only our share of this asset and liability within the accounts.

The following tables show PFI assets and liabilities.

2019/2020			PFI Assets	2020/2021		
PFI Buildings £'000	PFI IT Equipment £'000	Total £'000		PFI Buildings £'000	PFI IT Equipment £'000	Total £'000
Cost or valuation						
79,511	5,384	84,895	As at 1 April	77,999	5,384	83,383
54	0	54	Additions during year	99	0	99
Revaluation gain/loss (-)						
-3,501	0	-3,501	Recognised in revaluation reserve	-1,461	0	-1,461
1,935	0	1,935	Recognised in surplus & deficit I&E	-130	0	-130
77,999	5,384	83,383	As at 31 March	76,507	5,384	81,891
Depreciation and impairment						
-3	-5,072	-5,075	As at 1 April	-3	-5,384	-5,387
-1,837	-312	-2,149	Depreciation charge	-2,537	0	-2,537
Revaluation gain/loss (-)						
1,615	0	1,615	Recognised in revaluation reserve	2,294	0	2,294
222	0	222	Recognised in surplus & deficit I&E	241	0	241
-3	-5,384	-5,387	As at 31 March	-5	-5,384	-5,389
Net book value						
77,996	0	77,996	As at 31 March	76,502	0	76,502

2019/2020 £'000	PFI Liabilities	2020/2021 £'000
56,499	Finance Liability as at 1 April	54,951
-1,548	Liability Paid in Year	-1,615
<b>54,951</b>	<b>Finance Liability at 31 March</b>	<b>53,336</b>

Payments made in 2020/2021 and the index-linked amounts due for the remainder of the PFI contract after adjustment for the Gloucestershire and Wiltshire share of the specialist training centre are as follows:

PFI Charges	Service Charge £'000	Lifecycle Replacement Costs £'000	Interest Charge £'000	Liability £'000
Rental paid 2020/2021	1,953	440	4,358	1,615
<b>Rentals payable in future years</b>				
Within 1 year	1,983	421	4,245	1,766
Within 2-5 years	8,431	3,460	15,513	7,066
Within 6-10 years	11,759	5,716	15,786	11,836
Within 11-15 years	13,359	5,794	10,709	17,757
Within 16-20 years	8,773	3,093	3,143	14,911
<b>Total</b>	<b>44,305</b>	<b>18,484</b>	<b>49,396</b>	<b>53,336</b>

The fair value of the PFI liability has been assessed as £88,435,480 compared to the book value of £53,336,421 as shown in the table above.



## 21 Debtors and Payments In Advance

These balances reflect amounts owed to the PCC and payments made in advance for goods and services at the end of the year. It is expected that amounts owed will be received within 12 months of the year end date.

OCC £'000	PCC £'000	Total 2020 £'000	Debtors and Payments in Advance	OCC £'000	PCC £'000	Total 2021 £'000
0	28,999	28,999	Trade debtors	0	28,016	28,016
0	2,099	2,099	Prepayments	0	4,702	4,702
0	14	14	Other	0	28	28
<b>0</b>	<b>31,112</b>	<b>31,112</b>	<b>Balance as at 31 March</b>	<b>0</b>	<b>32,746</b>	<b>32,746</b>

## 22 Cash and Cash Equivalents

2020 £'000	Cash and Cash Equivalents	2021 £'000
156	Cash in hand	159
34,902	Short term deposits	37,640
<b>35,058</b>	<b>Balance as at 31 March</b>	<b>37,799</b>

## 23 Loans Still to be Repaid

Loans outstanding at the balance sheet date include amounts owing to the Public Works Loan Board (PWLb), amounts owing to other lenders under the terms of Lender Option Borrower Option (LOBO), amounts owing to lenders under the terms of a fixed term loan and amounts owing to Salix Finance Ltd in respect of finance provided for the purchase of LED lighting.

Two Salix loans were taken out in 2020/2021. At 31 March 2021 £175,381.10 is outstanding. They are both interest free loans over a period of five years provided to support energy efficiency and it is anticipated that the energy savings will offset the loan repayments.

2020 £'000	Loans to be Repaid	2021 £'000
1,286	Within one year	1,923
1,799	Between one and two years	3,647
8,345	Between two and five years	6,206
5,006	Between five and 10 years	5,039
29,607	More than 10 years	29,417
<b>46,043</b>	<b>Total</b>	<b>46,232</b>
	Less:	
-1,286	Transferred to short term borrowings (repayable in 2021/2022)	-1,923
<b>44,757</b>		<b>44,309</b>

## 24 Creditors and Receipts in Advance

These balances reflect amounts owed by the PCC and amounts received in advance. It is expected that these liabilities will be paid within 12 months of the end of the reporting period.

OCC £'000	PCC £'000	Total 2020 £'000	Creditors and Receipts in Advance	OCC £'000	PCC £'000	Total 2021 £'000
0	15,896	15,896	Trade creditors	0	13,251	13,251
0	103	103	Receipts in advance	0	27	27
8,151	13,886	22,037	Accruals	10,912	12,137	23,049
0	1,299	1,299	Other	0	1,533	1,533
<b>8,151</b>	<b>31,184</b>	<b>39,335</b>	<b>Balance as at 31 March</b>	<b>10,912</b>	<b>26,948</b>	<b>37,860</b>

## 25 Short and Long Term Provisions

Short and Long Term Provisions	Balance 1 April 2020 £'000	Reversed Unused £'000	Used in Year £'000	New in Year £'000	Balance 31 March 2021 £'000
Insurance	8,969	0	-1,384	2,347	9,932
Legal services	303	-50	-269	254	238
Pension claim provision - OCC	138	0	0	800	938
Ill-health & termination benefits - OCC	104	0	-104	618	618
Overtime liability - OCC	2,433	0	-411	782	2,804
	<b>11,947</b>	<b>-50</b>	<b>-2,168</b>	<b>4,801</b>	<b>14,530</b>

Following advice from our insurance experts as part of the annual review the insurance provision has increased to £9,932,329 to meet specific known potential liabilities and anticipated future losses. The insurance provision is based upon an actuarial evaluation of the discounted insurance liabilities as at 31 March 2021 and includes a provision for the potential top up levy to Municipal Mutual Insurance Ltd's Scheme of Arrangement. This evaluation is based on the paid and outstanding claims position at this date. It should be noted that the timing of outflows in respect of these liabilities is inherently uncertain and events may not occur as expected.

The legal services provision of £238,152 represents an estimate of the legal costs associated with the outcome of outstanding legal cases.

The following provisions have been included in the accounts of the OCC:

- The pension claim provision relates to claims brought in relation to the discrimination found in the transitional arrangements to the new 2015 police pension scheme (known as the McCloud/Sargeant ruling). This provision has been increased by £800,000 during the financial year in recognition of the anticipated increases to the volume of claimants.
- The ill health and termination benefits provision of £618,000 is in respect of redundancy pay and ill health retirement payments where approval was agreed at 31 March 2021;
- The overtime liability provision at 31 March 2021 is in respect of claims for overtime worked in prior years.

## 26 Contingent Liabilities

We have reviewed the position in respect of contingent liabilities as at 31 March 2021.

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

### 26.1 McCloud/Sargeant

#### 26.1.1 Impact on Police Officer pension liability

Two employment tribunal cases (McCloud/Sargeant) were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination. On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the case. On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to pension benefits in response to the McCloud and Sargeant cases. The consultation closed on 11 October 2020 and the response was published on 4 February 2021 confirming the final remedy.

The 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. These members will choose which scheme they are to accrue benefits in over the remedy period (1 April 2015 to 31 March 2022). From 1 April 2022, everyone is assumed to accrue benefits in the 2015 scheme.

The scheme actuaries previously estimated the potential increase in scheme liabilities for Avon & Somerset force due to the for McCloud/Sargeant cases to be £200m of pensions scheme liabilities and this increase was reflected in the 2018/2019 accounts. In 2019/2020 scheme actuaries reviewed these assumptions at a force level and estimated a further increase of £17.2m in scheme liabilities.

The scheme actuary has updated their calculations for the final remedy, and this has been reflected in the IAS19 disclosure in the 2020/2021 accounts. The impact of the final remedy is a reduction in the defined benefit obligation by around £19m. 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 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 slight reduction in the defined benefit liability.

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

The impact of a change 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 and Crime Commissioner in the form of a central government top-up grant.

#### 26.1.2 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 judgement. 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. The scheme actuaries do not believe that there are any material differences to the staff pension liability as a result of the government's final published remedy.

### **26.1.3 Compensation claims**

In addition to the McCloud/Sargeant remedy, claimants have lodged claims for compensation for injury to feelings. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. Claims for financial losses are currently stayed as consideration is given to the HM Treasury consultation response. As at 31 March 2021, an estimated provision has been made for £938,000 in relation to compensation claims. There is a risk that the value of a settlement will be greater than the provision provided; however the extent or likelihood of any further settlement is not possible to reliably estimate, so a contingent liability has been recognised.

## **26.2 COVID-19**

The global COVID-19 pandemic commenced from mid-March 2020, creating additional requirements from the government on the public service provided by the Force. In the short term the financial impact of the pandemic has been mitigated by additional funding received from the Home Office. However, the pandemic will continue to have consequences for wider public finances going forward. The Comprehensive Spending Review announced by HM Treasury in December 2020 focused only on a one year settlement rather than the three year period previously planned. At present there is significant uncertainty in the level of funding beyond the 2021/2022 financial year, which is not provided for in these statements.

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

The amounts and the timings of when these liabilities will become due are unknown.

## 27 Funds and Reserves

### 27.1 Revenue Reserves and General Fund

The general fund is split between specific earmarked reserves and the general fund as follows:

Revenue Reserves 2019/2020	Balance 1 April 2019 £'000	Reserves Used in Year £'000	Transfers to Reserves in Year £'000	Balance 31 March 2020 £'000
Carry forwards	930	-1,922	2,818	1,826
Operations	1,500	0	0	1,500
Overtime liability	1,000	0	0	1,000
Buildings and sustainability	449	-617	917	749
Transformation	2,520	-2,927	879	472
Operation Remedy	0	0	1,344	1,344
Covid 19 Recovery	0	0	1,000	1,000
<b>Total discretionary reserves</b>	<b>6,399</b>	<b>-5,466</b>	<b>6,958</b>	<b>7,891</b>
SW ROCU	1,999	-4,287	3,913	1,625
Proceeds of crime	346	-50	278	574
Police Property Act reserve	328	-17	68	379
Grants carried forward	659	-207	124	576
Hinkley Point	53	0	828	881
Road safety	1,363	-260	0	1,103
LRF reserve	50	-173	251	128
Victim support services	779	-481	1,286	1,584
Miscellaneous reserves	219	-114	111	216
Regional programme reserves	29	-659	1,015	385
<b>Total non-discretionary reserves</b>	<b>5,825</b>	<b>-6,248</b>	<b>7,874</b>	<b>7,451</b>
Capital financing	6,717	0	8,724	15,441
Earmarked capital reserves	308	-365	160	103
PFI change reserve	477	0	0	477
Sinking fund reserve	4,375	0	230	4,605
<b>Total capital and PFI reserves</b>	<b>11,877</b>	<b>-365</b>	<b>9,114</b>	<b>20,626</b>
<b>Total earmarked reserves</b>	<b>24,101</b>	<b>-12,079</b>	<b>23,946</b>	<b>35,968</b>
General Fund	10,000	-1,000	0	9,000
<b>Total General Fund Balance</b>	<b>34,101</b>	<b>-13,079</b>	<b>23,946</b>	<b>44,968</b>

Revenue Reserves 2020/2021	Balance 1 April 2020 £'000	Reserves Used in Year £'000	Transfers to Reserves £'000	Balance 31 March 2021 £'000
Carry forwards	1,826	-1,826	1,172	1,172
Operations	1,500	0	0	1,500
Overtime liability	1,000	0	0	1,000
Buildings and sustainability	749	-459	0	290
Transformation	472	-277	0	195
Operation Remedy	1,344	-1,344	0	0
Covid 19 Recovery	1,000	-1,000	0	0
Covid 19 Enforcement reserve	0	0	1,326	1,326
Budget support reserve	0	0	1,000	1,000
New PCC reserve	0	0	1,000	1,000
<b>Total discretionary reserves</b>	<b>7,891</b>	<b>-4,906</b>	<b>4,498</b>	<b>7,483</b>
SW ROCU	1,625	-1,521	248	352
Proceeds of crime	574	0	364	938
Police Property Act reserve	379	-168	175	386
Grants carried forward	576	-21	66	621
Hinkley Point	881	-679	319	521
Road safety	1,103	-99	0	1,004
LRF reserve	128	-42	204	290
Victim support services	1,584	-1,286	1,792	2,090
Miscellaneous reserves	216	-202	135	149
Regional programme reserves	385	-178	784	991
<b>Total non-discretionary reserves</b>	<b>7,451</b>	<b>-4,196</b>	<b>4,087</b>	<b>7,342</b>
Capital financing	15,441	-168	3,586	18,859
Earmarked capital reserves	103	-102	95	96
PFI change reserve	477	-20	0	457
Sinking fund reserve	4,605	0	199	4,804
<b>Total capital and PFI reserves</b>	<b>20,626</b>	<b>-290</b>	<b>3,880</b>	<b>24,216</b>
Tax income guarantee reserve	0	0	414	414
<b>Total earmarked reserves</b>	<b>35,968</b>	<b>-9,392</b>	<b>12,879</b>	<b>39,455</b>
General Fund	9,000	0	3,000	12,000
<b>Total General Fund Balance</b>	<b>44,968</b>	<b>-9,392</b>	<b>15,879</b>	<b>51,455</b>

The carry forward balance represents the cost of goods and services not received at 31 March, as well as amounts set aside for specific purposes.

The operations reserve can be used at the chief officers' discretion to manage risk associated with the reactive nature of policing work.

The overtime liability reserve is the estimate of the cost of historic overtime which is due to be paid with the introduction of new rules for the more timely payment of overtime.

The buildings and sustainability reserve is held to capture any underspend in relation to our buildings repairs and maintenance budgets, so that these funds can be used in future years to

support necessary work on our estate. It is also used to support projects and initiatives which will reduce and make more efficient our use of natural resources.

The transformation reserve is maintained to support the cost of the change programme over the next 12-24 months.

The operation remedy reserve was the underspend relating to the proactive focussed operation to tackle burglary, knife crime and drugs. This reserve is no longer required.

The COVID-19 recovery fund is to help manage the financial uncertainty presented by COVID-19, providing support to the PCC and our partners. This reserve has been reviewed and is no longer required.

The COVID-19 enforcement reserve has been established to ring fence the government grant funding provided in March 2021 to support the ongoing COVID-19 enforcement activity throughout the spring and summer of 2021.

The budget support reserve has been established to provide funds to help support the expected budget pressures in the 2021/2022 financial year.

The new PCC reserve has been established to provide funds to help support the new PCC's programme during their first year in office.

SW ROCU is a regional collaboration set up to destroy, dismantle and disrupt serious and organised crime across the South West of England. The SW ROCU reserve has been created to set aside carry forward balances for specific purposes on this collaboration.

The proceeds of crime reserve is used to hold funding received as a result of our work in the seizure and confiscation of assets we believe to have been gained through criminal activities. The funding is used to support our continued work in this area.

The PCC operates a holding account for seized monies and the sale proceeds of seized and unclaimed property under the Police (Property) Regulation 1997 where the case has been concluded against the suspect. The balance on the reserve can be used for a number of specific purposes, which include the further support of the administration of evidential property within the force, as well as for charitable purposes.

The grants carried forward reserve is used to hold grants income, where it is considered that the terms and conditions of the grant have been met.

The Hinkley Point reserve is to cover the cost of both the neighbourhood and protest policing at the site of the new Hinkley Point power station.

The road safety fund is the surplus of funds received from the speed enforcement unit and will be used to support road safety initiatives.

The local resilience forum (LRF) reserve is the balance for various partners from public agencies as Avon and Somerset are the co-ordination point for this forum.

The victim support services reserve is the balance of the funding specifically received to enable victim support commissioning to be undertaken.

The miscellaneous reserve contains funding that has been received from various sources that is required to be used for specific purposes.

The regional programme reserve has been created to set aside carry forward balances for specific regional collaboration purposes.

The capital financing reserve has been created to help manage the forward funding of the capital programme to reduce the reliance on external borrowings.

The earmarked capital reserve balance is held to meet the capital commitment on several ongoing schemes.

The PFI change reserve resulted from the delays in the availability of the PFI buildings, and will provide a fund to manage future one off costs as issues arise.

The sinking fund will be used over the life of the PFI contract to equalise the phasing of the government grant income and expenditure on the unitary charge.



The tax income guarantee reserve has been created to earmark compensation recognised for irrecoverable losses in council tax income. The Ministry of Housing, Communities, and Local Government has confirmed that they will compensate authorities for 75% of the irrecoverable losses in council tax income in respect of 2020/2021. It should be noted that the balance of the reserve falls outside the scope of the reserves available for service requirements and is earmarked against following years' collection fund deficits.

The general fund represents the risk assessed balances held by the PCC to meet unforeseen future events.

## 27.2 Capital Reserves

The revaluation reserve represents the difference between the current valuation and the original cost of our assets.

The capital adjustment account provides a balancing mechanism between the different rates at which assets are depreciated and are financed.

It should be noted that the revaluation reserve and the capital adjustment account are matched by fixed assets within the balance sheet and are not resources available to the PCC.

The usable capital receipts reserve represents the amounts received from the sale of capital assets held to fund future capital purchases.

You can find the details of the movement on these reserves in the notes to the movements in reserves statement.

## 28 Capital Financing

2019/2020 £'000	Capital Expenditure and Financing	2020/2021 £'000
99,966	Opening capital financing requirement	103,209
	<b>Capital investment</b>	
14,316	Property, plant and equipment	7,977
	<b>Sources of finance</b>	
0	Capital receipts	0
-1,033	Government grants and contributions	-310
-7,387	Revenue contributions	-6,745
-88	Earmarked reserves	-197
-3,091	Minimum revenue provision	-3,297
526	Capital creditors	-4
-11,073		-10,553
103,209	<b>Closing capital finance requirements</b>	100,633
	<b>Explanation of movements in year</b>	
3,243	Increase/decrease(-) in underlying need to borrow	-2,576
3,243	<b>Increase/decrease(-) in capital financing requirement</b>	-2,576

## 29 Financial Instruments

### 29.1 Categories of Financial Instruments

The liabilities and investments disclosed in the balance sheet are made up of the following categories of financial instruments.

<b>Financial liabilities 2020/2021</b>	<b>Bank overdraft £'000</b>	<b>Current Borrowings £'000</b>	<b>Creditors £'000</b>	<b>Non-current Borrowings £'000</b>	<b>Total 31st March 2021 £'000</b>
Fair value through profit or loss	0	0	0	0	0
Amortised cost	1,509	1,923	20,707	44,309	68,448
Amortised cost -PFI liabilities	0	1,766	0	51,570	53,336
<b>Total financial liabilities</b>	<b>1,509</b>	<b>3,689</b>	<b>20,707</b>	<b>95,879</b>	<b>121,784</b>
Other liabilities not defined as financial instruments:					
Tax	0	0	6,241	0	6,241
OCC payroll accruals	0	0	10,912	0	10,912
<b>Total</b>	<b>1,509</b>	<b>3,689</b>	<b>37,860</b>	<b>95,879</b>	<b>138,937</b>

<b>Financial liabilities 2019/2020</b>	<b>Bank overdraft £'000</b>	<b>Current Borrowings £'000</b>	<b>Creditors £'000</b>	<b>Non-current Borrowings £'000</b>	<b>Total 31st March 2020 £'000</b>
Fair value through profit or loss	0	0	0	0	0
Amortised cost	623	1,286	25,955	44,757	72,621
Amortised cost -PFI liabilities	0	1,615	0	53,336	54,951
<b>Total financial liabilities</b>	<b>623</b>	<b>2,901</b>	<b>25,955</b>	<b>98,093</b>	<b>127,572</b>
Other liabilities not defined as financial instruments:					
Tax	0	0	5,230	0	5,230
OCC payroll accruals	0	0	8,151	0	8,151
<b>Total</b>	<b>623</b>	<b>2,901</b>	<b>39,335</b>	<b>98,093</b>	<b>140,952</b>

Financial assets 2020/2021	Cash and cash equivalents £'000	Current Investments £'000	Debtors £'000	Non-current Car loans £'000	Total 31st March 2021 £'000
Fair value through profit or loss	0	0	0	0	0
Amortised cost	37,799	24,000	26,425	0	88,224
<b>Total financial liabilities</b>	<b>37,799</b>	<b>24,000</b>	<b>26,425</b>	<b>0</b>	<b>88,224</b>
Other assets not defined as financial instruments:					
VAT	0	0	1,619	0	1,619
Payments in advance	0	0	4,702	0	4,702
<b>Total</b>	<b>37,799</b>	<b>24,000</b>	<b>32,746</b>	<b>0</b>	<b>94,545</b>

Financial assets 2019/2020	Cash and cash equivalents £'000	Current Investments £'000	Debtors £'000	Non-current Car loans £'000	Total 31st March 2020 £'000
Fair value through profit or loss	0	0	0	0	0
Amortised cost	35,058	23,000	24,662	5	82,725
<b>Total financial liabilities</b>	<b>35,058</b>	<b>23,000</b>	<b>24,662</b>	<b>5</b>	<b>82,725</b>
Other assets not defined as financial instruments:					
VAT	0	0	4,351	0	4,351
Payments in advance	0	0	2,099	0	2,099
<b>Total</b>	<b>35,058</b>	<b>23,000</b>	<b>31,112</b>	<b>5</b>	<b>89,175</b>

## 29.2 Financial Liabilities

As the financial liabilities are not held for trading, they are all initially measured at fair value and subsequently carried at their amortised cost. The fair value of the financial liabilities may therefore differ from their carrying value. The LOBO loan for 2019/2020 has been restated due to reclassification of one loan as a fixed term loan. This has moved a carrying amount of £6,500,000 and fair value of £8,703,000 from Borrowings – LOBO loans to Borrowing – other.

	31 March 2021		31 March 2020	
	Carrying amount	Fair value	Restated Carrying amount	Restated Fair value
	£'000	£'000	£'000	£'000
<b>Financial liabilities held at amortised cost</b>				
Borrowings - PWLB loans	34,282	43,815	34,268	43,753
Borrowings - LOBO loans	5,275	9,930	5,275	10,878
Borrowings - other	6,675	8,768	6,500	8,704
Bank overdraft	1,509	1,509	623	623
Creditors	20,707	20,707	25,955	25,955
PFI liabilities	53,336	88,435	54,951	89,470
<b>Total</b>	<b>121,784</b>	<b>173,164</b>	<b>127,572</b>	<b>179,383</b>

The fair value of the PWLB loans has been assessed at £43,815,435 (31 March 2020 £43,752,713) compared with a book value of £34,281,555 (31 March 2020 £34,267,867). The fair value of LOBO loans has been assessed at £9,930,000 (31 March 2020 £10,878,000) compared with a book value of £5,275,000 in both years. Under the terms of these loans the lender has the option to vary the interest rate at specified points in time. These loans are detailed in the following table.

Lender Option Borrower Option (LOBO)						
2020 £'000	Drawdown Date	2021 £'000	Period	Next Option Date	End Date	Interest Rate %
2,500	30/01/2008	2,500	70 yrs	30/01/2023	31/01/2078	3.99
2,775	12/02/2008	2,775	70 yrs	12/02/2025	14/02/2078	4.10
<b>5,275</b>	<b>Total</b>	<b>5,275</b>				

The fair value of PWLB, LOBO, and fixed term loans has been assessed using level 2 inputs according to the fair value hierarchy. The economic effects of the terms agreed have been compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the difference in the interest the authority will pay for the remaining terms of the loans under their agreement, against what would be paid if the loans were at prevailing market rates. Short term creditors are carried at cost and this is a fair approximation of their value.

### 29.3 Financial Assets

The PCC's Treasury Management model is to hold assets in order to collect contractual cash flows. The contractual terms of the PCC's financial assets give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding. Therefore the financial assets are all initially measured at fair value and carried at amortised cost.

The carrying value of the financial assets may differ from their fair value. Whereas the carrying amount for investments and cash equivalents is the outstanding principal, the fair value is calculated by applying the appropriate discount rate to derive the present value of expected future cash flows.

	31 March 2021		31 March 2020	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
<b>Financial assets held at amortised cost</b>				
Cash and cash equivalents	29,403	29,221	19,380	19,014
Investments - Short term	24,000	24,064	23,000	23,007
Investments - Long term	0	0	0	0
Debtors	26,425	26,425	24,662	24,662
Car loans	0	0	5	5
<b>Total</b>	<b>79,828</b>	<b>79,710</b>	<b>67,047</b>	<b>66,688</b>
<b>Financial assets held at Fair Value</b>				
Cash and cash equivalents	8,396	8,396	15,678	15,678
<b>Total</b>	<b>8,396</b>	<b>8,396</b>	<b>15,678</b>	<b>15,678</b>

At 31 March 2021 the fair value is assessed as level 1 for cash and equivalents at £37,617,380, and short term investments at £24,063,743. This compares with a book value of £37,799,000 for cash and equivalents and a book value of £24,000,000 for short term investments. Short term debtors are carried at cost and this is a fair approximation of their value.

### 29.4 Income, Expense, Gains and Losses

The gains and losses recognised in the comprehensive income and expenditure statement in relation to financial instruments are made up as follows:

	Financial Liabilities		Financial Assets	
	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000
Interest payable and similar charges (excluding PFI)	1,558	1,635	0	0
Interest and investment income	0	0	575	283

## 29.5 Risks Arising from Financial Instruments

The nature and extent of risks arising from financial instruments can be classified under the following headings:

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

## 29.6 Credit Risk

Credit risk arises from deposits with banks and financial institutions as well as credit exposures to customers.

Treasury management services are provided by Somerset County Council. Any surplus cash is invested temporarily by the PCC's treasury management providers with specified financial institutions, money market funds, or other Government or public sector bodies. In order to ensure the PCC's risk exposure is minimised, credit ratings are monitored on an ongoing basis, and individual counterparty ratings are verified on the day of investment. As directed by the revised CIPFA Treasury Management Code, account is taken using ratings issued by three main rating agencies, Fitch, Moody's, and Standard & Poor's. Decisions are taken based on the lowest of these ratings. It should also be noted that a range of additional indicators are used to assess counterparty credit worthiness including for example credit default swaps, Government guarantees and support, and share price. All investments are held in sterling deposits and are rated as per the lending Counterparty Criteria approved each year by the PCC.

Money market and CCLA funds are valued at fair value and not amortised cost.

At 31 March 2021 investments can be analysed as follows:

Credit Rating	31 March 2020 £'000	Default %		Credit Rating	31 March 2021 £'000	Default %
AAA	12,902	0.12	Deposits with Money Market Funds	AAA	5,640	0.12
AA	7,000	0.02	Deposits with local authorities	AA-	36,000	0.08
AA	6,000	0.03	Deposits with UK banks	AA-	5,000	0.03
A	25,000	0.06	Deposits with UK banks	A	7,000	0.06
AA	4,000	0.02	Deposits with Overseas banks	AA-	5,000	0.03
-	0	0.00	Deposits with Overseas banks	-	0	0.00
N/A	3,000	N/A	CCLA property fund	N/A	3,000	N/A
	<b>57,902</b>	<b>Total</b>			<b>61,640</b>	

Debtors, classified as receivable financial instruments, are due within one year with no interest being payable. As such the fair value of these receivables is the same as the original invoice amount. They include £8,115,239 pension fund account debtor with the Home Office (2019/2020 £10,562,491).

The PCC does not generally allow credit for customers. With the exception of those debts where recovery is certain the PCC will put through credit losses for all debtors greater than 6 months old and 10% of those debtors between three and 6 months. At 31 March 2021 the total value of these credit losses was £191,789 (31 March 2020 £224,762). The remaining value of debtors less these credit losses can be analysed as follows:

31 March 2020 £'000	Unimpaired Debtors	31 March 2021 £'000
1,214	Less than three months	1,777
78	Over three months	31
<u>1,292</u>		<u>1,808</u>

Receipts in advance represent income where relevant expenditure will be made for the service provided in the following financial year, such as grants. As this is simply a question of timing the amortised cost in the balance sheet is deemed to be the fair value.

Refer to note 21 for the balances on both debtors and payments in advance.

## 29.7 Liquidity Risk

The PCC has a comprehensive cash flow management process managed on our behalf by Somerset County Council that seeks to ensure that cash is available as needed. At 31 March 2021 the PCC had £10,640,000 (31 March 2020 £12,902,000) in call accounts and money market funds available to manage short term liquidity requirements. The PCC had a further £48,000,000 invested for a period of up to one year from the balance sheet date (31 March 2020 £42,000,000).

## 29.8 Market Risk

### 29.8.1 Interest Rate Risk

The PCC is exposed to risk in terms of interest rate movements on investments. A 0.5% change in interest rates could increase or reduce investment income by £293,200 based on the current level of investments.

All borrowing is currently at fixed rates and there is therefore no interest rate exposure. In respect of the commercial loans taken in 2008 there are no step changes in interest specified in the loan agreements and therefore no adjustment to the carrying value of the loans is required.

### 29.8.2 Price Risk

The PCC does not invest in equity shares other than in the Police Staff Pension Scheme (note 18). This means that the PCC has no exposure to price risk outside of the Local Government Pension Scheme.

### 29.8.3 Foreign Exchange Risk

The PCC has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to losses arising from movements in exchange rates.



# Police & Crime Commissioner for Avon & Somerset

## Avon & Somerset Police Officers Pension Fund Account Statements - OCC

This fund includes the income and expenditure in respect of police officers pensions which has been accounted for on an accruals basis. At the end of the financial year if the expenditure on the pension benefits is greater than the contributions received during the year, the PCC makes a payment to the pension fund and the Home Office pays a top-up grant for this liability to the PCC. The income received and expenditure paid to the pension fund is shown within the comprehensive income and expenditure statement, showing the net figure as nil. It should be noted that this statement does not take account of liabilities to pay pensions and other benefits after the year end.

This note provides a more detailed breakdown of the figures shown in note 17 of the accounts.

2019/2020 £'000	Police Officers Pension Fund Account	2020/2021 £'000
	<b>Contributions receivable</b>	
	Employers contributions:	
-29,562	Normal 31% contributions	-31,690
-1,338	Ill health/early retirements	-801
-30,900		-32,491
	<b>Employee contributions</b>	
-2,816	1987 Police Pension Scheme	-1,797
-90	2006 Police Pension Scheme	-35
-9,972	CARE Police Pension Scheme	-11,916
-12,878		-13,748
<b>-729</b>	<b>Transfers in from other schemes</b>	<b>-406</b>
	<b>Benefits payable</b>	
80,668	Pensions	83,718
21,902	Commutations and lump sum retirement benefits	14,585
102,570		98,303
	<b>Payments to and on account of leavers</b>	
60	Refund of contributions	95
65	Transfers out to other schemes	44
412	Other	1,621
537		1,760
<b>58,600</b>	<b>Net amount payable for the year</b>	<b>53,418</b>
0	Additional contribution from the local policing body	0
<b>-58,600</b>	<b>Transfer from Police Fund to meet deficit</b>	<b>-53,418</b>
<b>0</b>	<b>Net amount payable/receivable for the year</b>	<b>0</b>

This note shows the pension fund account assets and liabilities as at 31 March 2021.

31 March 2020 £'000	Pension Fund Net Assets	31 March 2021 £'000
	<b>Current assets</b>	
0	Amounts due from Central Government	0
	<b>Current liabilities</b>	
0	Amounts owing to pensioners	0
<hr/>		<hr/>
0	<b>Net assets</b>	0
<hr/>		<hr/>

# Police & Crime Commissioner for Avon & Somerset

## Glossary of Terms

<b>Term</b>	<b>Definition</b>
ACC	Assistant Chief Constable
Accounting policies	These are a set of rules and codes of practice we use when preparing the accounts.
APCC	The Association of Police and Crime Commissioners
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.
CCLA Property Fund	Churches, Charities and Local Authorities property fund. Manages investments for charities, religious authorities and the public sector.
CCU	Counter Corruption Unit
CFO	Chief Finance Officer
CIPFA	Chartered Institute of Public Finance and Accountancy
Closing value	The value at 31 March, the date when the accounts are closed.
Collection fund adjustment account	Difference between council tax cash received and the amount shown in the comprehensive income and expenditure statement.
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.
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.
CoPaCC	Compares Police and Crime Commissioners
Creditors	Amounts which are owed to others.
CSE	Child Sexual Exploitation
CSP	Community Safety Partnerships
CSR	Comprehensive Spending Review
CTSFO	Counter Terrorism Specialist Firearms Officers
Current assets and liabilities	Assets or liabilities which can be turned into cash or fall due within one year of the balance sheet date.
Current service cost	The value of projected retirement benefits earned by pension scheme members in the current financial year.

<b>Term</b>	<b>Definition</b>
DCLG	The former Department of Communities and Local Government, since re-named to the Ministry of Housing, Communities and Local Government.
Debtors	Amounts which are due from others.
Depreciation	An amount set aside to pay for the gradual loss in value of our assets.
DPR	Detained property – these are items of property and cash, which are held until the courts decide who owns them.
DRC	Depreciation Replacement Cost
ERP	Enterprise Resource Planning
Expenditure and funding analysis	This shows the performance reported and the adjustments made to reconcile to the comprehensive income and expenditure statement.
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.
Financial instruments	Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial year	Refers to the period covered by the accounts and runs from 1 April to 31 March.
Fixed assets	These are items such as land, buildings, vehicles and major items of equipment, which give benefit to us for more than one year.
FRS	Financial Reporting Standards. Standards of accounting practice to be adopted to ensure that accounts provide a true and fair view.
GAAP	Generally Accepted Accounting Principles. These refer to the standard framework of guidelines for financial accounting used in any given jurisdiction and generally known as accounting standards.
GDPR	General Data Protection Regulation. Regulation in UK law on data protection and privacy.
GSC	Government Security Classification
Historical costs	These are the amounts paid at the time we bought the assets.
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).
ICT	Information, Communications and Technology
IFRS	International Financial Reporting Standards. A set of international accounting and reporting standards that will help to harmonise company financial information across international borders.
Intangible fixed assets	Assets that are not physical such as software licences.

<b>Term</b>	<b>Definition</b>
IOPC	Independent Office for Police Conduct
I&E	Income & Expenditure Account
JAC	Joint Audit Committee
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LRF Reserve	Local Resilience Forum reserve
LOBO loans	Lender Option Borrower Option loans are where the interest payable is agreed at the time the money is borrowed. If the lender wants to change the interest rate the borrower has the choice to pay at the new rate or repay the loan.
Liquid assets	Liquid assets are made up of cash and other items, which can be exchanged for cash. Procedures are in place to make sure that they are kept securely and properly accounted for.
MCIT	Major Crime Investigation Team
Minimum revenue provision	This is the lowest amount allowed by the Government which has to be charged to the accounts for repaying loans.
MoJ	Ministry of Justice
Movement in reserves statement	Summarises the movement in the reserves of the PCC during the financial year.
MTFP	Medium Term Financial Plan
Niche	Police records management system
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
OPCC	Office of Police and Crime Commissioner. Staff employed by the Police and Crime Commissioner.
PACCTS	Police and Crime Commissioners Treasurer's Society
PCC	Police Crime and Commissioner for Avon and Somerset
PCC Group	The term PCC Group refers to the Police and Crime Commissioner (PCC) for Avon and Somerset and the office of the Chief Constable (OCC).
PCP	Police and Crime Panel
PCSO	Police community support officer
PDR	Performance and Development Review
Pension appropriations	This is the adjustment required to reduce the costs of pensions to the sum to be collected from taxation in the year.
PFEW	Police Federation of England and Wales. The statutory staff association for police Constables, Sergeants, Inspectors and Chief Inspectors in England and Wales.

<b>Term</b>	<b>Definition</b>
PFI	Private Finance Initiative
Police pension top-up grant	The PCC operates a Pension Fund, which is balanced to nil at the end of the year. The PCC receives a top-up grant from the Home Office equal to this deficit to balance the fund.
Police revenue grant	The revenue grant is provided by the Home Office as part of the funding required by the PCC to finance a budget in line with the Government's assessment. The balance of funding is from business rates, revenue support grant and council tax.
Precept	The amount of 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.
PWLB	This is the Public Works Loan Board, which is an organisation financed by the Government. It lends money to PCC's on set terms so that they can buy capital items.
Receipt in advance	Income received in advance of the financial year in which the services will be provided.
Revaluation reserve	This account represents the increase in value of our assets since 1 April 2007 over the amount originally paid for them.
Seconded officers	These are police officers and staff who, for agreed periods, temporarily work for other organisations. Their salaries and expenses are shown as expenditure and the money the organisation pays us for their placements is shown as income.
Servicing of finance	This is a technical term and is usually the interest paid on loans.
SOLACE	Society of Local Authority Chief Executives
SRR	Strategic Risk Register
SW ROCU	South West Regional Organised Crime Unit
SWAP	South West Audit Partnership
TOR	Terms of reference
Unapportionable central costs	These represent costs that do not directly contribute to the running of the police service and which cannot be allocated to specific activities.
UWE	University of the West of England
VRU	Violence reduction units



Further information can be obtained online at:-

[www.avonandsomerset-pcc.gov.uk](http://www.avonandsomerset-pcc.gov.uk) (PCC Website)

[www.avonandsomerset.police.uk](http://www.avonandsomerset.police.uk) (Constabulary Website)

Or in writing to:-

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Portishead, Bristol BS20 8QJ

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