



Enquiries to: #JAC

Telephone: (01278) 646188

E-mail: JAC@avonandsomerset.pnn.police.uk

Date : 6th July 2021

To: ALL MEMBERS OF THE JOINT AUDIT COMMITTEE

- i. David Daw, Jude Ferguson (Chair), Zoe Rice, Martin Speller
- ii. Chief Constable ("CC"), CFO for CC and Relevant Officers
- iii. The Police & Crime Commissioner ("PCC")
- iv. The CFO and CEO for the PCC
- v. External and Internal Auditors

Dear Member

NOTICE OF MEETING

You are invited to a meeting of the **Joint Audit Committee** to be held via Teams (link included in the meeting invite) at **11:00** on **14th July 2021**.

The agenda for the meeting is set out overleaf.

Yours sincerely

Alaina Davies
Office of the Police and Crime Commissioner

INFORMATION ABOUT THIS MEETING

- (i) Car Parking Provision

N/A – Virtual meeting

- (ii) Wheelchair Access

N/A – Virtual meeting

- (iii) Emergency Evacuation Procedure

N/A – Virtual meeting

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

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

Telephone: 01278 646188

Email: JAC@avonandsomerset.pnn.police.uk

- (v) REPORT NUMBERS CORRESPOND TO AGENDA NUMBER

AGENDA

14th July 2021, 11:00 – 14:00

To be held via Teams (link included in the meeting invite)

- 1. Apologies for Absence**
- 2. Emergency Evacuation Procedure**
N/A – Virtual meeting
- 3. Declarations of Gifts/Offer of Hospitality**
To remind Members of the need to record any personal interests or any **prejudicial interest** relating to the agenda and disclose any relevant receipt of offering of gifts or hospitality
- 4. Public Access**
(maximum time allocated for this item is 30 minutes)
Statements and/or intentions to attend the Joint Audit Committee should be e-mailed to JAC@avonandsomerset.pnn.police.uk
Statements and/or intentions to attend must be received no later than 12.00 noon on the working day prior to the meeting.
- 5. Minutes of the Joint Audit Committee Meeting held 22nd April 2021 (Report 5)**
- 6. Annual Accounts and Governance Statement (Report 6)**
- 7. External Audit (Report 7): Audit Progress Report and Sector Update**
- 8. Office of the Police and Crime Commissioner Strategic Risk Register (Report 8) – report to follow**
- 9. Business from the Chair (Report 9):**
 - a) Police and Crime Board (Verbal Update)**
 - b) Update on IOPC Investigations (Verbal Update)**
- 10. Internal Audit (Report 10):**
 - a) Internal Audit Annual Opinion and Report 2020/21**
 - b) Quarterly Update**
 - c) Data Quality Follow Up 2020/21**
 - d) Fleet Management Follow Up 2020/21**
 - e) IT Business Continuity Follow Up 2020/21**
 - f) Organisational Learning from Covid-19 2021/22**
 - g) Assurance Mapping Position Statement Q1 2021/22 (Verbal Update)**
 - h) Remote Working – Cyber/Data Security 2021/22 (Verbal Update)**
- 11. Summary of Recommendations from HMICFRS and Audit (Verbal Update)**

Part 2

Items for consideration without the press and public present

- 12. Exempt Minutes of the Joint Audit Committee Meeting held on 22nd April 2021 (Report 12)**
- 13. Constabulary Strategic Risk Register (Report 13)**

**MINUTES OF THE JOINT AUDIT COMMITTEE MEETING HELD ON THURSDAY
22ND APRIL 2021 AT 11:00. MEETING HELD VIA TEAMS.**

Members in Attendance

Jude Ferguson (Chair)
David Daw
Martin Speller

Officers of the Constabulary in Attendance

Sarah Crew, Deputy Chief Constable
Nick Adams, Constabulary CFO
Dan Wood, Chief Officer – People and Organisational Development
Louise Hutchison, Deputy Director of People and Organisational Development
Dorothy Russell, Head of HR Operations
Sarika Morrison, Head of Organisational Development
Simon Thomas, Corporate Business Partner Financial Accounting
Ben Mosely, Head of Performance and Assurance
Michael Flay, Governance Manager

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

Paul Butler, OPCC Interim CFO
Ben Valentine, OPCC Strategic Planning and Performance Officer
Alaina Davies, OPCC Resources Officer

Also in Attendance

Sue Mountstevens, Police and Crime Commissioner
Jackson Murray, Grant Thornton
Juber Rahman, SWAP
David Hill, SWAP
Laura Wicks, SWAP

1. Apologies for Absence

Zoe Rice, Joint Audit Committee Member
Andy Marsh, Chief Constable
Gail Turner-Radcliffe, Grant Thornton

2. Emergency Evacuation Procedure

The emergency evacuation procedure for each call participant was left for them to determine.

3. Declarations of Interest / Gifts / Offers of Hospitality

None.

4. Public Access

There were no requests for public access

5. Minutes of the Joint Audit Committee Meeting held on 27th January 2021 (Report 5)

RESOLVED THAT the minutes of the meeting held on 27th January 2021 were confirmed as a correct record and will be signed by the Chair when physically possible with the following amendment:

Page 2 – amend the resolution so the year reads 2020.

Action update:

Minute 42a	A follow up audit on workforce planning was completed last spring. Close Action
Minute 43	The External Auditors are considering dates to run a South West JAC Event and are conscious of wanting to get the timing of this right so it beneficial to everyone.
Minute 6a	Internal and external audit work continues while flexing and reviewing plans as required. This is an ongoing action. Close Action
Minute 49b	The JAC Chair has written to the PSAA and Grant Thornton regarding the proposed fee variations and a response has been received. Further discussions will be had regarding this under the External Audit item on the agenda. Close Action
Minute 48b	As discussed at the last meeting of the JAC the Internal Auditors have made changes to the new format of reports to ensure they provide clear context and specific comments. Close Action
Minute 48e	It was agreed at the last meeting of the JAC that Qlik data should be utilised, where appropriate, in future audit work and sources of data used in reports should be identified. Members have also requested to have access to parts of Qlik.

6. Office of the Police and Crime Commissioner (OPCC) Strategic Risk Register (Report 6)

SR3 (Financial Incapability and Ineffectiveness) – This risk has reduced with the setting of the precept increase at £13.39 per year for the average Band D household, although this is less than originally put forward and so will require a greater level of savings. The economic impact of the pandemic was raised

and how this might impact on policing/ the public sector in general. Having only a 1 year spending review also massively increases uncertainty.

SR6 (Lack of Capacity/Capability within the OPCC) – the report highlights a number of changes in staffing with the OPCC and also the risks/opportunities that come with the decision announced by the Chief Constable not to seek to renew his contract in July 2021. Members raised concerns that the risk score had not been increased in the light of all of the changes listed. The decision was taken not to increase the risk as it is mitigated by recruitment activity to fill the posts in a timely manner and also as covid restrictions ease so does the negative impact on the office e.g. parents having to juggle home schooling children with the demands of work. The cumulative loss of knowledge within the OPCC from the members of staff leaving was highlighted.

SR2 (Failure to Deliver the Police and Crime Plan) – Members queried if the OPCC have an expected timescale for the new the Police and Crime Plan. Timescales will very much depend on which candidate is elected as the next PCC and how well formed their ideas/priorities are – also the depth of consultation that they want to carry out in relation to the Police and Crime Plan will impact on the time scales. The OPCC has met with all (but one) of the candidates to brief them and they are aware that the Police and Crime Plan will be one of the earliest pieces of work. The PCC highlighted the timing of appointing a new Chief Constable and developing the new Police and Crime Plan – joint ownership of the plan makes a huge difference to the success of delivering the plan.

7. Business from the Chair:

a) Police and Crime Board Update

Members have received the minutes from the January, February and early March Police and Crime Board (PCB) meetings. The OPCC CFO gave a summary update of the discussions at the PCB held on 31st March 2021:

- Report on response times – comprehensive report that highlighted the impact of the number of student officers in patrol on response times. New officers take time to train and mean double crewing. The new 8 base response model was discussed – this will improve command and control efficiency and provide coverage over a wider area allowing resources to move across boundaries very quickly. The work to make improvements is ongoing and this is a continued area of focus.
- DCC update – highlighted risks in relation to unrest and effect of lockdown restrictions. Also race and legitimacy which is affected by national and international issues.
- Performance – the national framework was discussed. The new PCC will decide how closely they want to align to this.
- Strategic Planning Meeting (SPM) – update was given from SPM. Focus on uplift, performance and savings in the context of the new PCC and 1 year spending review.
- Victim contact performance – lots of work being done and real desire to make improvements.

- County lines assurance report – reassuring report on the work being done with emphasis on partnership working and the voice of the child.
- Approved the Treasury Management Strategy – under new CIPFA code the JAC might have a role to play in this going forward.
- Major projects updates were given
- Lighthouse Safeguarding Unit (LSU) update – staffing issues have been addressed.

b) Update on Independent Office of Police Complaints (IOPC) Investigations

There are 13 open IOPC investigations with the oldest being from December 2019 – this is still awaiting IOPC determination but is currently going through their quality assurance process. All of the other cases are more recent which reflects the improvement in timeliness.

4 of the cases relate to abuse of position for sexual purposes which is a national issue. 3 cases are allegations linked to race – one of these was a stop and search case referred to the DCC by the community, which was a positive example of confidence in reporting, and has been dealt with robustly.

The DCC gave an update on the local investigation case discussed at the last JAC.

An update was given on complaints in relation to the recent “kill the bill” protests. 21 matters have been recorded and assessed (17 from members of the public and 4 from other types of referrals e.g. social media images). The Constabulary referred 2 cases to the IOPC who have assessed them and said they are appropriate for local referral. 2 additional matters have been referred to other local forces as they provided support. Members were assured that there has been close collaboration with the IOPC on this. The Constabulary highlighted that the majority of those in attendance were there for a lawful and peaceful protest and investigations continue with regard to those behaving violently.

The Constabulary are working with a documentary team on a programme looking at the work of professional standards departments. This is intended to build confidence on how the police are held to account as a public service.

8. Internal Audit Reports (Report 8):

a) Quarterly Update

93% of the audits are complete with 7% in progress. The Internal Auditors stated that they will be in a position to offer a reasonable audit opinion for 2020/21 and the remaining work in progress is unlikely to affect this. No significant risks have been highlighted in this quarter. Fieldwork is ongoing in relation to the Regional Audit Work.

b) Payments to Staff – Absence Management

The Internal Auditors provided a reasonable assurance on payments to staff – absence management. 50 payments were looked at from an 18 month period. 2 actions were raised relating to recording information and investigating the exceptions identified in the sample testing to ensure absence management procedures had been adhered to.

The Internal Auditors were unable to confirm that return to work interviews had been completed in all cases - HR don't actively monitor this as it is the responsibility of the line manager. It was acknowledged that it is possible that this information is being held locally. The Constabulary will be working on raising awareness of the process and training.

Members sought clarity on the sample of 30 sickness payments highlighted at page 34. Multiple samples were looked at and in some cases it was found that there was no evidence of the return to work interview having been completed although a referral to occupational health had been done. The Internal Auditors have a meeting scheduled with the Head of HR Operations to discuss and identify common themes. The Internal Auditors confirmed that all of these cases looked at were sickness absences of over 28 days – Members asked that the Internal Auditors make it clearer in reports what they are sampling as this was unclear.

The Constabulary assured Members that they have already begun the process of overhauling the absence management policies and procedures.

Members commented that benchmarking information would have been helpful to compare to other forces.

It was agreed that this should be included in the Follow Up report.

RESOLVED THAT Payments to Staff – Absence Management should be included in the Follow Up report.

c) Performance Management

The Internal Auditors provided limited assurance on performance management. 4 actions were raised relating to:

- recording, monitoring and reporting on progress against actions relating to learning identified as part of a complaint or conduct matter.
- regular trend analysis and exception reporting to identify non-compliance with data recording.
- ensure controls are in place to capture, record, manage and monitor training completion data in relation to the Leadership Academy.
- Ensure objectives for all officers and staff within the Individual Performance Review (IPR) system.

Members raised concerns regarding the percentage in the report that don't have objectives set within the IPR system. It was acknowledged that there may be some off-system recording. Within the Leadership Academy there is a clear

focus on this as part of leadership development. The Constabulary will be looking at how user friendly and intuitive the system is. It was noted that within the IPR system 65% have objectives set, which is a 5% improvement on last year. The Constabulary also highlighted the technical issues which have been experienced with the system. Need to make the value of objective setting clear and check objectives line up with the strategic objectives. Members were assured that there was a high level of agreement in the staff survey results that staff and officers feel aligned with these objectives.

d) Recruitment and Vetting

The Internal Auditors gave a reasonable level of assurance regarding recruitment and vetting. The Internal Auditors were satisfied with the evidence reviewed regarding the planning, management and implementation of the new e-recruitment system (Oleeo). The project closure report looked at the status of the benefits being achieved against the business case.

The Internal Auditors are satisfied with the plans in place to support the National Uplift programme.

One vetting discrepancy was noted and subsequent action raised. Vetting will undertake a full review of Core-vet.

The Chief Officer – People and Organisational Development highlighted the amount of work over the past 12 months to achieve this assurance level. This has been an extraordinary effort to make progress and all during the pandemic.

e) Police Officer and Staff Training

The Internal Auditors gave a limited level of assurance relating to police officer and staff training. 2 actions were raised. One action is to carry out a review to understand why IPR records are not being uploaded to the system and whether procedures are being followed. The second actions relates to looking at policies and procedures in relation to probationary periods for staff, review the five exceptions highlighted in the report, look at information for managers and reminders, dip-sampling and reporting options.

Members queried why the Internal Auditors have not reported this as a priority 1 given that no improvement has been shown and the importance of IPR, particularly with so many new people joining the organisation. The priority level is in acknowledgment that much of the issue may be as a result of recording compliance.

The Constabulary accept that improvements are needed in this area and welcome audits which are directed towards areas of challenge as part of identifying areas for improvement.

Members were assured regarding the rigorous management of the probationary period for officers. Improvements are already being made, in response to the actions raised, with the new induction programme and

refreshed line management systems. The IPR system doesn't report well details linked to probation reports – the Constabulary recognise that they need to look at changing the system but the systems review done suggests now is not the right time.

Members asked if the Constabulary are seeing any impacts from the figures reported. The staff survey was positive in relation to staff aligning with organisational objectives and Members could look at performance overall. It was noted that there was less agreement in the staff survey results that under-performance is properly managed but this does have to be done discreetly and would not necessarily be visible to all. The Constabulary agreed that more dip-sampling is required.

The Internal Auditors will work with the Constabulary as part of the Follow Up report to understand the reasons for non-compliance. The JAC Chair highlighted the importance of making improvements clear in the Follow Up report.

RESOLVED THAT improvements should be made clear in the Follow Up report regarding Police Officer and Staff Training.

f) Internal Audit Plan 2021/22

The Internal Auditor presented the 2021/22 Internal Audit Plan and highlighted the collaborative effort that has gone into bringing this plan together. The Joint Audit Committee approved the Internal Audit Plan 2021/22 and the Audit Charter included at the end of the report.

RESOLVED THAT the Internal Audit Plan 2021/22 and the Audit Charter was approved.

9. 2020/21 Statement of Accounts and Audit Presentation

The Constabulary gave a presentation on how they are approaching the year-end audit work, laid out the timetable, gave updates on actions since last year and highlighted changes since last year.

The External Auditors will be providing a commentary on Value for Money (VFM) looking at financial sustainability, governance and improvements in economy, efficiency and effectiveness. They will no longer provide a qualified/unqualified opinion in relation to VFM.

The timetable for preparation of the accounts has moved from 31st July 2021 to 30th September 2021 but the Constabulary will continue to work to the original timetable. The final external audit will be late July to September.

The JAC Chair asked the Constabulary to ensure that they are taking JAC meeting dates into account so that Members have plenty of time to review the accounts and discuss at JAC.

10. External Audit (Report 9):

a) Audit Progress Report and Sector Update

Visits began last months in relation to the 2020/21 audit and work is on track. The External Auditor highlighted the VFM changes again as discussed above. The National Audit Office (NAO) have just advised that, where possible, the VFM commentary should be provided alongside the audit opinion or no longer than 3 months after. The External Auditors confirmed that they intend to provide both the Annual Report and VFM commentary to the meeting of the Joint Audit Committee in September 2021.

The External Auditor highlighted the Sector Update included in the report in relation to ISA 540 regarding accounting estimates and related disclosures and the enhancements to the audit risk assessment process.

b) Joint Audit Plan

The plan sets out the risks, materiality level, VFM arrangements and NAO changes. External Auditors will look to use evidence from Internal Audit as well as HMICFRS so as not to duplicate work. The External Auditors will be looking at financial planning, understanding performance management and how this drives improvements and also looking at the impacts of the pandemic.

The proposed fees at pages 98 and 99 were discussed. The fee variations relating to 2019/20 are still being considered by the Public Sector Audit Appointments (PSAA). The JAC Chair wrote to the PSAA and Grant Thornton to set out concerns regarding the proposed fee variations and a response has been received. The OPCC and OCC CFOs will continue to work with the PSAA and Grant Thornton to clarify how the increases have been calculated and the reasons – the PSAA will check again when concerns are raised with them. The PSAA have explained that these increases are as a result of additional audit requirements and regulatory changes causing market pressures and that additional fees will be charged at the original rate. The onus will be on the CFOs to look at the fees and refer back to the PSAA with any concerns. The External Auditors were asked to look at mitigating factors in relation to the fees – the Constabulary have made efforts to ensure that everything is as efficient as possible to ease the process of carrying out the audit and would like to understand if this is taken into account in the process of calculating the fee variation. It was also noted that additional funding might be provided to forces to help mitigate these increases in fees. Members, the OPCC and Constabulary hope to bring a closure to these issues as soon as possible and are working to do so.

The positive working relationship with Grant Thornton was highlighted.

RESOLVED THAT Members note the Joint Audit Plan and proposed fees within the report.

11. Summary of Recommendations

HMICFRS

Out of 138 live recommendations 56 are in progress, 25 are with HMICFRS for closure and 57 are complete. The DCC updated Members that there is a new HMICFRS liaison officer who she met last week.

SWAP

Out of 81 recommendations from 2019/20 28 remain open and 53 are complete.

Part 2

Items for consideration without the press and public present

12. Exempt Minutes of the Joint Audit Committee Meeting held on 27th January 2021 (Report 12)

SEE EXEMPT MINUTES

13. Constabulary Strategic Risk Register (Report 13)

SEE EXEMPT MINUTES

The meeting concluded at 13:35

CHAIR

ACTION SHEET

MINUTE NUMBER	ACTION NEEDED	RESPONSIBLE MEMBER/ OFFICER	DATE DUE
Minute 43 External Audit Update 16th January 2020	The External Auditors should work with the OPCC on the arrangements for running a South West JAC event.	Grant Thornton/ OPCC	TBA
Minute 48e Refreshing of the Strategic Framework Follow Up 27th January 2021	Arrange for JAC Members to have access to parts of Qlik if possible.	OPCC CFO	14 th July 2021
Minute 8b Payments to Staff – Absence Management 22nd April 2021	Plan for Payments to Staff – Absence Management should be included in the Follow Up report.	SWAP	TBC
Minute 8e Police Officer and Staff Training 22nd April 2021	Improvements should be made clear in the Follow Up report regarding Police Officer and Staff Training.	SWAP	TBC

MEETING: Joint Audit Committee	Date: 14 th July 2021	Agenda No
DEPARTMENT: Finance and Business Services	AUTHOR: Nick Adams	6
NAME OF PAPER: 2020/21 Draft Statement of Accounts		

1. PURPOSE OF REPORT

The report presents the 2020/21 draft statement of accounts for both the Chief Constable, as well as the PCC (which incorporates the group position).

Members of the Police and Crime Board are asked to review and discuss these accounts.

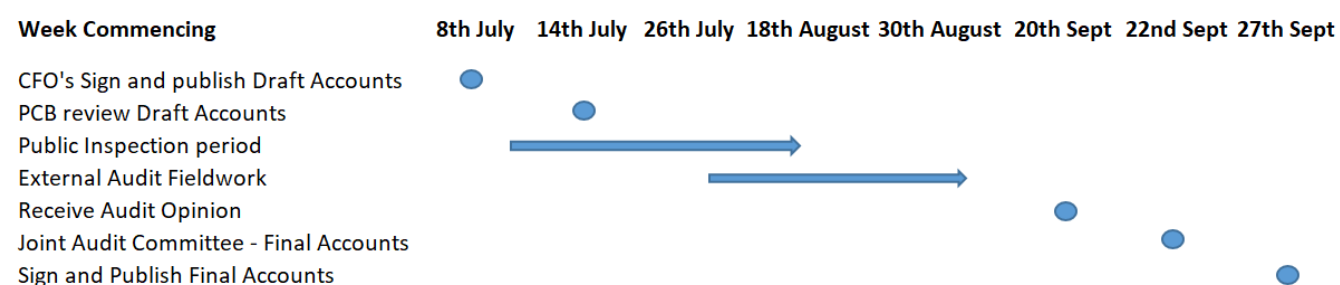
2. BACKGROUND

The Accounts and Audit Regulations 2015 require that the “responsible financial officer” sign and date a draft copy of the Statement of Accounts prior to commencing the period during which the public can exercise their rights to inspect the accounts.

Upon completion of the period during which the public can exercise their rights, the final (audited) accounts will then be considered by way of a committee (which in our case will be the Joint Audit Committee). If there are no issues, the Joint Audit Committee will recommended the accounts to the PCC and CC for their approval and signature.

Due to the ongoing Covid-19 situation, the Ministry for Housing, Communities and Local Government (MHCLG) has extended the statutory audit deadline for 2020/21 for all local authorities, including police forces. The publication date for audited accounts has moved from 31 July to 30 September 2021.

With the above deadline in mind, we are planning to complete our own accounts and audit activity by 27th September 2021. The table below sets out the timeline for key events to achieve completion by this date :-



The format of the accounts is prescribed in legislation, with further refinement added through guidance and regulations issued. The primary financial statements within this document comprise:-

- A Comprehensive Income and Expenditure Statement;
- A Movement in Reserves Statement;
- A Balance Sheet; and
- A Cash Flow Statement.

In addition to these primary statements the accounts include narrative statements providing context and explanations, and a series of notes providing further detail to the primary statements. The Annual

Governance Statement (AGS) also accompanies the accounts. The AGS sets out the management's view of its governance arrangements, issues to be addressed and actions to be completed.

Since the Police Reform and Social Responsibility Act 2011 (the Act) came into effect, we now publish two sets of financial statements:-

- PCC's Statement of Accounts (including Group accounts); and
- Chief Constable's Statement of Accounts.

This requirement was brought about by the creation of two separate legal entities under the Act.

3. PRESENTATION OF THE STATEMENT OF ACCOUNTS

In preparing both sets of financial statements, we have assessed the appropriateness of presenting the accounts on a going concern basis. We recognise that the PCC and Chief Constable can only be created or discontinued through statutory prescription. As we have no indications of any intentions on the part of Government or Parliament to bring about changes that will see either of these corporations sole cease to exist, we consider that preparing our accounts on a going concern basis remains valid.

Another consideration for going concern is our financial sustainability, and our ongoing ability to live within our financial means. This is annually assessed in the preparation and scrutiny of our Medium Term Financial Plan (MTFP), which sets out our 5 year revenue and capital forecasts, incorporating considerations of reserves and risks within this. Our latest MTFP recognises material uncertainty created by the global COVID-19 pandemic, which resulted in a one year Spending Review in 2020 rather than the 3-year SR that had been previously assumed. Savings are required over the medium term in order for the PCC and Chief Constable to continue to be able to set a balanced budget. Our planning work continues to identify savings and efficiencies that will be developed further so that these can be discussed and agreed as part of our new financial plans.

The presentation of the two Statements of Account is determined both by the legal substance of the transaction, as well as by the application of the accounting principle of "Substance over Form". This accounting principle is used to ensure that financial statements present a complete, relevant and accurate picture of transactions and events by accounting for the financial reality (the "economic substance") rather than the legal form of the transaction.

We have considered our application of the requirements of substance over form when preparing our 2020/21 accounts. The outcome of this review, in addition to there not be any material changes to accounting or statutory regulations, concluded that the presentation of last year's financial statements remains appropriate. Therefore the accounts as presented contain the following:-

Prime Statement	PCC/Group	Chief Constable
Comprehensive Income and Expenditure Statement	PCC – includes costs of the OPCC and inter-group adjustments. Group – shows combined PCC and CC position	Includes the income and expenditure associated with providing a policing service in accordance with the PCC scheme of governance
Movement in Reserves	Full statement reflecting the movement on all reserves	Only Pension accounting adjustments through the general fund

Balance Sheet	Full statement reflecting the totality of all assets, liabilities and reserves across the PCC, CC and combined group	Includes the pension assets and liability, the short-term absences accrual, and other employee related balances, offset by a debtor from the PCC
Cash Flow Statement	Full statement reflecting the cash flow across the PCC, CC and combined group	Includes those non-cash adjustments required to ensure consistency with other primary statements

4. 2020/21 REVENUE AND CAPITAL FINANCIAL PERFORMANCE

The 2020/21 financial performance across both the revenue budget and the capital plan has been the subject of a detailed paper presented to PCB at its meeting on 2nd June 2021.

In summary we reported an under spend against revenue budget of £14.1m/4.3% (2019/20 £5.1m/1.7%), which was entirely accounted for through provisions and reserve adjustments. During the year we also spent £8.3m (2019/20 £14.4m) on capital projects, and are carrying forward £2.1m (2019/20 £3.9m) into 2021/22 in support of ongoing projects.

The budget and outturn figures presented to PCB will not reconcile exactly to the Income and Expenditure Statement due to adjustments between accounting and funding, however in order for the Board to recognise the figures and reconcile back to previous reports a reconciliation is detailed below:

	£'000
20/21 Budget/Outturn (per management accounts)	328,451
Less Commissioning of Victims' Support Grant	(2,001)
Less Pension Grant	(2,827)
Less Home Office uplift Grant	(3,843)
Less Council Tax Adjustment (for Collection Fund movements)	(1,164)
Plus Tax income Guarantee grant	<u>414</u>
Plus Capital Grant received	<u>310</u>
Adjusted Total Taxation and non-specific Grant Income (per Group CIES on page 29 of Group Accounts)	319,340

The commissioning of Victims' Support Grant, the Pension grant and Home Office uplift Grant are presented within the net cost of police services in the statement of accounts.

5. USEABLE RESERVES AND PROVISIONS

The movement on reserves statement (as detailed at page 32 of the group accounts) identifies a net increase of £8.1m/17% (2019/20 increase £11.3m/30%) in useable reserves. The table below summarises the position on our useable reserves:-

Details	General Fund Reserve	Earmarked Revenue Reserves	Capital Receipts Reserve	TOTAL
	£'000	£'000	£'000	£'000
Balance as at 1 April 2020	9,000	35,968	3,982	48,950
Net Increase/(Decrease)	3,000	3,487	1,620	8,107
Balance at 31 March 2020	12,000	39,455	5,602	57,057

The General fund balance is set by the risk assessment carried out by the PCC CFO in conjunction with the Chief Constables CFO. The General fund balance has increased by £3.0m following the review completed by the OPCC CFO earlier in the year. The increase is reflective of the uncertainty and risk around the time at which the budget was being set.

Our earmarked reserves (which were included in the outturn report presented to PCB in June, and which are explained in more detail on pages 72-74 of the group accounts) can broadly be broken down into three distinct areas:-

- **Revenue funds – discretionary:** These are the funds that we have set aside, predominantly held to support the ongoing costs of proactive and reactive operations, enable us to continue to realise our change and transformation ambitions and to provide support to face the future financial uncertainty created by COVID-19;
- **Revenue funds – non-discretionary:** These are funds that we account for at the end of the year, but which predominantly relate to funds that we have received for specific purposes (e.g. unspent specific grant funding, unspent proceeds of crime funding) or funds that represent money which is not (either wholly or in part) ours (e.g. balance on our regional serious organised crime unit which is hosted by A&S);
- **Capital and PFI funds:** These are funds held in support of future capital programmes, and in support of our PFI buildings.

The earmarked revenue reserves have increased by £3.5m during the year. This is the net result of a number of movements, including:-

- a £(0.1m) decrease to our non-discretionary reserves (as a result of the reduction of reserves for SW ROCU (£1.2m), an increase of reserves for Regional programme reserves (£0.6m) and Victim support services (£0.5m)) .
- a £(0.4m) decrease to our discretionary reserves (the net result of the introduction of three new reserves for Covid 19 Enforcement (£1.3m), New PCC reserve (£1.0m) and Budget support reserve (£1.0m), offset by a decrease in Operation Remedy (£1.3m), decrease in the Covid 19 recovery reserve (£1.0m) and a £0.7m decrease in the Carry Forwards).
- The earmarked capital reserves have increased by £3.6m during the year, reflecting our long-term capital funding plans.

In addition to reserves, we have also made a number of provisions as at 31st March 2021, which reflect known liabilities of uncertain value and/or timing (note 24 of the group accounts). The accounting for provisions is reliant upon the exercise of professional judgement, and as such it is important that the

assumptions made here are transparently explained. Our provisions include:-

- **Self-Insurance provision** £9.9m (2019/20 £9.0m) – this provision reflects the potential discounted liability for all claims against the PCC or Chief Constable up to the level we are insured for (known as our “deductible”). The value of the provision is set annually after independent consideration of all known outstanding claims which are independently reviewed by Marsh;
- **Legal services** £0.2m (2019/20 £0.3m) – this provision reflects the assessed value of our legal costs associated with all outstanding claims;
- **Pensions claims** £0.9m (2019/20 £0.1m) – this provision reflects our assessment as to the potential value of claims from those police officers who are claiming injury to feelings arising from the transition to the 2015 pension scheme which has been found to have been discriminatory. The funding of these claims remains a point of ongoing discussion between the police service and the Policing Minister, but at this stage we have recognise the liability as the police pensions authority;
- **Ill health and termination benefits** £0.6m (2019/20 £0.1m) – this provision reflects:-
 - the costs associated with the ill health retirement of police officers who at the 31st March have an agreed medical retirement date which falls in the 2021/22 financial year; and
 - the costs associated with the termination of employment (e.g. redundancy costs) that are confirmed as at 31st March but which relate to a final employment date which falls in the 2021/22 financial year.
- **Overtime liability** £2.8m (2019/20 £2.4m) – this provision reflects the potential value of claims which relate to historic claims relating to potential overtime worked by officers on call or undercover. The value of this provision is kept under review by a group overseen by an Assistant Chief Constable, with the support of the Director of Legal and Compliance Services and the Head of Finance.

6. PENSIONS ACCOUNTING

In preparing the accounts we are required to comply with pension accounting requirements as set out in International Accounting Standard 19 (IAS 19).

IAS 19 requires an organisation to account for retirement benefits when it is committed to give them, even if the actual giving will be many years to come. It requires employers to disclose the total value of all pension payments that have accumulated (including deferred pensions) at the 31st March each year. This value is made up of:-

- The total cost of pensions being paid out to former employees who have retired; and
- The total sum of the pension entitlements earned to date for our current employees – even though it may be many years before the people concerned actually retire and begin drawing their pension.

IAS 19 also requires us to show all investments (assets) of the Pension Fund at their market value, as they happen to be at the 31st March each year. The value of these investments is subject to regular fluctuation on a day-to-day basis, and so when compared across a 12 month time difference, can present significant movement year on year.

Setting side by side the value of all future pension payments and the snapshot value of investments as at the 31st March, results in either an overall deficit or surplus for the Pension Fund.

As at 31 March 2021 the pension fund liability (deficit) identified by our actuaries is £4.38bn (2019/20 - £3.49bn). Of this £3.94bn relates to Police Officers (2019/20 - £3.22bn), and £438m to Police Staff (2019/20 - £271m).

The Police Officers scheme is the responsibility of the Home Office, and the Chief Constable (as employer during the course of 2020/21) is responsible for making employer contributions towards this pension. The Police Staff scheme (which is Somerset County Councils Local Government Pensions Scheme [LGPS]) is the responsibility of the PCC and Chief Constable, and the PCC CFO represents the PCC at the Somerset County Council Pension Committee.

For the reasons set out above the IAS 19 figures can only be a snapshot at a given point in time. A truer reflection of a pensions fund's actual position comes from a more detailed assessment made by an Actuary. This assesses and examines the ongoing financial position of the pension fund, and as a result can differ considerably from the IAS 19 valuation.

These more detailed actuarial assessments are carried out periodically, and are used to review the contribution rates to the Fund made by us as the employer, to ensure that existing assets and future contributions will be sufficient to meet future pension payments. We can do this, because by its very nature, the Pension Fund is ongoing and long-term and gives employers time to act so that any deficit is spread and paid-off over a number of years.

7. PFI ACCOUNTING

Through our PFI contract our private sector partner (Blue Light Partnership [BLP]) is responsible for providing and making available the four PFI funded buildings throughout the 25 year life of the contract. At the end of the contract the legal ownership of the buildings will revert to the PCC (in the case of the shared facility it will revert to shared ownership) at nil cost.

As the PCC is deemed to control the services that are provided under the PFI schemes, and ownership of the buildings will pass to the PCC at the end of the contracts for no additional charge, the PCC will carry the assets on its Balance Sheet as part of Property, Plant and Equipment.

The financial implications of this contract will see the PCC commit to an annual unitary charge across the 25 year life of the contract, being £9.5m in 2020/21 (£9.4m 2019/20), and £248.1m over the 25 years. The UK Government (Home Office) has committed to provide £187m capital funding ("PFI Credits") in the form of annual grants over 25 years.

The difference between the unitary charge cost for the provision of the buildings, and the PFI credits will be closed through a combination of the:-

- a. Interest earned on our sinking fund balance (being the reserve into which the timing difference between the receipt of the PFI credits and the actual requirement to use these funds, is accounted for);
- b. Contributions from our partners towards the running costs of the building (contributions from Gloucestershire and Wiltshire Constabulary will contribute towards the annual running costs of the shared firearms training facility);
- c. Revenue budgets of the Constabulary, which have been realigned following savings achieved as a consequence of the closure of other buildings.

8. OTHER CONSIDERATIONS

As is normal during our preparation of the draft financial statements we have had to make several considerations. These include:-

- Asset valuations – In accordance with our policy for the valuation of our assets a desk top valuation was carried out by our in-house surveyor as at 31st March 2021. The properties have been valued in accordance with the current RICS valuation standards and took into account the potential future impact of COVID-19 and as such were reported on the basis of material valuation / market uncertainty principles. The results of this valuation have been captured within the financial statements presented;
- Related Parties – We have written to the members of the Joint Audit Committee, the PCC and her executive officers, and to the Chief Officers of the Constabulary to ascertain whether there were any financial transactions requiring disclosure. The result of this review is presented at note 13 (page 55) of the Group accounts and note 11 (page 47) of the Chief Constable's accounts;
- SWROCU and Regional Collaboration reserves – In accordance with recommendations from external auditors we have adjusted these reserves to reflect Avon & Somerset's share only, resulting in a reduction to the reserve value.
- Contingent Liabilities – In accordance with the requirements of the accounting standards we have considered whether there are any liabilities which have not been financially provided for because they are remote or cannot be accurately valued. The note includes reference to the following:
 - McCloud/Sargeant Judgment regarding the discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015; and
 - The uncertainty created by the Coronavirus pandemic.

The results of this review are presented at note 25 (page 69) of the Group accounts, and note 19 (page 56) of the Chief Constables Accounts;

9. EQUALITY ANALYSIS

The Statement of Accounts has been prepared in accordance with accounting conventions and the guidance contained within the CIPFA Code of Practice on Local Authority Accounting. Where possible we have included explanatory notes to aid the reader of the Accounts in interpreting the information included.

The Statement of Accounts are published through the website of the PCC and Chief Constable, and additional copies can be made available to members of the public who make a request to either of the Chief Finance Officers.

10. SUSTAINABILITY

The draft accounts continue to be very sizeable documents. We will continue to refine and where possible reduce the number of pages needed through formatting, and as in previous years we intend to keep the number of printed copies of the financial statements to a minimum. As the Finance team have all been working from home over the due to the COVID-19 pandemic, no paper copies have been printed in the preparation of these accounts.

There are no specific requirements at this stage relating to sustainability issues which need to be included within the financial statements.

11. CONCLUSIONS AND RECOMMENDATIONS

As in previous years the Accounts have not yet been audited. The audit is due to commence in late July and continue through August, with expectation that this will have been substantially completed to allow us to present audited accounts at the JAC meeting in September. Our external auditors will provide an update on their progress and expected timeframes at the meeting. Once the audit is completed the external auditors will issue an Audit Certificate, enabling the final Statement of Accounts to be published.

The Joint Audit Committee is therefore invited to discuss the 2020/21 Draft Statements of Accounts.

Appendix A – Draft 2020/21 Group and PCC Financial Statements

Appendix B – Draft 2020/21 Chief Constable Financial Statements

Office of the Chief Constable for Avon & Somerset

Officers of the Office of the Chief Constable

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

Andy Marsh	Chief Constable 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

Chief Finance Officer's Narrative Report	3
Statement of Responsibilities	12
Auditor's Report	13
Annual Governance Statement	14
Comprehensive Income and Expenditure Statement	32
Movement in Reserves Statement	33
Balance Sheet	34
Cash Flow Statement	35
Notes to the Financial Statements	36
Police Officers Pension Fund Account Statements	58
Glossary of Terms	60

Office of the Chief Constable for Avon & Somerset

Chief Finance Officer's Narrative Report

This section provides information about the Constabulary, enabling the reader to understand our objectives and strategies, as well as matters of financial and operational performance over the past year and issues which may affect these in future. This statement should be read in conjunction with the Chief Finance Officer's Narrative Report in the Police and Crime Commissioner's Statement of Accounts.

1 Organisational Overview

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

Around 1.7 million people live within the 1,844 square miles our area covers, with greater concentrations around our towns and cities, which include Bristol, Bath, Weston-super-Mare, Taunton and Yeovil.

The Police and Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities. The PCC is elected by the public to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of their functions and those of persons under their 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 their 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 eight directorates, encompassing all aspects of operational and organisational delivery.

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

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:

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

The Constabulary has four corporate strategies:

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

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

The staffing information for both organisations as at 31 March 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%
Total	6,059	6,462	7%

In addition, the Constabulary is supported by 314 Special Constables, 167 Police Cadets, and approximately 1,300 volunteers, of which 1,100 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 our operational and organisational response to the pandemic:-

2.1 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 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

2.2 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 both with 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 regularly assess what we're doing well and where improvements are needed.

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 8th 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 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 & Somerset, an increase of £22.0m (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 Constabulary’s net revenue expenditure in 2020/2021 was £311.1m. When compared to budget this means we have underspent by £12.3m (3.8%), 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 PCSO 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
Constabulary sub total	323,409	323,430	21
Office of the PCC	1,555	1,534	-21
Commissioning	3,487	3,487	0
Total revenue expenditures	328,451	328,451	0

It should be noted that the figures above cannot be agreed directly to the comprehensive income and expenditure statement on page 32 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, Reserves, and Treasury Management

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

5 Financial Outlook

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 are 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
Surplus(-)/deficit before savings	8,261	8,915	11,468	12,118	14,258
Savings	-7,261	-7,694	-8,606	-7,756	-5,761
Planned use of reserves	-1,000				
Surplus(-)/deficit after savings	0	1,221	2,862	4,362	8,497

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 (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 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 International Accounting Standard (IAS) 19 on employee benefits, we are reporting a significant pensions 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 13 to 15. The liability has no impact on the reported outturn and the usable reserves.

8 Basis of Preparation

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

This Statement of Accounts summarises the financial year for 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 OCC and the CFO in respect of the Statement of Accounts;
- **An annual governance statement** - These statements review the effectiveness of the OCC's internal control systems;
- **A comprehensive income and expenditure statement** - This statement shows the accounting cost in the year of providing policing services in accordance with generally

accepted accounting practices, together with the costs of providing pensions for officers and staff;

- **A movement in reserves statement** – This statement shows the movement during the year in reserves, and affirms that no actual reserve balances are held by the OCC at the end of the accounting period;
- **A balance sheet at 31 March 2021** – The balance sheet shows the net pension liability, as well as other employee related balances recognised by the OCC and offset by a debtor from the PCC;
- **A cash flow statement** - The cash flow statement shows the changes in cash and cash equivalents during the year. This statement in the OCC's accounts reflects the fact that there have been no cash transactions in the name of the OCC;
- **A police officers pension fund account statement** - This statement summarises the total police officer pension contributions and pension benefits paid. The difference is funded by the Home Office.

9 Conclusion

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

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

Looking ahead we recognise the 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.

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

Office of the Chief Constable for Avon & Somerset

Statement of Responsibilities

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

1 Chief Constable's Responsibilities

The Chief Constable is required to:

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

2 The Chief Finance Officer's Responsibilities

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

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

- chosen suitable accounting policies and then applied them consistently;
- made reasonable and prudent judgements and estimates;
- complied with the CIPFA Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud including preparing an audit and ensuring appropriate risk management mechanisms are in place; and
- made sure that the internal control systems are effective – pages 14 to 31 show this in more detail.

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

Sarah Crew
Temporary Chief Constable

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

Auditor's Report

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

Report on the Audit of the Financial Statements

To be added

DRAFT

Office of Chief Constable for Avon & Somerset

Annual Governance Statement

1 Introduction

This annual governance statement sets out how the Avon and Somerset Office of the Chief Constable (hereafter referred to as OCC) has complied with the corporate governance framework set out in the Joint Scheme of Governance for the Avon and Somerset Police and Crime Commissioner (PCC) and the Chief Constable in place for the year ended 31 March 2021. It also details improvement areas to enhance further governance arrangements that the Constabulary plans to progress during 2021-2022.

Its purpose is to supplement the Avon and Somerset PCC's annual governance statement to give the complete picture of the discharge of governance within the OCC and the Office of the PCC for Avon and Somerset.

The Constabulary follows the CIPFA Framework principles: 'Delivering Good Governance in Local Government' and the guidance notes for policing bodies (revised 2016). See section 4.4.

Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). This term 'authority' includes the OCC and the PCC legal entities. This requirement is reflected in the Code of Practice on Local Authority Accounting in the United Kingdom published by the Chartered Institute of Public Finance & Accountancy (CIPFA).

The annual review informs this statement of governance arrangements with assurance on compliance with the seven principles of the CIPFA framework by on-going audit inspection and external assessment. This statement also explains how the OCC complies with the principles and meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 concerning publishing a statement on internal controls.

2 Scope of Responsibilities

The OCC and the PCC are responsible for ensuring their business is conducted according to the law and proper standards, ensuring that public money remains safeguarded, appropriately accounted for, and used economically, efficiently, and effectively.

Under the Policing Protocol 2011, the PCC has responsibility for delivering efficient and effective policing, management of resources and expenditure by the police force. The PCC has a statutory duty to obtain the views of victims of crime and the broader community about the policing of the Force area and must consider the views of responsible authorities. These views inform the PCC's Police and Crime Plan, which sets the Force's strategic direction and priorities.

The OCC has statutory responsibility for the control, direction, and delivery of operational policing services provided by the Constabulary regarding the PCC's strategic direction and priorities in the Police and Crime Plan. In discharging this overall responsibility, the OCC is responsible for establishing and maintaining appropriate risk management processes, governance arrangements and ensuring a sound internal control system, facilitating these functions' effective exercise.

The PCC and OCC share most core systems of control, including the SAP ERP systems, finance department, shared financial controls, IT, legal, and information governance functions.

The OCC's Chief Finance Officer (OCC CFO) has responsibility for providing advice on all financial matters, maintaining financial records and accounts and ensuring an effective system of financial control is in place. Together with the PCC Chief Finance Officer (PCC CFO), they conform to the governance requirements of CIPFA's Statement on 'The role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable' (March 2021).

3 The Purpose of the Governance Framework

The governance framework comprises systems, processes, culture and values by which the Constabulary is directed and controlled.

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.

An effective governance framework enables the OCC to monitor the achievement of its strategic objectives, as set out by the PCC in the Police and Crime Plan (PCP) and the Strategic Policing Requirement (SPR), and to consider whether those objectives have led to appropriate delivery, cost-effective services, and overall achievement of value for money.

The fundamental function of good governance in the public sector is to ensure that intended outcomes are achieved whilst acting in the public interest at all times.

4 The Governance Framework

The OCC is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Constabulary. In doing so, they are accountable to the PCC in a way that delivers the PCP. It, therefore, follows that the PCC must be assured that the OCC has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

A joint governance framework, collectively known as the Joint Scheme of Governance, has been in place for the year ended 31 March 2021 and includes the Code of Corporate Governance, Memorandum of Understanding, Decision-making Framework, Scheme of Delegation, Financial Regulations and Contract Standing Orders. The Joint scheme of Governance was reviewed and refreshed in August 2019.

The OCC governance framework has been reviewed and redesigned during this reporting period, including a significant change to the governance meeting structure, creating sub-committees of the Management Board and a reduced overall number of meetings.

The governance framework provides the structure for strategic decision making and oversight of internal control. A critical component of the framework is identifying, assessing, and controlling risk management to mitigate risk to a reasonable and foreseeable level. The Constabulary cannot eliminate all risk of failure to achieve its objectives; it can only provide reasonable but not absolute assurance of effectiveness.

Governance arrangements for both the OCC and the PCC are structured around the seven principles set out in the revised Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales (2016 Edition). The diagram below illustrates the various principles of good governance in the public sector and how they relate to each other. A summary of how the OCC complies with these principles is detailed below, *see sections 4.5 – 4.11*.

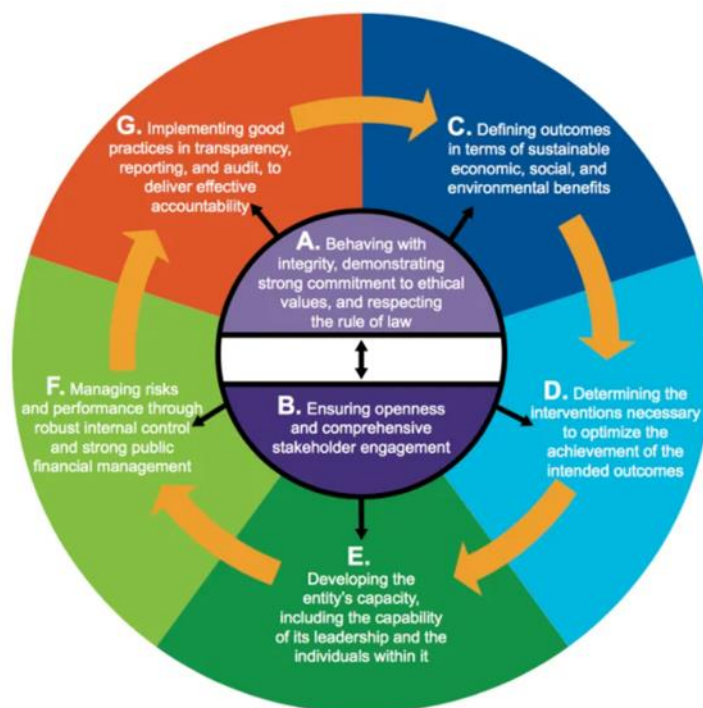


Figure 1: CIPFA Principles for Good Governance (taken from their publication 'Delivering Good Governance in Local Government: Framework 2016 Edition').

4.1 Principle of Good Governance A: Behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law

The ethical health of the OCC is demonstrated by the willingness and engagement of its people to role model its values and Standards of Professional Behaviour. Underpinning these behaviours is Avon and Somerset's commitment to being open and transparent with the communities it serves.

Leadership is vital in developing an ethical organisational culture. The Professional Standards Department are responsible for overseeing complaints, misconduct, and vetting processes that provide the formal structures in maintaining the right behaviours. Within the department, there is various data and information, both qualitative and quantitative, which can demonstrate the ethical health of the organisation. These include:

- Number of recorded complaints, types of complaints and outcomes (particular scrutiny on discriminatory behaviour, sexual conduct and abuse of position/corruption)
- Number of conducts, type of conduct and outcomes
- Number of officers and staff without current vetting
- Number of officers and staff without the correct vetting levels
- Number of referrals to the Independent Office for Police Conduct (IOPC) for death and serious injury incidents
- Number of IOPC investigations

Policies

In addition to the standards of professional behaviour and Code of Ethics, the conduct of officers and staff is governed by policies that provide specific guidance for areas of risk, vulnerability or which may present an actual or perceived conflict of interest. Examples of these include:

- Business Interests – The public must have confidence in the integrity and impartiality of the police service. The force does not constrain police officers or staff from holding a business interest or additional occupation. It promotes consistent decision making in the authorising of those business interests and additional occupations which do not

conflict with the work of the police and which will not adversely affect the reputation of the individual, the Constabulary, or the broader police service.

- **Notifiable Associations** – This policy ensures that the risk of officers and staff engaging in associations with individual or groups outside of the organisation who may present an actual or perceived conflict of interest or damage the integrity of the Constabulary is identified, mitigated and managed appropriately.
- **Gifts, Gratuities, and Hospitality** – This policy addresses matters relating to gifts, hospitality and sponsorship issues. The policy and process use electronic registration of any gift given to a member of the organisation, managed by the Professional Standards Department, helping to ensure proper governance and transparency.

Other policies address matters such as service confidence procedures and lawful business monitoring.

Police Integrity Reforms

Effective from February 2020, the Police Integrity Reforms have resulted in significant changes in handling police complaints with changes in the definition of a complaint, handling and the thresholds of misconduct and gross misconduct. Over the last 12 months, the OCC has supported these changes and worked with the PCC's office, who now have a statutory responsibility to have oversight of the police complaints system.

The PCC has a suite of scrutiny and assurance measures concerning complaints that provide public confidence. These include:

- Oversight and monitoring of individual complaints volumes;
- Constitution and running of an Independent Residents Panel – independent community-led scrutiny panel with an independent chair responsible for scrutinising public complaints and working with PSD to highlight best practice and improvement;
- Internal Audit – specific audit commissioned through the JAC for and completed 2019 in preparation for the new regulations;
- Quarterly meetings with PSD leads;
- Quarterly regional meetings with regional counterparts and IOPC (Independent Office for Police Conduct) leads;
- Public contacts concerning complaints and opportunities to observe problem-solving;
- Access to police complaints systems for transparency.

The reforms made the PCC responsible for reviewing the response to the quality of service complaints, while the IOPC must review misconduct investigations. All these elements allow the PCC to act as a critical friend in providing challenge, by reflecting the voice and concerns of the public in handling complaints, and working with the OCC PSD to influence the delivery of these services. Furthermore, the changes have enabled the PCC to maintain an overview of strategic performance and make recommendations accordingly.

4.2 Principle of Good Governance B: Ensuring openness and comprehensive stakeholder engagement

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

Engagement and Scrutiny

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

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

- **Independent Residents Panel** – volunteers from Avon and Somerset’s communities come together with the PCC’s office in order to examine complaints made against the Constabulary. The panel met quarterly during 2020/2021 as planned in June, September, December 2020 and March 2021.
- **Scrutiny of police powers** – volunteers from the communities of Avon and Somerset come together with the PCC’s office to examine the use of Taser, stop and search, body worn video and the use of force by the police. During 2020/2021 the panel met three times: in May, August and November 2020.
- **Out of courts disposal panel** – Out of court disposals are a means of resolving an investigation without prosecution through the courts. This panel brings together professionals from numerous criminal justice agencies and victim services who review the use of out of court disposals. In the financial year 2020/2021 the panel met quarterly as planned in June, September, December 2020 and March 2021.

Public consultation to inform decision making is undertaken where warranted. The OCC has access to consultation undertaken by the PCC as well as systematic data gathered from surveying of victims and the wider public. Alternative consultation is conducted via Independent Advisory Groups, Ethics Committee and local consultation, and through the use of the quarterly police and crime survey sources.

Social Media

We have corporate accounts on our four main communication channels on social media. These are listed below, with follower numbers accurate as of 7 April 2021.

- Facebook (138.6k followers)
- Twitter (172.8k followers)
- LinkedIn (8.2k followers)
- Instagram (20.8k followers)

Our press team predominately uses corporate Facebook and Twitter accounts to inform our followers of critical updates/wanted appeals/missing appeals and other important information. Our campaigns team also uses them to spread awareness regarding specific campaigns and mark certain awareness days/weeks. During the period between April 2020 and April 2021, the key engagement statistics from our facebook channel are presented in Figure 2. To aid understanding, definitions of the headings in Figure 2 are explained below.

- Engagement is how many people engaged with our posts – e.g. likes/shares/reactions/comments.
- Post-organic reach is how many people our posts organically reached on Facebook. Organically means without any money being spent.
- Inbound messages refer to how many times people messaged us – e.g. tagging us in posts/direct message/comment on our posts.

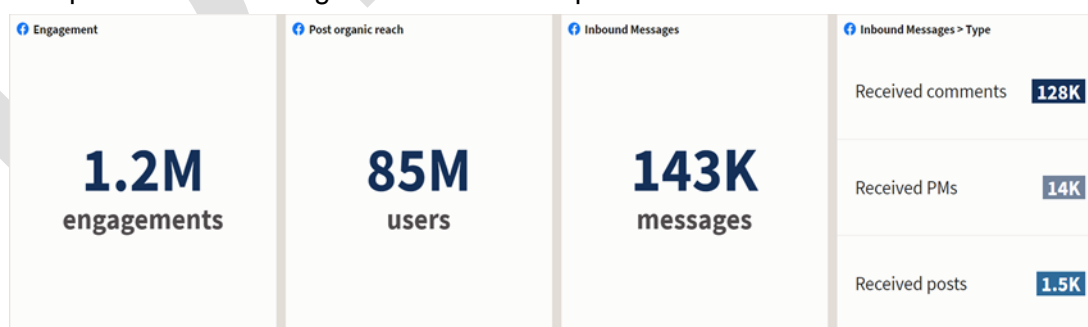


Figure 2: Facebook channel engagement data between April 2020 and April 2021

During the COVID-19 pandemic lockdowns, the OCC has utilised Facebook live broadcasts to engage the public and provide reassurance and critical messaging. Many of these broadcasts featured the Chief Constable and the PCC. Between 24th March 2020 and 2nd February 2021, there were 311,000 views, 1,597 reactions and 1,547 comments.

Our use of the LinkedIn platform has been a critical component in establishing our employer brand programme in the last 12 months. The programme has three communications objectives to:

- Establish Avon and Somerset Police as an employer of choice;
- Build positive brand perceptions; and
- Attract the best talent from a diverse pool.

The themes of content through this channel centre on recruitment posts, staff accomplishments, campaigns, and organisational achievements.

Our Instagram channel purpose is to increase brand awareness and build a positive community. Instagram represents 'who we are' as a police force, and our account aligns with our Employer Brand strategy. The channel has three communications objectives:

- Building positive brand perceptions;
- Building confidence in the police; and
- Giving the constabulary personality.

Partnerships

We are actively involved in the five local authority led Community Safety Partnerships. The Constabulary is engaged with public and volunteer agencies and works together to tackle crime, disorder, and antisocial behaviour and reduce re-offending.

The Constabulary has active engagement plans, refreshed in December 2020, set out clearly and transparently on how we will communicate and engage with our local communities. We will work closely with neighbourhood watch and community teams and ensure we maximise the visibility and accessibility of our teams online by increasing the platforms we engage on. Our plans give special attention to children and young people so that we can engage, enable, and empower the citizens and communities of tomorrow. We provide a named beat manager or PCSO to each school across the force, emphasising secondary schools.

Our engagement also extends to meetings, both formal and informal, with Chief Executives and Directors of partner agencies. We have particular interest meetings, for example, with Stand Against Racism & Inequality (SARI) or with the communities affected by Rural Crime. Additionally, we have Independent Advisory Groups (IAGs) mechanism as a touchstone and feedback route with stakeholders.

Furthermore, we have regular planned engagement with political representatives from our 15 elected MPs, meeting with the Chief Constable and PCC. In addition, local policing commanders maintain dialogue and relationships with partners and stakeholders in their respective policing areas.

Along with Health and Social Care colleagues, the Constabulary is a core statutory partner in the local Adult and Children Safeguarding Partnerships. There are eight partnerships across the force area, defined by local authority boundaries, although arrangements differ slightly for each location. In addition, there is an over-arching Board – the Avon & Somerset Strategic Safeguarding Partnership (ASSSP), which support collaborative working across the force area, and supports developed and joined-up approaches for cross-cutting themes concerning child safeguarding.

Building on the 2018 review 'Working Together to Safeguard Children' and the subsequent changes to the child safeguarding landscape, many of the arrangements have been in transition over the last 12 months. Of course, COVID-19 has affected the ability of partnerships to respond in the same way as previously – especially pertinent with our Health and Public Health colleagues.

Learning taken from statutory review processes have continued throughout this period. Recommendations from Child Safeguarding Practice Reviews, Safeguarding Adult Reviews, and Domestic Homicide Reviews have driven improvements across the partnership. Reviews have traditionally focused on geographic areas only, but we are currently undertaking a Peer-on-Peer Abuse Review involving child safeguarding partners across Bristol, North Somerset and South Gloucestershire. This review is the first time that we have collaborated in this way,

but serious youth violence is an issue that affects all areas and one where we can all benefit from a joined-up approach and learning.

Within the Local Resilience Forum (LRF), we also have a defined engagement structure and coordination role. Our influence and ability to bring partners together have been evident through the initial phase of the pandemic with immediate emergency response through to the more sustained and ongoing work. Our work pre-COVID in developing effective working relationships with partners realised benefits when the pandemic arrived. We had effective structures in place to stand up LRF arrangements within a short period. There have been strategic and tactical meeting groups through the COVID-19 pandemic managing activity ranging from PPE provision and enforcement to economic regeneration.

4.3 Principle of Good Governance C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

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

As outlined in section 4.1, the OCC is responsible for delivering the outcomes expected within the Police and Crime Plan set by the PCC.

Within the OCC a continuous improvement framework provides the opportunity to scrutinise performance against the plan through regular monthly thematic and operational assurance activity reported jointly at OCC and PCC governance boards.

The Strategic Planning Cycle provides the framework for the delivery of organisational change. The Force Management Statement is developed during Quarter 1 to provide a quantitative and qualitative assessment. The assessment supports an annual review of strategy, improvement plans and financial planning (MTFP) for subsequent financial years. Opportunities to commission change activity are identified from the cyclical work. At the same time, formal projects are mandated to complete a suite of impact assessments to ensure economic, social, environmental and financial outcomes are known. We track the delivery of change through benefits realisation and have a defined process to manage benefits within the project and business as usual. These benefits define positive outcomes from change and can be financial or performance in nature.

The concept of sustainable development encompasses economic, social and environmental factors, but environmental impacts are very much the focus of our Sustainability Plan. The latest version concluded in March 2021, with the following performance headlines:

- A reduction in total carbon emissions (CO₂e) (scope 1 and 2) of 22.3% over five years, down to 10,784 tonnes per annum. Of this overall reduction, emissions from buildings, fleet and business travel reduced by 16.5%, 34.5% and 24.2%, respectively. The 30% voluntary target for building emissions for the public sector by 2021 (against a 2009/2010 baseline) was surpassed by 5%;
- A reduction in the consumption of grid electricity of 21.5%, but just a 2.8% reduction in gas consumption;
- A 361% increase in renewable energy (solar and biomass) that we generate ourselves. In 2020/21, this represented 7% of the total amount of energy we used;
- A 40.9% reduction in the waste the organisation produces; and
- A 75.8% reduction in paper use per person;

Several factors underpin these performance improvements, including investment in energy-efficient lighting and renewables, the rollout of laptops and new multi-functional devices, digitalisation of processes, the deployment of more fuel-efficient vehicles and changing behaviour over time. Of course, the ways of working during the COVID19 pandemic have also impacted these improvements, with a significant change to the workforce habits, less usage of our estate, and greater emphasis on home working.

4.4 Principle of Good Governance D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Resource Planning

The vision of the Constabulary is to provide “outstanding policing for everyone”. The sustainable achievement of this vision requires us to effectively plan our future resources, ensuring that our insight into demand and performance is aligned to our workforce and financial planning in increasingly intelligent and integrated ways. Our aim is to join up our planning more effectively through a combination of:

- **People** – ensuring we have the right people with the right skills working in a cohesive and coordinated way to plan for the future continuously;
- **Process** – ensuring our tactical and strategic planning processes are aligned across services and support effective team working to achieve effective planning;
- **Technology** – ensuring our planning is informed by intuitive and enabling technology that enables our people to focus efforts on support forward decision making;
- **Data** – ensuring that our planning is informed through a joint, shared data set that enable us to make connections and provide insight into our demand, workforce, and financial plans.

While we are recognised as “outstanding” for our efficiency by HMICFRS, we understand that there is more that we can and should be doing to align our financial and workforce better planning together. Both of these areas require improved alignment into the effective demand and operational insight enabled by our digital analytics capabilities.

Our ambition is to move forward towards a more integrated planning approach to address the weaknesses we identify within our present situation. These weaknesses are characterised by short term planning focus, responsive rather than reactive approaches, limited IT/systems functionality and reliance on manual processes.

We are progressing this ambition through a small scale proof of concept, focusing on how we can improve resourcing planning for a period of summer demand. Through this work we expect to develop a roadmap that builds on these principles to accelerate our more effective integrated planning journey.

Criminal Justice Task Force

The Task Force was a joint project between the Crown Prosecution Service (CPS) South West and Avon and Somerset Constabulary, which ran for 12 months ending in December 2020 with the overarching purpose of improving the quality and timeliness of criminal investigations and prosecutions. The three aims of the task force were:

- To conduct a joint review of CPS and police performance to improve criminal prosecutions' quality and timeliness;
- To identify a coordinated approach in improving investigations, file quality and disclosure;
- To establish an embedded performance and assurance framework to allow for appropriate scrutiny.

The Task Force was individually accountable to the police and the CPS senior officer groups and reported to the Local Criminal Justice Board quarterly. A senior leader from each organisation was jointly responsible for leading the work of the task force, with both organisations nominating work-stream leads to undertake activity within each of the six work-streams.

Both organisations have realised several significant improvements and outcomes through improved processes driven by new guidance documents and training. Furthermore, the innovation of harnessing insights from shared data and analysis of performance barriers led the task force to focus on enabling successful interventions to support operational capability. There are two examples of innovation that stand out, and these are noteworthy in exemplifying interventions to optimise outcomes:

- **Process Automation** – 50-60% of files submitted to the CPS for advice were rejected at the triage stage, resulting in delays due to the necessary re-work required by both the police and CPS. The Task Force partnered with the OCC's IT Directorate to prioritise several automated solutions intended to impact file quality standards significantly. As of the end of March 2021 our automation has completed the attachment of 13,184 incident logs to a live case file, and successfully linked 30,675 victims as witnesses, thereby assisting live cases in passing through the CPS triage and reducing re-work demand in both organisations.
- **Suite of File Quality Applications** – The Task Force developed several analytical applications using the OCC data analytics and visualisation capability. These applications used case-specific data from both the police and CPS, to visualise key file quality performance measures. The development of the full suite of analytical applications, published on the Arc GIS portal, has provided a rich picture of case file quality performance. These applications have enabled leaders to better understand and improve file quality performance across their teams.

Deployment and Crime Allocation

In November 2020, the organisation commissioned a review of the Constabulary's 'Deployment and Crime Allocation Procedural Guidance'. The document is intended to inform supervisors and practitioners about managing crime investigations, from the point of an initial report through to deployment and subsequent investigation, whilst setting out the appropriate routes for investigating crime.

The existing procedural guidance was previously subject to a periodic review in July 2017. Since this time, there have been significant changes in the structure of the Incident Assessment Unit (IAU) and how crimes are allocated and investigated.

In addition, levels of compliance with the existing crime allocation policy were low. In October 2020, an assessment determined that 13% of live investigations in Patrol should be routed to Investigations according to the procedure. We concluded that this low level of compliance was resulting in inconsistencies in our service provision and creating operational and organisational risk. Dip-sampling identified specific cases where officers, without the necessary skills, were completing serious and complex investigations. Limited adherence to the current policy guidance also generates a significant volume of failure demand, as cases are often reallocated multiple times between organisational units based upon successive supervisory decisions. Therefore, the overarching aim of this review has been to ensure that criminal investigations are allocated consistently and fairly to staff members with the appropriate skill-set, thereby ensuring that we maximise opportunities to bring offenders to justice and improve victim satisfaction.

The allocation review work-stream has developed a new procedural guidance document that will enable practitioners to make effective, consistent and timely allocation decisions. The document will also empower individuals in making decisions to file investigations at the outset, where it is not necessary or proportionate to conduct any enquiries. Finally, a new and more frequent review framework has been agreed upon, thereby ensuring the policy continues to reflect our changing demand profile

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

Recruitment has seen a growth in demand for our teams further to the e-Recruitment introduction with a significant increase in the number of applications received (increases or circa 125% compared with 2019). On average 18 applications are now received per role compared with only 11 last year (numbers are higher than this for large recruitment campaigns). We understand these increases are likely due both to the instability in the external labour market as well as Avon & Somerset being a large local employer with an increasing number of opportunities. To manage this demand we have embraced virtual interviews on a large scale with some applicants attending a national online assessment (for police officers). Although some of these new ways of working are COVID triggered we expect they will remain in place to some degree post-pandemic. COVID generated demand shift was

also evident with our training provision. Our Learning Department have redesigned how they deliver training content – either virtually or in a COVID-secure manner. Our flexibility has enabled us to still provide training input to over 5,300 students during the last financial year.

Our Uplift Design Programme is the Constabulary response to the additional government investment and uplift of 20,000 police officers nationally by March 2023. During the last 12 months, we have been planning how the Constabulary will maximise the new capacity to support and enable the organisation to achieve its stated objectives. Research and analysis of our current and future predictive modelling of demand have largely been completed, where areas of investments have been recommended to the Chief Officer Group.

The officer uplift design was completed in March 2021, allocating 420 of the 450 additional officers that we will recruit. We are now developing the detailed implementation plan, the benefits framework and undertaking some impact assessments. The implementation plan and the benefits framework will be combined to deliver a benefits plan that will show:

- When the capacity grows;
- When the capability should have increased; and
- When desired outcomes and expected benefits can be realised.

During the last 12 months, we have continued developing and recruiting via the Police Constable Degree Apprenticeship (PCDA) programme. At the end of March 2021, we have enrolled 605 new student officers, and we plan to recruit an additional 150 PCDA students in 2021/2022 and a further cohort of 180 students in 2022/2023.

This year also saw the introduction of the Degree Holder Entry Programme (DHEP). This entry programme into a career in policing is for people who already have at least a bachelor's degree (or equivalent level 6 qualification) or are in the final year of study. We enrolled our first intake for this programme in February 2021, with 30 student officers. We will continue to enrol 90 students each year until the end of 2022/2023.

During the last 12 months and the challenges imposed by the Covid-19 pandemic, we have had to adapt our approach to delivering development opportunities and learning to the workforce. Within days of the initial national lockdown and the subsequent work from the home requirement, our training courses were being delivered virtually across several different work streams. From March 2020 to March 2021, our learning department facilitated over 10,000 training interventions, many of which were provided using virtual learning. (See figure 3):

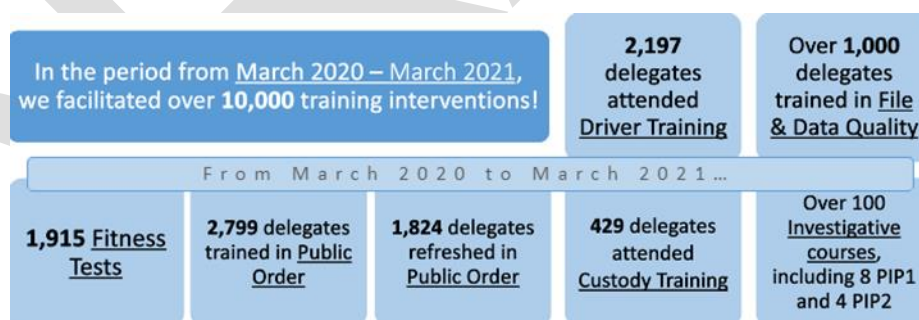


Figure 3: Breakdown of training interventions between March 2020 and March 2021

We continue to look at ways to develop our capability, and our Leadership Academy approach has been designed to support this ambition. Leadership Academy aims to provide a clear route for all staff and officers to follow, developing within their current role, or moving to another position within the organisation. The Leadership Academy supports and guides all staff and officers on their learning journey through the delivery of blended learning, enabling the Academy to cater for different learning styles, such as individual or group-based, and online or face-to-face. We have built the Leadership Academy around our values and the College of Policing's Competency and Values Framework (CVF):

- Caring: our caring value maps to CVF core value – public service;
- Courageous: our courageous value maps to CVF core value – integrity;

- Inclusive: our inclusive value maps to CVF core value – impartiality;
- Learning: our learning value maps to CVF core value – transparency.

Our values play an integral part in everything we do and underpin all of our processes and procedures. Each value gives a clear focus to demonstrate and develop the appropriate behaviours that our force lives by.

Our previous Annual Governance Statements have highlighted our five big ideas for inclusion and diversity. These remain the external accreditation for diversity and inclusion, training, recruiting for difference, outreach workers and workforce mobilisation. The big ideas provide a consistent framework for delivery that helped us become the first Force to achieve National Equality Standard (NES) accreditation in April 2020. This accreditation holds for three years, with NES recommendations providing a continued focus for our work throughout this period. We continue to see progress across representation in our workforce from underrepresented communities. We continue to focus on diverse recruitment for our PCSOs and had a strong response of over 7% from BAME communities to a recent PCSO recruitment campaign.

4.6 Principle of Good Governance F: Managing risks and performance through robust internal control and strong public financial management

Governance Framework

This year we have conducted a review and implemented changes to our governance framework, which involved extensive stakeholder engagement and the eventual restructuring of our governance meeting structure.

The Constabulary Management Board (CMB) is held monthly and chaired by the Chief Constable and the Deputy Chief Constable and brings together senior leaders from across the organisation. The CMB is the most senior decision-making body for matters within the direction and control of the Chief Constable. It is the gateway to the Police and Crime Board (PCB - led by the PCC) for agreeing on items for escalation to the PCC from the constabulary (in accordance with the Joint Scheme of Governance).

The CMB retains stewardship of the organisation in the pursuance of its strategic aims and objectives. Its monthly business includes overseeing governance components such as **Performance, Quality, Assurance, Change and Risk Management**.

As part of the changes from the review mentioned above, the creation of five subcommittees of CMB has been established to oversee specific business and thematic areas. The chair of each committee is a member of the Chief Officer Group (See Figure 4).

Health & Safety Committee	Confidence & Legitimacy Committee	People Committee	Demand & Capacity Committee	Finance & Assets Committee
Chair Deputy Chief Constable Frequency Quarterly Type Statutory Remit Monitoring compliance with the Health and Safety Policy. Implementing health and safety legislation. Consider reports of injuries, accidents, assaults, near misses and dangerous occurrences	Chair Deputy Chief Constable Frequency Monthly Type Governance Remit Police officer / staff conduct, complaints, whistleblowing / confidential reporting, grievances, statutory case reviews, information governance, security, crime recording, external inclusion & diversity matters (e.g. disproportionality in police processes)	Chair Chief Officer for People & Organisational Development Frequency Monthly Type Governance Remit Workforce diversity, inclusion, health, wellbeing, learning, development, people analytics workforce planning	Chair ACC Investigations & Operational Support Frequency Quarterly Type Governance Remit Compliance with Demand Status and Allocation Policy Maintain a strategic overview of the police operating landscape to identify and assess the impact of future national, regional, local or legislative changes on demand - management	Chair Chief Officer Finance, Resources and Innovation Frequency Bi-monthly Type Governance Remit Medium Term Financial Planning Ensure effective asset management planning for physical assets & procurement activity Annual joint internal audit planning

Figure 4: An overview of the 5 standing sub-committees which report to CMB

Performance and Insight

The Constabulary aspires to be an outstanding police force. This ambition requires compelling data-driven insight and performance management to be in place. In the last year, we have significantly invested in developing the capability and capacity to improve our performance insights to enable better-informed decision making and outcomes.

Structurally the organisation has realigned its resources to support the delivery of the new Performance and Insight (P&I) function, with improvement and assurance activity closely aligned to the Head of the P&I department. These changes will support a cohesive approach delivering an efficient performance framework with insights that empower risk-based decision making and improvement.

Corporate Risk Management

The Constabulary manages a strategic risk register (SRR) reviewed and scrutinised by the Joint Audit Committee (JAC). The Deputy Chief Constable is the senior responsible officer for the SRR, with the risk management framework managed through the Portfolio Management Office (PMO).

The risks identified in the SRRs inform the content and focus of our annual internal audit planning and direct the scope of individual audits contained therein. The JAC receives reports of both the internal and external auditors and any other information required under its established Terms of Reference. Through this body, the Chief Constable is subject to scrutiny not only of the PCC but also of the committee's independent members.

During quarter four of 2020/2021, the Constabulary began a review of its corporate risk framework. A software solution used for our project controls was identified as a product to support improved risk management after a comprehensive search of the market for risk management software. This review is due to deliver a new proposal for enhanced ways of working to identify, capture and assure the control of risk management activity in the organisation and will be operational in Quarter 2 of the 2021/2022 performance year.

Health and Safety

The Deputy Chief Constable chairs the Health and Safety Executive Committee, a strategic forum overseeing the implementation of occupational health and safety policies, procedures and related strategies.

The committee also oversees an effective regime of health and safety risk management and controls, ensuring the appropriate learning/training to ensure relevant health and safety skills and capabilities are maintained, while keeping under review the Force's legal obligations for occupational health, safety and welfare compliance.

The committee includes representatives from all staff associations/union and directorates.

MFTP & Financial Risk

The PCC and Constabulary jointly develop an annual Medium Term Financial Plan (MFTP), which considers the future financial context for the combined organisations, forecasting both revenue and capital plans across a five year planning horizon. We aim to assess the risk surrounding our economic context, enabling us to take action in good time to address risks and ensure we can achieve financial sustainability over the short and medium term. This plan is informed by both internal discussions and review and external stakeholder engagement undertaken by the PCC with partners and the public, thus complying with **Principle B** above. This document is shared with our partners and is published alongside the PCC's precept decision to enable scrutiny through the Police and Crime Panel and ultimately by the public.

Although funding levels are set to increase, which reflect the continuing ambitions to uplift police officer numbers announced by the Government in 2019, the global COVID-19 pandemic has introduced both short and medium-term pressures and uncertainty. The pandemic's impact will have more comprehensive consequences for public finances and require long-term plans to recover. Due to this uncertainty, the Comprehensive Spending Review (CSR) announced by the Government in December 2020 focused only on a one-year settlement rather than the three years previously planned. We remain hopeful for multi-year

settlements in the future, but at present, the forecast included in the MTFP beyond the 2021/2022 financial year reflects our best estimates.

The recent election of a new Police and Crime Commissioner will see a transition period within the OPCC. Along with the election of a new PCC will come a new Police and Crime Plan, with new and emerging risks and challenges for the organisation. Furthermore, a new Chief Constable appointment when the incumbent departs in summer 2021 will bring new leadership to the Constabulary.

4.7 Principle of Good Governance 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, and as noted in **Principle B** above, they can determine those documents that are suitable for publication through the PCC's and CC's websites so that they are visible to the public.

Examples of published items include:

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

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

The Constabulary is committed to ensuring it is open and transparent in the way that it conducts its business. The organisation has effective working relationships with internal and external auditors, and the Constabulary produces its annual Force Management Statement (FMS), making it available on the force website. We also publish inspection reports from Her Majesty's Inspectorate of Constabulary and Fire & Rescue.

Internal Audit and Assurance

The Internal Audit function, commissioned through the JAC on behalf of the OPCC and OCC, is undertaken by a third-party auditor for additional independence. Our internal auditors are South West Audit Partnership (SWAP).

Working with SWAP, we produced an annual audit plan that scheduled 11 audits during 2020/2021. We recognised the consequence and potential impact that the restrictions placed on us during the COVID-19 pandemic would have on delivering an entire internal audit programme. We therefore adjusted this plan to have fewer audits in the first half of the year, allowing the new ways of working under restrictions the time to embed fully to support more audit work in the final half of the year.

In early 2020, the Inspection and Evidence-Based Policing team expanded to combine inspection functions with assurance and problem-solving. The additional officers enabled the team to capitalise on operational experience and a range of skills. Over the last 12 months, despite all police officers on the team seconded to support the initial COVID-19 pandemic response, several audits and assurance pieces were completed. The team's additional capacity and capability have allowed us to do this with statistically significant sampling to draw meaningful conclusions and recommendations.

A future assurance work plan is under development to complement our response to inspection findings and recommendations, bringing clarity to how this work underpins more comprehensive improvement work supporting the performance and quality framework. The team also receives requests from theme leads across the constabulary for specific assurance projects. These requests are reviewed and assessed before being commissioned. This work

will form part of force-wide assurance mapping to ensure it adds value and informs improvement activity in line with force priorities.

5 Review of Effectiveness

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework. Several sources inform the review, including the internal audit assurance, the opinions and reports of our external auditors and other inspection bodies, as well as the work of the OCC CFO, and of managers within the Constabulary, who have responsibility for the development and maintenance of the governance environment.

For 2020/2021, this review included the following considerations:

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

Matters arising from the audit and inspection activities are detailed below and have the appropriate leadership level, accountability, and scrutiny applied to them through the governance framework (the five committees, see figure 3) and improvement actions captured within the Constabulary Single Delivery Plan.

5.1 Internal Audit

In this section below, we detailed the findings of the Internal Audit reports from 2020/2021.

Internal audit provides an independent and objective opinion on the Constabulary's risk management, governance, and control environment by evaluating its effectiveness. Before starting each financial year, the appointed auditor, in conjunction with senior leaders, put together a proposed audit work plan. The objective of the planning process and a subsequent plan is to provide the basis for a well-informed and comprehensive annual audit opinion based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes. Our Internal Auditors completed 11 audits during 2020/2021, as well as contributing to regional advisory work and conducting follow-up work on previous audits. The audit schedule and audit title is detailed in Figure 5.

Quarter 1	<ul style="list-style-type: none"> ■ Data Protection Audit ■ Workforce Plane Follow up
Quarter 2	<ul style="list-style-type: none"> ■ Records and Data Retention Audit ■ Health and Safety Management of Staff Audit
Quarter 3	<ul style="list-style-type: none"> ■ Digital Strategy ■ Key Financial Controls ■ Partnership Arrangement Audit
Quarter 4	<ul style="list-style-type: none"> ■ Payment to staff and Absence Management Audit ■ Performance Audit ■ Police Officer and Police Staff Training Audit ■ Recruitment and Vetting Process Audit

Figure 5: The 2020/2021 audit schedule

Each internal audit conducted throughout the year receives a graded assurance opinion from the auditors. Each of the audits also provides recommendations for improvement, categorised into three priority categories reflecting their importance. See Figure 6.

Audit Framework and Definitions

Assurance Definitions	
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Corporate Risk Assessment Definitions	
Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations	
In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Figure 6: Audit Framework Definitions

In total our internal auditors made 27 recommendations during 2020/2021, of which:

- 12 were identified as findings that require attention, a priority 3 grading;
- 15 were identified as findings that are important and require the attention of management, a priority 2 grading; and
- None were identified as findings that were fundamental requiring immediate attention, not necessitating a priority 1 grading.

While 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 provide us with several essential actions that we need to progress.

5.2 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services

In this section below, we detailed the findings of the 2020/2021 inspection activity from Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS).

The primary framework by which police forces are inspected by HMICFRS is called 'Police Efficiency, Effectiveness and Legitimacy' (PEEL), the outcome being that a grade is awarded for each of the three pillars.

Avon and Somerset were last inspected in May 2019 and are not due for another PEEL inspection until autumn of 2022. The outcome from May 2019 was that the Constabulary maintained our **overall 'Good' rating**, with the grading across the three pillars being:

- **Legitimacy** - HMICFRS found that the Constabulary is **Good** in respect of the legitimacy, keeping people safe and reducing crime.
- **Efficiency** – HMICFRS found that the Constabulary is **Outstanding** regarding 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 the last review.

The HMICFRS Integrated PEEL Assessment is one of the most critical sources of assurance for both the PCC and OCC in delivering the PCP and realising our vision.

During the reporting period, HMICFRS has conducted five inspections against the COVID-19 pandemic's backdrop. The themes listed below and reports, where published, can be found on their website.

Theme	Date report published
Getting the balance right? An inspection of how effectively the police deal with protests	October 2020
An inspection of the effectiveness of the Regional Organised Crime Units	February 2021
HMICFRS Value for Money Dashboard	March 2021
HMICFRS Sensitive Intelligence Inspection	Report not released yet
Joint inspection of how well the criminal justice system serves survivors of rape	Report not released yet

5.3 Significant Risks

We have reviewed our Strategic Risk Register, and, having considered the content, we have identified that the most significant risks to the organisation at this time are:

Loss of legitimacy / public confidence

We continue to recognise heightened expectations of our communities and Government because of the increases in the coming twelve months. The last 12 months, more than any in recent times, have seen policing under the microscope in the continuing backdrop of social unrest, which has escalated through the COVID-19 pandemic, and other activism and protest events such as BLM, 'Kill the Bill', and the tragic Sarah Everard incident.

We have also considered moderating factors such as the report from HMICFRS, which was positive concerning Avon and Somerset's approach to policing protests. The solid public confidence figure is taken into account, too; we currently have one of the best in the country.

While we have reduced the risk based on the factors outlined above, we remain acutely aware of how internal and external factors, be that social, political, environmental and legal, can influence and alter public perception of the police service. We consider this risk crucial to our legitimacy to police with the consent and confidence of our communities.

Failure to deliver necessary improvements to data quality to ensure effective decision making

Our data quality is a critical strategic risk for the organisation and is currently one of the highest mitigated risks within the strategic risk register. Our data quality issues extend across our system breadth, from our administrative applications (Finance/HR) to our operational applications (Niche / STORM). The problems extend to the data quality that resides within these applications and the underlying cross-system data architecture – how we collect, govern, store, transform, distribute, and use data. The root causes of our data quality are equally broad and complex as the data quality issues themselves and reflect the need to have a more holistic view of data. Common themes include:

Our ability to plan, develop and deliver outstanding policing services is compromised by poor data quality. To be entirely data-driven, the organisation needs to have a more comprehensive view of how we get value from data. Data culture, data literacy, data sharing and data management play an equally vital role in being a data-driven organisation. In December 2020, our management board approved the development of a Data Strategy to set the course to delivering the required improvements to mitigate the identified risk.

Failure to effectively plan and manage financial resources

While our financial outlook has improved recently through the provision of additional funds to enable the uplift in officer numbers, we recognise that there remain a number of areas of uncertainty which mean we will still need to realise cashable savings in order to continue to be able to balance our budgets.

This uncertainty arises from many factors, including:

- Financial consequences of COVID-19 on the public finances – we recognise that the recovery of the costs incurred by the Government through our response to the

pandemic will require difficult choices in the allocation of public funds. The details of this should become clearer to us through the 2021 Spending Review;

- Uncertain future cost assumptions – there are many ways in which our costs will continue to increase, of which the two most material are the future decisions around pay increases, and the future changes to pensions costs as a result of pension deficit recovery plans.

We are mitigating this risk through close alignment to regional and national colleagues so as to ensure commonality of assumptions being made across the service, as well as through the development of local savings and efficiency plans which are being progressed to realise savings that can help us navigate through this uncertainty.

6 Governance Issues

During this year, the OCC has implemented a new governance framework as referenced in section 4.10. The new framework has seen the introduction of five subcommittees of the management board, each with defined terms of reference and an annual meeting theme sequence. The committee structure how governance meeting structures are established within other public sector organisations and launched in Q4 of 2020/2021 after extensive planning and consultation with stakeholders. Our Portfolio Management Office (PMO) will conduct a post-implementation review of the changes Q3/Q4 of 2021/2022 and report to the management board on the learning.

We continue to develop and improve our governance standards with work underway to establish a governance handbook as a source of reference for internal stakeholders on what governance means, why and how governance is discharged and supports the OCC in delivering our strategic objectives.

Finally, we have implemented new business rules to support effective governance in response to stakeholder feedback. These include protecting specific days each week where governance meetings are not scheduled. This decision was intended to enable leaders to focus on operational delivery and creating a set meeting cadence for our governance meetings to support the effective flow of information and decision making across the organisation, as shown in Figure 7.

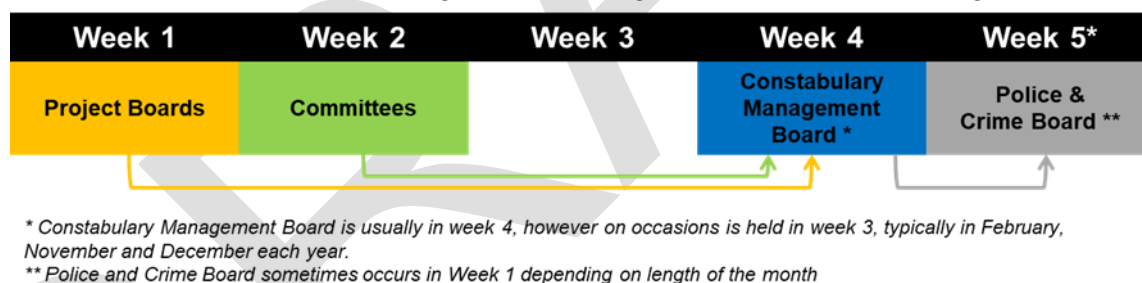


Figure 7: Monthly meeting cadence. The arrows represent the direction of reporting between meetings, and demonstrate the importance of appropriate scheduling of different meeting types to facilitate efficient flow of information.

We have some areas for improvement and development with our new framework over the coming year as we aim to embed and enhance our practices. However, we have not identified any significant concerns during the internal review of the effectiveness of governance arrangements. We have confidence in our new framework maturing and improving our overall governance and stewardship.

7 Conclusion and Certification

This statement has been prepared based on the review of the effectiveness of governance arrangements. We are satisfied that the OCC has proportionate and adequate internal control systems, including arrangements for good governance and the management of risk. However, we acknowledge that no method of internal control can provide absolute assurance.

Over the coming year, we propose taking steps to address the areas for improvement identified through our internal control activity to enhance our governance arrangements and commit to monitoring their implementation and impact as part of our next annual review.

Sarah Crew
Temporary Chief Constable

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

Office of the Chief Constable for Avon & Somerset

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

The comprehensive income and expenditure statement shows the resources consumed by the OCC in undertaking operational policing activities. These costs have been funded by the PCC through intragroup adjustments. See note 2 for further details.

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

OCC Expenditure £'000	OCC Income £'000	Total 2019/2020 £'000	Comprehensive Income and Expenditure Statement - OCC	OCC Expenditure £'000	OCC Income £'000	Total 2020/2021 £'000
403,682	-36,551	367,131	Police Services	413,908	-45,341	368,567
0	-2,827	-2,827	Police Services restated	0	0	0
-403,682	36,551	-367,131	Intragroup adjustment	-413,908	45,341	-368,567
0	2,827	2,827	Intragroup adjustment restated	0	0	0
0	0	0	Net cost of police services	0	0	0
		88,088	Net interest on pensions			80,821
		-88,088	Intragroup adjustment (pension interest cost)			-80,821
0	0	0	Financial and investment income and expenditure	0	0	0
58,600	0	58,600	Police pension top-up grant (note 14)	53,418	0	53,418
0	-58,600	-58,600	Intragroup adjustment (Police pension top-up grant)	0	-53,418	-53,418
		381,758	Intragroup adjustment (Re-measurement of pension assets and liabilities)			-752,781
		381,758	Taxation and non-specific grant income			-752,781
		381,758	Surplus(-)/deficit on provision of services			-752,781
		-415,773	Re-measurement of pension assets and liabilities (note 13)			842,337
		34,015	Return on pensions assets (note 13)			-89,556
0	0	-381,758	Other comprehensive income and expenditure	0	0	752,781
0	0	0	Total comprehensive income and expenditure	0	0	0

Office of the Chief Constable for Avon & Somerset

Movement in Reserves Statement 2019/2020 and 2020/2021

These statements show only the pension related transactions for the years ending 31 March 2020 and 31 March 2021. All reserves are held by the PCC.

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

Movement in reserves statement 2020/2021					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2020	0	0	0	0	0
Total comprehensive income and expenditure	752,781	0	752,781	-752,781	0
Adjustments between accounting & funding basis under regulations					
Net IAS 19 charge for retirement benefits	-752,781	0	-752,781	752,781	0
Increase/decrease(-) in 2020/2021	0	0	0	0	0
Balance as at 31 March 2021	0	0	0	0	0

Office of the Chief Constable for Avon & Somerset

Balance Sheet as at 31 March 2021

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

2020 £'000	Balance Sheet	2021 £'000
	Long term assets	
3,493,195	Long term intragroup debtor (note 2)	4,378,171
335,238	Police staff pension assets (note 15)	442,774
3,828,433	Total non-current assets	4,820,945
0	Payments in advance (note 16)	0
10,826	Intragroup debtor (note 2)	15,222
10,826	Total current assets	15,222
0	Intragroup creditor	0
-8,151	Creditors (note 17)	-10,912
-2,675	Short term provisions (note 18)	-4,310
-10,826	Total current liabilities	-15,222
	Long term liabilities	
0	Provisions (note 18)	-50
-3,828,433	Police pension liabilities (note 13 to 15)	-4,820,895
-3,828,433	Total long term liabilities	-4,820,945
0	Net assets	0
0	Total usable reserves	0
0	Total unusable reserves	0
0	Total reserves	0

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

Office of the Chief Constable for Avon & Somerset

Cash Flow Statement

This note does not show any cash flows for the year ending 31 March 2021 as all payments are made from the PCC and all income for the year received by the PCC. The financial consequences of the operational activities undertaken by the OCC can be seen within the comprehensive income and expenditure statement.

2019/2020 £'000	Cash Flow Statement	2020/2021 £'000
381,758	Net surplus(-)/deficit on the provision of services	-752,781
2,408	Increase(-)/decrease in provision charged back to service	-1,684
-381,758	Charges for retirement benefits in accordance with IAS 19	752,781
242	Increase/decrease(-) in long and short term debtors	4,445
-2,650	Increase(-)/decrease in long and short term creditors	-2,761
-381,758	Adjust net surplus or deficit on the provision of services for non-cash movements	752,781
0	Net increase(-)/decrease in cash and cash equivalents	0

Office of the Chief Constable for Avon & Somerset

Notes to the Financial Statements

1 Statement of Accounting Policies

1.1 General Principles

The general principles adopted in compiling these accounts are in accordance with the recommendations of CIPFA. They accord with CIPFA's Code of Practice on Local Authority Accounting 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 VAT

The OCC does not submit a Value Added Tax return to HMRC as this is submitted as a single return for the group by the PCC. Income and expenditure in the OCC's comprehensive income and expenditure statement excludes VAT, except where it is non-recoverable.

1.3 Employee Benefits

1.3.1 Benefits Payable During Employment

The full cost of employees (including salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits) is charged to the accounting period in which the employees worked. An accrual is made for the cost of any leave earned by employees but not taken before the year end which employees can carry forward into the next financial year. This accrual is charged to the provision of services within the comprehensive income and expenditure statement in the year that the benefit has arisen and is shown as a liability on the balance sheet.

1.3.2 Termination Benefits

Termination benefits arise as a result of a decision to terminate the employment of police staff before the normal retirement date. These benefits are charged on an accruals basis to the comprehensive income and expenditure statement.

1.3.3 Pension Benefits

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

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

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

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

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

1.3.4 Re-measurement of Pension Asset and Liabilities

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

1.4 Provisions

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

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

1.5 Contingent Liabilities

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

1.6 Post Balance Sheet Events

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

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

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

2 Critical Judgements in Applying Accounting Policies

The OCC accounts have been prepared on a going concern basis.

Following the Police Reform and Social Responsibility Act 2011, two new corporate entities were created being the PCC and OCC. All payments for the PCC Group are made by the PCC and no cash movements are made between the PCC and OCC. The PCC has the responsibility for managing the financial relationships with third parties and has legal responsibility for discharging the contractual terms and conditions of suppliers. The PCC holds all the assets, liabilities and reserves, with the exception of the IAS 19 pension liabilities, the accumulated short term absences creditor accrual and other employee related accruals and provisions, as the OCC employs officers and staff. This is matched on the balance sheet of the OCC by an intragroup adjustment with the PCC. The comprehensive income and expenditure statement shows the net cost of policing services excluding the costs of administering the PCC and the PCC commissioning costs. This is met by an intragroup adjustment with the PCC to bring the net cost of police service to nil.

3 Accounting Standards Issued But Not Adopted

The following accounting standards have been issued but not adopted and are unlikely to have a material impact on the financial statements.

- 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 but is expected to have a material 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 service cost to pay pension depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and the expected return on the fund's assets. Actuaries provide the PCC Group with expert advice about the assumptions that have been applied.

Further information is included within notes 13 to 15 regarding the assumptions that have been used by the actuaries to provide an estimate of the liability.

The following tables show the impact of a small change in the assumptions made for the Police Officer and Police Staff Pension Schemes.

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

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

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 31st March 2021. As stipulated by IAS19, the market value of the assets has been used to value the assets at the accounting date.

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 18 Short and Long Term Provisions.

5 Events After the Balance Sheet Date

There are no post balance sheet events to date.

6 Expenditure and Funding Analysis

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

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

Net expenditure chargeable to general fund	2019/2020 Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E	OCC Expenditure and Funding Analysis	Net expenditure chargeable to general fund	2020/2021 Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E
£'000	£'000	£'000		£'000	£'000	£'000
301,696	65,435	367,131	Police Services	310,599	57,968	368,567
-2,827	0	-2,827	Police Services - OCC restated	0	0	0
-301,696	-65,435	-367,131	Intragroup adjustment	-310,599	-57,968	-368,567
2,827	0	2,827	Intragroup adjustment - restated	0	0	0
0	0	0	Net cost of police services	0	0	0
0	88,088	88,088	Net interest on pensions	0	80,821	80,821
0	-88,088	-88,088	Intragroup adjustment (Pension interest cost)	0	-80,821	-80,821
0	0	0	Financial and investment income and expenditure	0	0	0
0	381,758	381,758	Intragroup adjustment (Re-measurement of pension assets & liabilities)	0	-752,781	-752,781
0	381,758	381,758	Taxation and non-specific grant income	0	-752,781	-752,781
0	381,758	381,758	Surplus(-)/deficit on provision of services	0	-752,781	-752,781

Capital Purposes £'000	2019/2020			OCC Expenditure and Funding Analysis Adjustment between accounting & funding basis	Capital Purposes £'000	2020/2021		
	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000			Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000
10,749	71,166	-16,480	65,435	Police Services	9,825	51,324	-3,181	57,968
-10,749	-71,166	16,480	-65,435	Intragroup adjustment	-9,825	-51,324	3,181	-57,968
0	0	0	0	Net cost of police services	0	0	0	0
0	88,088	0	88,088	Net interest on pensions	0	80,821	0	80,821
0	-88,088	0	-88,088	Intragroup adjustment (Pension interest cost)	0	-80,821	0	-80,821
0	0	0	0	Financial and investment income and expenditure	0	0	0	0
0	381,758	0	381,758	Intragroup adjustment (Re-measurement of pension assets & liabilities)	0	-752,781	0	-752,781
0	381,758	0	381,758	Taxation and non-specific grant income	0	-752,781	0	-752,781
0	381,758	0	381,758		0	-752,781	0	-752,781
0	381,758	0	381,758	Difference between surplus on the general fund and deficit on the provision of services	0	-752,781	0	-752,781

7 Income and expenditure analysed by nature

Restated 2019/2020 £'000	Income and Expenditure analysed by nature	2020/2021 £'000
238,090	Employee costs	258,651
13,559	Premises costs	15,343
5,348	Transport costs	4,135
27,647	Supplies & services	33,807
13,685	Partnership costs	14,836
12,785	Misc, central, & grants	13,140
21,145	Depreciation, amortisation, & impairment	20,119
71,422	Employee benefit expenses	53,877
88,088	Net interest on pensions	80,821
58,600	Police pension top up grant	53,418
-110,011	Intragroup adjustment	-1,247,510
440,358	Total expenditure	-699,363
-15,175	Sales, rent, fees, & charges	-15,787
-1,920	Seconded officers	-1,606
-9,598	Counter terrorism policing grant	-10,074
-1,720	Serious violence grant	-1,124
-659	Uplift grant	-3,843
-7,479	Other specific grants	-10,079
-2,827	Officer pensions grant	-2,828
-19,222	Intragroup adjustment	-8,077
-58,600	Total income	-53,418
381,758	Surplus/deficit on provision of services	-752,781

8 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
	£	£	£	£	£
Chief Constable - A Marsh	165,394	7,747	173,141	0	173,141
	165,394	7,747	173,141	0	173,141

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
	£	£	£	£	£
Chief Constable - A Marsh	169,366	11,128	180,494	0	180,494
	169,366	11,128	180,494	0	180,494

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

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

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 2010/2021
		£	£	£	£	£
Chief Officer - Finance, Resources and Innovation & Section 151 Officer of the PCC	1	26,806	2,801	29,607	4,369	33,976
Chief Officer - Finance, Resources and Innovation	1	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
		875,663	33,789	909,452	173,455	1,082,907

Note 1: 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.

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

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

9 Exit Packages

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
16	180		8	225

10 External Audit Costs

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

2019/2020 £'000	External Audit Costs	2020/2021 £'000
	Chief Constable:	
19	Fees for external audit services paid to Grant Thornton	14
<u>19</u>		<u>14</u>

Fees paid by the CC in 2020/2021 were based on the scale fee, and totalled £14,438.

11 Transactions with Related Organisations and People

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

11.1 Key Management Personnel and Members of the Joint Audit Committee

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

No transactions were disclosed in 2020/2021 (£2,412 was disclosed in 2019/2020).

11.2 Other Related Parties

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

The OCC has a relationship with the Police Community Trust and the Avon and Somerset Constabulary Force Club. Payments were made to the Police Community Trust of £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).

12 Joint Arrangements

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

Joint arrangements are classified as either joint operations or joint ventures. Joint operations are where the parties have the rights to the assets and obligations for the liabilities relating to the arrangement. Joint ventures are where the parties have rights to the net assets of the arrangement. The OCC does not participate in any joint ventures.

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

The OCC's contributions to the joint operations are disclosed below:

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
18,240	Total	19,058

12.1 South West Regional Organised Crime Unit (SW ROCU)

SW ROCU is a regional collaboration set up to combat serious and organised crime across the south west of England. Avon and Somerset are the lead force with a 32.4% share of net expenditure. Other partners are Devon and Cornwall (33.3%), Dorset (11.8%), Gloucestershire (10.8%) and Wiltshire (11.7%). The total net cost of the operation, after government grants and sundry income, was £10,362,943 in 2020/2021 (£10,356,470 in 2019/2020).

12.2 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).

12.3 Counter Terrorism Specialist Firearms Officers (CTSFO)

The CTSFO collaboration was set up in April 2017 to provide a resilient and rapidly available specialist firearms capability. The collaboration is between Avon and Somerset (53.6%), Gloucestershire (23.2%) and Wiltshire (23.2%). The total cost of the operation was £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.

12.4 Major Crime Investigation (Brunel)

This is a collaboration between Avon and Somerset (64%), Gloucestershire (17%) and Wiltshire (19%) for the purposes of providing regional oversight and scrutiny of major incidents. The total cost of the service was £7,927,695 in 2020/2021 (£7,602,453 in 2019/2020).

12.5 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).

12.6 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).

12.7 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).

12.8 Disaster Victim Identification / Casualty Bureau

This is a collaboration between Avon and Somerset (30.8%), Gloucestershire (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).

12.9 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).

13 Pensions Costs and Liabilities

The full costs of retirement benefits earned by employees during the year are recognised through the comprehensive income and expenditure statement net cost of police services as they are accrued. These pension costs and liabilities are offset by the intragroup transfers with the PCC. There is no impact on the PCC's general fund.

	Police Staff		Police Officers	
	2019/2020 £'000	2020/2021 £'000	2019/2020 £'000	2020/2021 £'000
Comprehensive income and expenditure statement				
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
Total post employment benefits charged to the comprehensive income and expenditure statement	40,832	35,376	167,750	151,271
Other post employment benefits charged to the comprehensive income and expenditure statement				
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
Total other comprehensive income	28,794	-148,183	352,964	-604,598
Movement in reserves statement				
Reversal of net charges made for retirement benefits in accordance with the code	-40,832	-35,376	-167,750	-151,271
Actual amount charged against the general fund balance for pensions in the year				
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
-3,493,195		-4,378,121

14 Pensions for Police Officers

Employee contributions levels are based on percentages of pensionable pay set nationally by the Home Office. From 1 April 2014 contributions increased and officers will pay contributions ranging from 11.00% 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
58,600	Balance met from PCC Group	53,418

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		
Current pensioners		
	Males	21.1
	Females	23.3
Retiring in 20 years		
	Males	22.3
	Females	24.8

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
	Movements in the year	
-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
-3,222,206	Present value of schemes liability as at 31 March	-3,939,780

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
	Movements in the year	
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
0	Present value of schemes assets as at 31 March	0

15 Pensions for Police Staff

Police staff can choose to join the Somerset County Council Local Government Pension Scheme, which is a defined benefit scheme based on 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 13.

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		
Current pensioners		
	Males	23.1
	Females	24.6
Retiring in 20 years		
	Males	24.4
	Females	26.0

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	%
		Equities		
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
232,880	69.5		318,406	72.0
		Gilts - Public Sector		
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
20,470	6.1		25,436	5.7
		Other Bonds		
16,790	5	UK	20,785	4.7
17,192	5.1	Overseas	22,111	5.0
33,982	10.1		42,896	9.7
29,493	8.8	Property	30,596	6.9
18,413	5.5	Cash (invested internally)	25,440	5.7
335,238	100	Total assets	442,774	100

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
-604,677	Estimated liabilities in pension fund	-879,492
-1,550	Estimated unfunded liabilities	-1,623
-270,989	Deficiency in fund	-438,341

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

2019/2020 £'000	Present Value of Police Staff Liabilities	2020/2021 £'000
-629,832	Present value of defined obligations as at 1 April	-606,227
	Movements in the year	
-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
-606,227	Present value of defined obligations as at 31 March	-881,115

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
357,655	Fair value of scheme assets as at 1 April	335,238
	Movements in the year	
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
335,238	Fair value of scheme assets as at 31 March	442,774

Further information in relation to the Police Staff Pension Scheme can be obtained from Peninsula Pensions, Great Moor House, Bittern Road, Sowton Industrial Estate, Exeter, EX2 7NL.

16 Payments In Advance

There are no payments in advance in either 2019/2020 or 2020/2021.

17 Creditors

All creditors are with the PCC and relate primarily to leave earned by employees but not taken before the year end, which employees can carry forward into the next financial year. Other employee overtime expenses accrued are also included. Therefore, total creditors for 2020/2021 is £10,912,000 (2019/2020 £8,151,000).

18 Short and Long Term Provisions

Short and Long Term Provisions	Balance 1 April 2020 £'000	Used in Year £'000	New in Year £'000	Balance 31 March 2021 £'000
Pension claim provision	138	0	800	938
Ill-health & termination benefits	104	-104	618	618
Overtime liability	2,433	-411	782	2,804
	2,675	-515	2,200	4,360

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.

19 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:

19.1 McCloud/Sargeant

19.1.1 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 judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/2024, although this timetable is subject to change.

The impact of 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.

19.1.2 Impact on Police Staff pension liability

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

19.1.3 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.

19.2 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.

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

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

Office of the Chief Constable for Avon & Somerset

Avon & Somerset Police Officers Pension Fund Account Statements

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

This note provides a more detailed breakdown of the figures shown in note 14 of the accounts.

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

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
	Current assets	
0	Amounts due from Central Government	0
	Current liabilities	
0	Amounts owing to pensioners	0
<hr/> 0	Net assets	<hr/> 0

Office of the Chief Constable for Avon & Somerset

Glossary of Terms

Term	Definition
ACC	Assistant Chief Constable
Accounting policies	These are a set of rules and codes of practice we use when preparing the accounts.
ASPIRE	Internal Avon and Somerset development programme
Balance Sheet	This represents our overall financial position as at 31 March.
Capital programme	This is a list of projects for buying or improving fixed assets. With the exception of vehicles, items individually acquired typically under £12,000 are not treated as capital expenditure.
Cash flow statement	Summarises the income and outgoings of cash during the financial year
CC	Chief Constable
CCU	Counter Corruption Unit
CFO	Chief Financial Officer
CIPFA	Chartered Institute of Public Finance and Accountancy
Closing value	The value at 31 March, the date when the accounts are closed.
CMB	Constabulary Management Board
Commutated sums	These are the lump sum amounts paid to officers when they retire, if they choose to have a lower pension.
Comprehensive income and expenditure statement	Summarises the income and expenditure during the financial year within the PCC's statement of accounts.
Contingent liabilities	A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
Creditors	Amounts which are owed to others.
CSB	Constabulary Strategy Board
CTSFO	Counter Terrorism Specialist Firearms Officers
Current service cost	The value of projected retirement benefits earned by pension scheme members in the current financial year.
Debtors	Amounts which are due from others.
Expenditure and funding analysis	This shows the performance reported and the adjustments made to reconcile to the comprehensive income and expenditure statement.
Financial instruments	Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Term	Definition
Financial year	Refers to the period covered by the accounts and runs from 1 April to 31 March.
FRS	Financial Reporting Standards. Standards of accounting practice to be adopted to ensure that accounts provide a true and fair view.
GAAP	Generally Accepted Accounting Principles. These refer to the standard framework of guidelines for financial accounting used in any given jurisdiction and generally known as accounting standards.
GDPR	General Data Protection Regulation. Regulation in UK law on data protection and privacy.
GSC	Government Security Classification
HMICFRS	Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services
HMICFRS PEEL	The HMICFRS PEEL assessment stands for Police Effectiveness, Efficiency and Legitimacy.
HMRC	Her Majesty's Revenue and Customs. Responsible for the collection of tax in the UK.
IAS	International Accounting Standard. An international accounting standard to help harmonise company financial information across international borders. Subsequently superseded by International Financial Reporting Standards (IFRS).
IFRS	International Financial Reporting Standards. A set of international accounting and reporting standards that will help to harmonise company financial information across international borders.
ILM	Institute of Leadership and Management
IOPC	Independent Office for Police Conduct
IPR	Individual Performance Review
IPSAS	International Public Sector Accounting Standards
I&E	Income and Expenditure Account
JAC	Joint Audit Committee
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
Movement in reserves statement	Summarises the movement in the reserves of the OCC during the financial year.
MTFP	Medium Term Financial Plan
NNDR	The national non-domestic rates (or business rates) are collected by District Councils, paid to the Government and then distributed to all local authorities in proportion to population. The amount received by an authority is taken into account by the Government in determining the revenue support grant to be paid.
NPCC	National Police Chiefs' Council. The national coordination body for law enforcement and the representative body for police chief officers.
OCC	Office of the Chief Constable

Term	Definition
PCB	Police and Crime Board
PCC	Police and Crime Commissioner for Avon and Somerset
PCC Group	The term PCC Group refers to the Police and Crime Commissioner (PCC) for Avon and Somerset and the office of the Chief Constable (OCC).
PCP	Police and Crime Plan
PCSO	Police community support officer
PFEW	Police Federation of England and Wales. The statutory staff association for police Constables, Sergeants, Inspectors and Chief Inspectors in England and Wales.
PFI	Private Finance Initiative
Police pension top-up grant	The OCC operates a Pension Fund, which is balanced to nil at the end of the year. The PCC receives a top-up grant from the Home Office equal to this deficit to balance the fund.
Police revenue grant	The revenue grant is provided by the Home Office as part of the funding required by an authority to finance a budget in line with the Government's assessment. The balance of funding is from business rates, revenue support grant and council tax.
Precept	The amount of council tax collected on the PCC's behalf by local billing authorities.
Prepayment	A payment in advance for goods or services.
Provision	This is the money we keep to pay for known future costs.
Receipt in advance	Income received in advance of the financial year in which the services will be provided.
Seconded officers	These are police officers 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.
SOLACE	Society of Local Authority Chief Executives
SRR	Strategic Risk Register
SWAP	South West Audit Partnership
SW ROCU	South West Regional Organised Crime Unit
TOR	Terms of Reference
UWE	University of the West of England
VRU	Violence Reduction Units

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

Chief Finance Officer's Narrative Report	3
Statement of Responsibilities	13
Auditor's Report	14
Annual Governance Statement	15
Group Comprehensive Income and Expenditure Statement	29
PCC Comprehensive Income and Expenditure Statement	30
Movement in Reserves Statement	31
Balance Sheet	33
Cash Flow Statement	34
Notes to the Financial Statements	35
Police Officers Pension Fund Account Statements	81
Glossary of Terms	83

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 eight directorates, encompassing all aspects of operational and organisational delivery.

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

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:

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

The Constabulary has four corporate strategies:

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

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

The staffing information for both organisations as at 31 March 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%
Total	6,059	6,462	7%

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 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](#) 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.

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 8th 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
Constabulary sub total	323,409	323,430	21
Office of the PCC	1,555	1,534	-21
Commissioning	3,487	3,487	0
Total revenue expenditures	328,451	328,451	0

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

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%
	8,309	100%
Non-enhancing expenditure written off to revenue	-332	
	7,977	

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 26 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
Surplus(-)/deficit before savings	8,261	8,915	11,468	12,118	14,258
Savings	-7,261	-7,694	-8,606	-7,756	-5,761
Planned use of reserves	-1,000				
Surplus(-)/deficit after savings	0	1,221	2,862	4,362	8,497

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 15 to 17. 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

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 15 to 28 show this in more detail.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the 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

Paul Butler
Interim Chief Finance Officer to PCC

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

To be added

DRAFT

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.

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.

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.

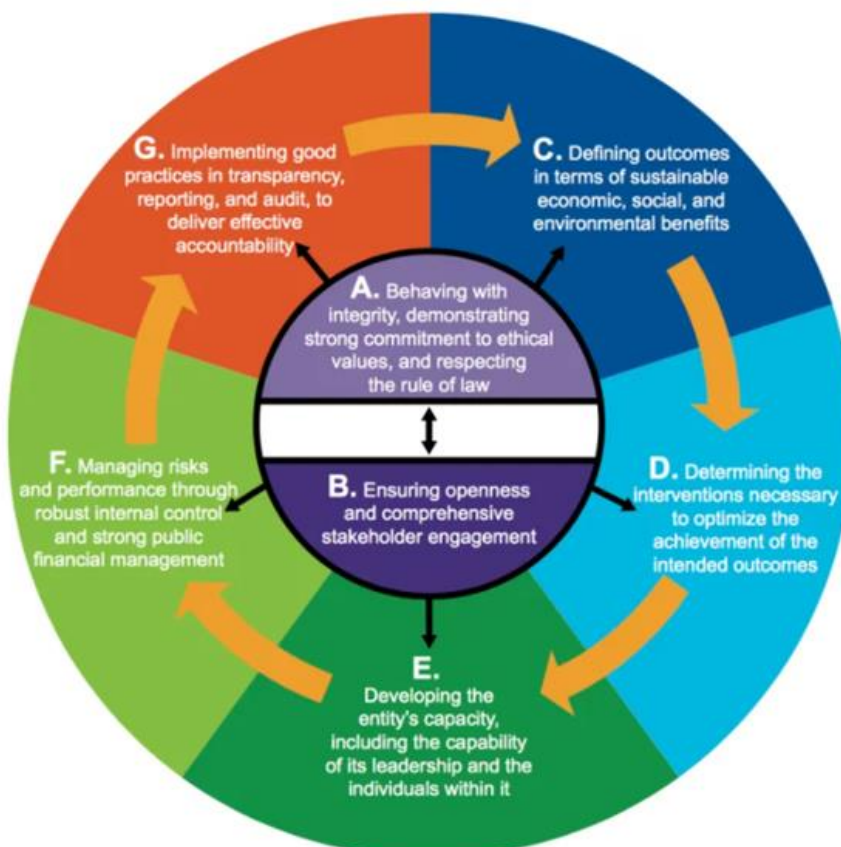
2 The Governance Framework

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.

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.

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. 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.

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.

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.

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 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. 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. 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
Failure to deliver the Police and Crime Plan (SR2)	<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>
Financial incapability or ineffectiveness (SR3)	<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>
Lack of capacity/capability within the OPCC (SR6)	<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

Sally Fox
Interim Chief Executive of the PCC

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
			Expenditure			
403,682	-36,551	367,131	Police Services - OCC	413,908	-45,341	368,567
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
410,717	-43,571	367,146	Net cost of police services	422,399	-50,724	371,675
			11 Gain(-)/loss on disposal of non-current assets			-125
			11 Other operating expenditure			-125
			6,026 External interest payable			6,139
			-700 Interest and investment income			-405
			88,088 Net interest on pensions			80,821
			Financial and investment income and expenditure			86,555
			93,414			
			-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
			-301,490 Taxation and non-specific grant income			-319,340
			159,081 Surplus(-)/deficit on provision of services			138,765
			Re-measurement of pension assets and liabilities (note 15)			842,337
			-415,773			-89,556
			34,015 Return on pensions assets (note 15)			-5,510
			9,519 Gain(-)/Loss on revaluation			
			Other comprehensive income and expenditure			747,271
			-372,239			
			Total comprehensive income and expenditure			886,036
			-213,158			

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
Expenditure						
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
7,035	-4,193	2,842	Net cost of police services before funding	8,491	-5,383	3,108
403,682	-36,551	367,131	Intragroup adjustment	413,908	-45,341	368,567
0	-2,827	-2,827	Intragroup adjustment - restated	0	0	0
410,717	-43,571	367,146	Net cost of police services	422,399	-50,724	371,675
		11	Gain(-)/loss on disposal of non-current assets			-125
		11	Other operating expenditure			-125
		6,026	External interest payable			6,139
		-700	Interest and investment income			-405
			Net interest on pensions			
88,088		88,088	Intragroup adjustment (pension interest cost)	80,821		80,821
			Financial and investment income and expenditure			86,555
		-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)	752,781		752,781
-381,758		-381,758				
		-683,248	Taxation and non-specific grant income			433,441
		-222,677	Surplus(-)/deficit on provision of services			891,546
		9,519	Gain(-)/Loss on revaluation			-5,510
		9,519	Other comprehensive income and expenditure			-5,510
		-213,158	Total comprehensive income and expenditure			886,036

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
Balance as at 31 March 2019	34,101	3,528	37,629	-3,591,825	-3,554,196
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
Balance as at 31 March 2020	44,968	3,982	48,950	-3,390,142	-3,341,192

Movement in reserves statement 2020/2021					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2020	44,968	3,982	48,950	-3,390,142	-3,341,192
Total comprehensive income and expenditure	-138,765	0	-138,765	-747,271	-886,036
Adjustments between accounting & funding basis under regulations	145,252	1,620	146,872	-146,872	0
Increase/decrease(-) in 2020/2021	6,487	1,620	8,107	-894,143	-886,036
Balance as at 31 March 2021	51,455	5,602	57,057	-4,284,285	-4,227,228

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
Balance as at 31 March 2019	34,101	3,528	37,629	-3,591,825	-3,554,196
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
Balance as at 31 March 2020	44,968	3,982	48,950	-3,390,142	-3,341,192

Movement in reserves statement 2020/2021					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2020	44,968	3,982	48,950	-3,390,142	-3,341,192
Total comprehensive income and expenditure	-891,546	0	-891,546	5,510	-886,036
Adjustments between accounting & funding basis under regulations	898,033	1,620	899,653	-899,653	0
Increase/decrease(-) in 2020/2021	6,487	1,620	8,107	-894,143	-886,036
Balance as at 31 March 2021	51,455	5,602	57,057	-4,284,285	-4,227,228

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
			Property, plant and equipment				18
0	186,049	186,049	Land and buildings	0	190,989	190,989	
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	
0	1,259	1,259	Intangible fixed assets	0	606	606	
			Long term assets				
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	17
3,828,433	211,812	547,050	Total non-current assets	4,820,945	209,412	652,186	
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	20
0	35,058	35,058	Cash and cash equivalents	0	37,799	37,799	21
0	3,078	3,078	Assets held for sale	0	1,098	1,098	
10,826	0	0	Intragroup debtor	15,222	0	0	
10,826	93,156	93,156	Total current assets	15,222	96,745	96,745	
0	-623	-623	Bank overdraft	0	-1,509	-1,509	
0	-1,286	-1,286	Short term borrowings	0	-1,923	-1,923	22
-8,151	-31,184	-39,335	Creditors and receipts in advance	-10,912	-26,948	-37,860	23
0	-10,826	0	Intragroup creditor	0	-15,222	0	
-2,675	-157	-2,832	Short term provisions	-4,310	-238	-4,548	24
0	-1,615	-1,615	Short term PFI Lease liability	0	-1,826	-1,826	19
-10,826	-45,691	-45,691	Total current liabilities	-15,222	-47,666	-47,666	
0	-44,757	-44,757	Long term borrowing	0	-44,309	-44,309	22
0	-9,115	-9,115	Provisions	-50	-9,932	-9,982	24
0	-66	-66	Capital grants receipts in advance	0	0	0	
0	-53,336	-53,336	PFI liability	0	-53,307	-53,307	19
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	
-3,828,433	-3,600,469	-3,935,707	Total long term liabilities	-4,820,945	-4,485,719	-4,928,493	
0	-3,341,192	-3,341,192	Net assets	0	-4,227,228	-4,227,228	
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	-4,284,285	-4,284,285	7
0	-3,341,192	-3,341,192	Total reserves	0	-4,227,228	-4,227,228	

Paul Butler
Interim Chief Finance Officer to PCC

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	Net surplus(-)/deficit on the provision of services	-752,781	891,546	138,765
0	-20,438	-20,438	Depreciation and impairment of property, plant and equipment	0	-19,465	-19,465
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	59	59
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
-381,758	193,255	-188,503	Adjust net surplus or deficit on the provision of services for non-cash movements	752,781	-903,854	-151,073
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	-6,000	-6,000
0	1,487	1,487	Adjust net surplus or deficit on the provision of services that are investing or financing activities	0	-3,814	-3,814
0	-27,935	-27,935	Net cash flows from operating activities	0	-16,122	-16,122
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
0	18,740	18,740	Net cash flow from investing activities	0	6,787	6,787
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	1,669	1,669
0	6,029	6,029	Interest paid	0	6,000	6,000
0	2,102	2,102	Net cash flow from financing activities	0	6,594	6,594
0	-7,093	-7,093	Net increase(-)/decrease in cash and cash equivalents	0	-2,741	-2,741
0	-27,965	-27,965	Cash and cash equivalents at the beginning of the reporting period	0	-35,058	-35,058
0	-35,058	-35,058	Cash and cash equivalents at the end of the reporting period	0	-37,799	-37,799

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 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.

It is the PCC's policy not to capitalise expenditure on individual items with a cost of less than £12,000.

1.9 Depreciation

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

- Depreciation on buildings is based upon information provided within the latest valuation report regarding the useful life of the buildings and their components, and is based on the 'straight-line' method. The straight line method writes off the value of an asset in equal annual instalments over the estimated useful economic life of the asset. The buildings are estimated to have useful lives up to 50 years. Once a building is operational and transferred from assets under construction depreciation commences on the building;
- The value of other assets such as vehicles, computers and other equipment falls steadily throughout their lives. These assets are expected to have shorter useful lives of up to seven years. The depreciation starts from the month of acquisition. Again the straight-line method of depreciation is used;
- Intangible assets are amortised using the straight-line method over the period the software is in use, which is typically four years. An exception to this is the SAP licence which is amortised over 25 years.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 Financial Instruments

1.14.1 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.

1.14.2 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.

1.14.3 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 are initially measured at fair value and carried at amortised cost. Annual credits to the comprehensive income and expenditure statement for interest receivable are based on the carrying value of the investment multiplied by the effective rate of interest included in the loan agreement. Investments included in the balance sheet represent the outstanding principal amounts receivable. Debtors include credit losses to reflect an assessment of the amounts likely to be irrecoverable.

1.15 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.

1.16 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.

1.17 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.

1.18 Post Balance Sheet Events

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

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

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

2 Critical Judgements in Applying Accounting Policies

The PCC's accounts have been prepared on a going concern basis.

Following the Police Reform and Social Responsibility Act 2011, two new corporate entities were created being the PCC and OCC. All payments for the PCC Group are made by the PCC and no cash movements are made between the PCC and OCC. The PCC has the responsibility for managing the financial relationships with third parties and has legal responsibility discharging the contractual terms and conditions of suppliers. The PCC holds all the assets, liabilities and reserves, with the exception of the IAS 19 pension liabilities, the accumulated short term absences creditor accrual and other employee related accruals and provisions, as the OCC employs officers and staff. These are offset by an intragroup adjustment. These are matched on the balance sheet of the OCC by an intragroup adjustment with the PCC.

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 but is expected to have a material 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 15 to 17 regarding the assumptions that have been used by the actuaries to provide an estimate of the liability.

The following tables show the impact of a small change in the assumptions made for the Police Officer and Police Staff Pension Schemes.

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

Police Staff Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	3,868,160	3,939,780	4,012,879
Projected service cost	123,548	127,734	132,064
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,946,728	3,939,780	3,932,871
Projected service cost	128,208	127,734	127,264
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	4,005,250	3,939,780	3,875,586
Projected service cost	131,609	127,734	123,992
Adjustment to life expectancy assumptions	+1 year	None	-1 year
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 31st March 2021. As stipulated by IAS19, the market value of the assets has been used to value the assets at the accounting date.

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 24 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.

Net expenditure chargeable to general fund £'000	2019/2020		Group Expenditure and Funding Analysis	Net expenditure chargeable to general fund £'000	2020/2021	
	Adjustment between accounting and funding basis £'000	Net expenditure in the comprehensive I & E £'000			Adjustment between accounting and funding basis £'000	Net expenditure in the comprehensive I & E £'000
290,276	76,855	367,131	Police Services - OCC	310,599	57,968	368,567
-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
292,249	74,897	367,146	Net cost of police services	313,707	57,968	371,675
0	11	11	Gain(-)/loss on disposal of non-current assets	0	-125	-125
0	11	11	Other operating expenditure	0	-125	-125
0	6,026	6,026	External interest payable	0	6,139	6,139
0	-700	-700	Interest and investment income	0	-405	-405
0	88,088	88,088	Net interest on pensions	0	80,821	80,821
0	93,414	93,414	Financial and investment income and expenditure	0	86,555	86,555
-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
-303,451	1,961	-301,490	Taxation and non-specific grant income	-320,194	854	-319,340
335	-335	0	Reverses excluded from I&E eg. SWROCU	0	0	0
-303,116	95,051	-208,065		-320,194	87,284	-232,910
-10,867	169,948	159,081	Surplus(-)/deficit on provision of services	-6,487	145,252	138,765
34,101			Opening balance of general fund	44,968		
10,867			Transfers from reserves made in year	6,487		
44,968			Closing balance of general fund	51,455		

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	76,855	Police Services - OCC	9,825	51,324	-3,181	57,968
0	0	0	0	OPCC	0	0	0	0
0	0	-1,958	-1,958	Commissioning costs	0	0	0	0
10,760	71,166	-7,029	74,897	Net cost of police services	9,825	51,324	-3,181	57,968
11	0	0	11	Gain(-)/loss on disposal of non-current assets	-125	0	0	-125
11	0	0	11	Other operating expenditure	-125	0	0	-125
0	0	6,026	6,026	External interest payable	0	0	6,139	6,139
0	0	-700	-700	Interest and investment income	0	0	-405	-405
0	88,088	0	88,088	Net interest on pensions	0	80,821	0	80,821
0	88,088	5,326	93,414	Financial and investment income and expenditure	0	80,821	5,734	86,555
-1,033	0	0	-1,033	Capital grant and contributions	-310	0	0	-310
0	0	1,036	1,036	Council tax - local authorities	0	0	1,164	1,164
0	0	1,958	1,958	Commissioning of victim support services grant	0	0	0	0
-1,033	0	2,994	1,961	Taxation and non-specific grant income	-310	0	1,164	854
0	0	-335	-335	Reverses excluded from I&E eg. SWROCU	0	0	0	0
-1,022	88,088	7,985	95,051		-435	80,821	6,898	87,284
9,738	159,254	956	169,948	Total adjustment between accounting and funding basis	9,390	132,145	3,717	145,252

7 Notes to the Movement in Reserves Statement

These notes support the movement in reserves statement shown on page 31.

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
Balance as at 31 March 2019	34,101	3,528	37,629	964	75,727	-3,715,699	-6,901	54,084	-3,591,825
Total comprehensive income and expenditure	-159,081	0	-159,081	0	-9,519	381,758	0	0	372,239
Adjustments between accounting & funding basis under regulations									
Reversal of items included to I&E									
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
Insert amounts excluded in I&E									
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
Other adjustments include:									
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
Balance as at 31 March 2020	44,968	3,982	48,950	-71	65,997	-3,493,195	-7,157	44,284	-3,390,142

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
Balance as at 31 March 2020	44,968	3,982	48,950	-71	65,997	-3,493,195	-7,157	44,284	-3,390,142
Total comprehensive income and expenditure	-138,765	0	-138,765	0	5,510	-752,781	0	0	-747,271
Adjustments between accounting & funding basis under regulations									
Reversal of items included to I&E									
Amortisation of intangible assets	654	0	654	0	0	0	0	-654	-654
Depreciation of non-current assets (note 18)	16,056	0	16,056	0	0	0	0	-16,056	-16,056
Revaluation loss	3,409	0	3,409	0	0	0	0	-3,409	-3,409
Capital grants and contributions	-310	0	-310	0	0	0	0	310	310
Council tax collection fund adjustment	1,164	0	1,164	-1,164	0	0	0	0	-1,164
Gain(-)/loss on disposal of non-current assets	-125	1,620	1,495	0	-208	0	0	-1,287	-1,495
Holiday pay accrual adjustment	2,553	0	2,553	0	0	0	-2,553	0	-2,553
Net IAS 19 charge for retirement benefits	186,647	0	186,647	0	0	-186,647	0	0	-186,647
Insert amounts excluded in I&E									
Minimum revenue provision	-3,352	0	-3,352	0	0	0	0	3,352	3,352
Revenue contribution to finance capital	-6,836	0	-6,836	0	0	0	0	6,836	6,836
IAS 19 employers contributions payable	-54,502	0	-54,502	0	0	54,502	0	0	54,502
Other adjustments include:									
Reserves used to finance capital	-106	0	-106	0	0	0	0	106	106
Increase/decrease(-) in 2020/2021	6,487	1,620	8,107	-1,164	5,302	-884,926	-2,553	-10,802	-894,143
Balance as at 31 March 2021	51,455	5,602	57,057	-1,235	71,299	-4,378,121	-9,710	33,482	-4,284,285

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
Balance as at 31 March 2019	34,101	3,528	37,629	964	75,727	-3,715,699	-6,901	54,084	-3,591,825
Total comprehensive income and expenditure	222,677	0	222,677	0	-9,519	0	0	0	-9,519
Adjustments between accounting & funding basis under regulations									
Reversal of items included to I&E									
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
Insert amounts excluded in I&E									
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
Other adjustments include:									
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
Balance as at 31 March 2020	44,968	3,982	48,950	-71	65,997	-3,493,195	-7,157	44,284	-3,390,142

PCC 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
Balance as at 31 March 2020	44,968	3,982	48,950	-71	65,997	-3,493,195	-7,157	44,284	-3,390,142
Total comprehensive income and expenditure	-891,546	0	-891,546	0	5,510	0	0	0	5,510
Adjustments between accounting & funding basis under regulations									
Reversal of items included to I&E									
Amortisation of intangible assets	654	0	654	0	0	0	0	-654	-654
Depreciation of non-current assets (note 18)	16,056	0	16,056	0	0	0	0	-16,056	-16,056
Revaluation loss	3,409	0	3,409	0	0	0	0	-3,409	-3,409
Capital grants and contributions	-310	0	-310	0	0	0	0	310	310
Council tax collection fund adjustment	1,164	0	1,164	-1,164	0	0	0	0	-1,164
Gain(-)/loss on disposal of non-current assets	-125	1,620	1,495	0	-208	0	0	-1,287	-1,495
Holiday pay accrual adjustment	2,553	0	2,553	0	0	0	-2,553	0	-2,553
Net IAS 19 charge for retirement benefits	186,647	0	186,647	0	0	-186,647	0	0	-186,647
Net IAS 19 charge Inter group adjustment	752,781	0	752,781	0	0	-752,781	0	0	-752,781
Insert amounts excluded in I&E									
Minimum revenue provision	-3,352	0	-3,352	0	0	0	0	3,352	3,352
Contribution to disposal costs of capital sales	0	0	0	0	0	0	0	0	0
Revenue contribution to finance capital	-6,836	0	-6,836	0	0	0	0	6,836	6,836
IAS 19 employers contributions payable	-54,502	0	-54,502	0	0	54,502	0	0	54,502
Other adjustments include:									
Reserves used to finance capital	-106	0	-106	0	0	0	0	106	106
Increase/decrease(-) in 2020/2021	6,487	1,620	8,107	-1,164	5,302	-884,926	-2,553	-10,802	-894,143
Balance as at 31 March 2021	51,455	5,602	57,057	-1,235	71,299	-4,378,121	-9,710	33,482	-4,284,285

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	239,230	Employee costs	258,651	1,234	259,885
13,559	7	13,566	Premises costs	15,343	0	15,343
5,348	18	5,366	Transport costs	4,135	1	4,136
27,647	200	27,847	Supplies & services	33,807	197	34,004
13,685	117	13,802	Partnership costs	14,836	121	14,957
12,785	0	12,785	Misc, central, & grants	13,140	0	13,140
0	5,553	5,553	Commissioning	0	6,938	6,938
21,145	0	21,145	Depreciation, amortisation, & impairment	20,119	0	20,119
71,422	0	71,422	Employee benefit expenses	53,877	0	53,877
88,088	0	88,088	Net interest on pensions	80,821	0	80,821
58,600	0	58,600	Police pension top up grant	53,418	0	53,418
0	6,026	6,026	Interest payments	0	6,139	6,139
0	11	11	Gain/loss on disposal of fixed assets	0	-125	-125
-110,011	110,011	0	Intragroup adjustment	-1,247,510	1,247,510	0
440,358	123,083	563,441	Total expenditure	-699,363	1,262,015	562,652
-15,175	-477	-15,652	Sales, rent, fees, & charges	-15,787	-703	-16,490
-1,920	0	-1,920	Seconded officers	-1,606	0	-1,606
0	-1,958	-1,958	Commissioning of victim support services	0	-2,753	-2,753
-9,598	0	-9,598	Counter terrorism policing grant	-10,074	0	-10,074
-1,720	-1,150	-2,870	Serious Violence grant	-1,124	-1,312	-2,436
-659	0	-659	Uplift grant	-3,843	0	-3,843
-2,827	0	-2,827	Officer pensions grant	-2,828	0	-2,828
-7,479	-607	-8,086	Other specific grants	-10,079	-615	-10,694
0	-700	-700	Interest and investment income	0	-405	-405
0	-105,807	-105,807	Police - revenue grant	0	-114,113	-114,113
0	-56,792	-56,792	Ex-DCLG formula funding	0	-60,654	-60,654
0	-1,033	-1,033	Capital grant and contributions	0	-310	-310
0	-3,331	-3,331	Council tax freeze grant	0	-3,331	-3,331
0	-11,378	-11,378	Local council tax support grant	0	-11,378	-11,378
0	0	0	Tax income guarantee grant	0	-414	-414
0	-123,149	-123,149	Income from council tax	0	-129,140	-129,140
0	-58,600	-58,600	Police pension top up grant	0	-53,418	-53,418
-19,222	19,222	0	Intragroup adjustment	-8,077	8,077	0
-58,600	-345,760	-404,360	Total income	-53,418	-370,469	-423,887
381,758	-222,677	159,081	Surplus/deficit on provision of services	-752,781	891,546	138,765

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
	252,094	7,747	259,841	11,444	271,285

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
	256,066	11,128	267,194	14,132	281,326

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

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
		£	£	£	£	£
PCC Employees						
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
OCC Employees						
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
		1,042,806	33,789	1,076,595	200,699	1,277,294

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
387	5	392		495	4	499

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
16	180		8	225

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
38	Police and Crime Commissioner: Fees for external audit services paid to Grant Thornton	44
19	Chief Constable: Fees for external audit services paid to Grant Thornton	14
57		58

Fees paid by the PCC in 2020/2021 were based on the scale fee, with an additional £16,410 accrued for variations.

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
123,149		129,140

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 (£2,412 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
18,240	Total	19,058

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 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
Comprehensive income and expenditure statement				
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
Total post employment benefits charged to the comprehensive income and expenditure statement	40,832	35,376	167,750	151,271
Other post employment benefits charged to the comprehensive income and expenditure statement				
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
Total other comprehensive income	28,794	-148,183	352,964	-604,598
Movement in reserves statement				
Reversal of net charges made for retirement benefits in accordance with the code	-40,832	-35,376	-167,750	-151,271
Actual amount charged against the general fund balance for pensions in the year				
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
-3,493,195		-4,378,121

16 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
58,600	Balance met from PCC Group	53,418

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		
Current pensioners		
	Males	21.1
	Females	23.3
Retiring in 20 years		
	Males	22.3
	Females	24.8

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
	Movements in the year	
-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
-3,222,206	Present value of schemes liability as at 31 March	-3,939,780

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
	Movements in the year	
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
0	Present value of schemes assets as at 31 March	0

17 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 15.

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		
Current pensioners		
	Males	23.1
	Females	24.6
Retiring in 20 years		
	Males	24.4
	Females	26.0

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	%
		Equities		
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
232,880	69.5		318,406	72.0
		Gilts - Public Sector		
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
20,470	6.1		25,436	5.7
		Other Bonds		
16,790	5	UK	20,785	4.7
17,192	5.1	Overseas	22,111	5.0
33,982	10.1		42,896	9.7
29,493	8.8	Property	30,596	6.9
18,413	5.5	Cash (invested internally)	25,440	5.7
335,238	100	Total assets	442,774	100

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
-604,677	Estimated liabilities in pension fund	-879,492
-1,550	Estimated unfunded liabilities	-1,623
-270,989	Deficiency in fund	-438,341

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
-629,832	Present value of defined obligations as at 1 April	-606,227
	Movements in the year	
-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
-606,227	Present value of defined obligations as at 31 March	-881,115

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
357,655	Fair value of scheme assets as at 1 April	335,238
	Movements in the year	
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
335,238	Fair value of scheme assets as at 31 March	442,774

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.

18 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
Cost or valuation				
As at 1 April 2019	206,289	114,271	1,133	321,693
Additions during year	1,785	7,990	4,541	14,316
Disposals	-390	-13,676	0	-14,066
Reclassification	-1,857	0	-93	-1,950
Revaluation gain/loss (-)				
Recognised in revaluation reserve	-13,872	0	0	-13,872
Recognised in surplus & deficit I&E	-5,354	0	0	-5,354
As at 31 March 2020	186,601	108,585	5,581	300,767
Depreciation and impairment				
As at 1 April 2019	-398	-94,375	0	-94,773
Depreciation charge	-5,914	-10,086	0	-16,000
Disposals	10	13,592	0	13,602
Reclassification	138	0	0	138
Revaluation gain/loss (-)				
Recognised in revaluation reserve	4,565	0	0	4,565
Recognised in surplus & deficit I&E	1,047	0	0	1,047
As at 31 March 2020	-552	-90,869	0	-91,421
Net book value				
As at 31 March 2020	186,049	17,716	5,581	209,346
As at 31 March 2019	205,891	19,896	1,133	226,920

Property, Plant and Equipment 2020/2021	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
As at 1 April 2020	186,601	108,585	5,581	300,767
Additions during year	3,154	6,662	12	9,828
Disposals	0	-22,628	0	-22,628
Reclassification	5,344	0	-5,086	258
Revaluation gain/loss (-)				
Recognised in revaluation reserve	1,044	0	0	1,044
Recognised in surplus & deficit I&E	-3,925	0	0	-3,925
As at 31 March 2021	192,218	92,619	507	285,344
Depreciation and impairment				
As at 1 April 2020	-552	-90,869	0	-91,421
Depreciation charge	-6,103	-9,953	0	-16,056
Disposals	0	22,411	0	22,411
Reclassification	0	0	0	0
Revaluation gain/loss (-)				
Recognised in revaluation reserve	4,465	0	0	4,465
Recognised in surplus & deficit I&E	961	0	0	961
As at 31 March 2021	-1,229	-78,411	0	-79,640
Net book value				
As at 31 March 2021	190,989	14,208	507	205,704
As at 31 March 2020	186,049	17,716	5,581	209,346

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	131,350
PFI	77,996	0	0	77,996
	186,049	17,716	5,581	209,346

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	111,915	14,208	507	126,630
PFI	79,074	0	0	79,074
	190,989	14,208	507	205,704

19 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	1,845	0	1,845
Revaluation gain/loss (-)						
-3,501	0	-3,501	Recognised in revaluation reserve	-560	0	-560
1,935	0	1,935	Recognised in surplus & deficit I&E	71	0	71
77,999	5,384	83,383	As at 31 March	79,355	5,384	84,739
Depreciation and impairment						
-3	-5,072	-5,075	As at 1 April	-3	-5,384	-5,387
-1,837	-312	-2,149	Depreciation charge	-2,606	0	-2,606
Revaluation gain/loss (-)						
1,615	0	1,615	Recognised in revaluation reserve	2,187	0	2,187
222	0	222	Recognised in surplus & deficit I&E	141	0	141
-3	-5,384	-5,387	As at 31 March	-281	-5,384	-5,665
Net book value						
77,996	0	77,996	As at 31 March	79,074	0	79,074

2019/2020 £'000	PFI Liabilities	2020/2021 £'000
56,499	Finance Liability as at 1 April	54,951
0	Additional Liability for Shared Specialist Training Centre	1,851
-1,548	Liability Paid in Year	-1,669
54,951	Finance Liability at 31 March	55,133

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	456	4,505	1,669
Rentals payable in future years				
Within 1 year	1,983	436	4,388	1,826
Within 2-5 years	8,431	3,586	16,036	7,305
Within 6-10 years	11,759	5,925	16,317	12,234
Within 11-15 years	13,359	6,006	11,070	18,355
Within 16-20 years	8,773	3,206	3,248	15,413
Total	44,305	19,159	51,059	55,133

The fair value of the PFI liability has been assessed as £91,413,855 compared to the book value of £55,132,729 as shown in the table above.

20 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
0	31,112	31,112	Balance as at 31 March	0	32,746	32,746

21 Cash and Cash Equivalents

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

22 Loans Still to be Repaid

Loans outstanding at the balance sheet date include amounts owing to the Public Works Loan Board (PWLb), amounts owing to other lenders under the terms of Lender Option Borrower Option (LOBO) and amounts owing to Salix Finance Ltd in respect of finance provided for the purchase of 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
46,043	Total	46,232
	Less:	
-1,286	Transferred to short term borrowings (repayable in 2021/2022)	-1,923
44,757		44,309

23 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
8,151	31,184	39,335	Balance as at 31 March	10,912	26,948	37,860

24 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
	11,947	-50	-2,168	4,801	14,530

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.

25 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:

25.1 McCloud/Sargeant

25.1.1 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 judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/2024, although this timetable is subject to change.

The impact of 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.

25.1.2 Impact on Police Staff pension liability

The government has confirmed that they expect to have to make an amendment to all public service schemes as a result of the McCloud judgment. Scheme actuaries have

estimated the potential increase in scheme liabilities for Avon & Somerset force to be £5.648m of pensions scheme liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2019/2020 accounts. 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.

25.1.3 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.

25.2 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.

26 Funds and Reserves

26.1 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
Total discretionary reserves	6,399	-5,466	6,958	7,891
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
Total non-discretionary reserves	5,825	-6,248	7,874	7,451
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
Total capital and PFI reserves	11,877	-365	9,114	20,626
Total earmarked reserves	24,101	-12,079	23,946	35,968
General Fund	10,000	-1,000	0	9,000
Total General Fund Balance	34,101	-13,079	23,946	44,968

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
Total discretionary reserves	7,891	-4,906	4,498	7,483
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
Total non-discretionary reserves	7,451	-4,196	4,087	7,342
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
Total capital and PFI reserves	20,626	-290	3,880	24,216
Tax income guarantee reserve	0	0	414	414
Total earmarked reserves	35,968	-9,392	12,879	39,455
General Fund	9,000	0	3,000	12,000
Total General Fund Balance	44,968	-9,392	15,879	51,455

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.

26.2 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.

27 Capital Financing

2019/2020 £'000	Capital Expenditure and Financing	2020/2021 £'000
99,966	Opening capital financing requirement	103,209
	Capital investment	
14,316	Property, plant and equipment	9,828
	Sources of finance	
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	-3,352
526	Capital creditors	-4
-11,073		-10,608
103,209	Closing capital finance requirements	102,429
	Explanation of movements in year	
3,243	Increase/decrease(-) in underlying need to borrow	-2,631
0	PFI Contract A&S Increased share of asset	1,851
3,243	Increase/decrease(-) in capital financing requirement	-780

28 Financial Instruments

28.1 Categories of Financial Instruments

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

Financial liabilities 2020/2021	Bank overdraft £'000	Current Borrowings £'000	Creditors £'000	Non-current Borrowings £'000	Total 31st March 2021 £'000
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	1,826	0	53,307	55,133
Total financial liabilities	1,509	3,749	20,707	97,616	123,581
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
Total	1,509	3,749	37,860	97,616	140,734

Financial liabilities 2019/2020	Bank overdraft £'000	Current Borrowings £'000	Creditors £'000	Non-current Borrowings £'000	Total 31st March 2020 £'000
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
Total financial liabilities	623	2,901	25,955	98,093	127,572
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
Total	623	2,901	39,335	98,093	140,952

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	27,362	0	89,161
Total financial liabilities	37,799	24,000	27,362	0	89,161
Other assets not defined as financial instruments:					
VAT	0	0	1,619	0	1,619
Payments in advance	0	0	3,765	0	3,765
Total	37,799	24,000	32,746	0	94,545

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
Total financial liabilities	35,058	23,000	24,662	5	82,725
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
Total	35,058	23,000	31,112	5	89,175

28.2 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.

	31 March 2021		31 March 2020	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial liabilities held at amortised cost				
Borrowings - PWLB loans	34,282	43,815	34,268	43,753
Borrowings - LOBO loans	11,775	18,534	11,775	19,581
Borrowings - other	175	164	0	0
Bank overdraft	1,509	1,509	623	623
Creditors	20,707	20,707	25,955	25,955
PFI liabilities	55,133	91,413	54,951	89,470
Total	123,581	176,142	127,572	179,382

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 £18,534,050 (31 March 2020 £19,581,075) compared with a book value of £11,775,000 in both years. Under the terms of these loans the lender has the option to vary the interest rate at specified points in time. These loans are detailed in the following table.

Lender Option Borrower Option (LOBO)						
2020 £'000	Drawdown Date	2021 £'000	Period	Next Option Date	End Date	Interest Rate %
6,500	17/01/2005	6,500	30 yrs	17/01/2035	17/01/2035	4.50
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
11,775	Total	11,775				

The fair value of PWLB and LOBO 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.

28.3 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
Financial assets held at amortised cost				
Cash and cash equivalents	37,799	37,617	35,058	34,692
Investments - Short term	24,000	24,064	23,000	23,007
Debtors	27,362	27,362	24,662	24,662
Car loans	0	0	5	5
Total	89,161	89,043	82,725	82,366

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.

28.4 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

28.5 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.

28.6 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.

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
	57,902	Total			61,640	

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
1,292		1,808

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 20 for the balances on both debtors and payments in advance.

28.7 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).

28.8 Market Risk

28.8.1 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. The LOBO stepped interest loan taken out on 17 January 2005 is exempt from the requirements of the Accounting Standard by virtue of having been taken before 9 November 2007, the date after which stepped interest rate loans taken need to be accounted for in accordance with the new regulations. In respect of the other commercial loans taken in 2008 there are no step changes in interest specified in the loan agreements and therefore no adjustment to the carrying value of the loans is required.

28.8.2 Price Risk

The PCC does not invest in equity shares other than in the Police Staff Pension Scheme (note 17). This means that the PCC has no exposure to price risk outside of the Local Government Pension Scheme.

28.8.3 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 16 of the accounts.

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

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
	Current assets	
0	Amounts due from Central Government	0
	Current liabilities	
0	Amounts owing to pensioners	0
<hr/> 0	Net assets	<hr/> 0

Police & Crime Commissioner for Avon & Somerset

Glossary of Terms

Term	Definition
ACC	Assistant Chief Constable
Accounting policies	These are a set of rules and codes of practice we use when preparing the accounts.
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.

Term	Definition
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.

Term	Definition
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.

Term	Definition
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

Avon and Somerset Police Joint Audit Progress Report and Sector Update

Year ending 31 March 2021

July 2021

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

This draft has been created from the template dated DD MMM YYYY



Contents

Section	Page	
Introduction	3	The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the entity or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.
Progress at July 2021	4	
Audit Deliverables	5	
Sector Update	6	

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Introduction

Your key Grant Thornton team members are:



Jackson Murray
Engagement Lead

T 0117 305 7859

M 07825 028920

E Jackson.Murray@uk.gt.com



Gail Turner-Radcliffe
Engagement Manager

T 0292 034 7546

M 07920 154865

E Gail.Turner-Radcliffe@uk.gt.com

This paper provides the Joint Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a police body.

Members of the Joint Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk.

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at July 2021

Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in March. We expect to begin our work on your draft financial statements later in July.

Our interim fieldwork included:

- updating our knowledge of the internal control environment;
- updating our understanding of your financial systems and undertaking system walkthroughs for our identified significant risks;
- reviewing Internal Audit reports on core financial systems; and
- documenting and understanding how the Police and Crime Commissioner and Chief Constable make material estimates for the financial statements.

In April we issued a detailed Joint Audit Plan, setting out our proposed approach to the audit of the 2020/21 financial statements.

We will report our work in the Joint Audit Findings Report and aim to give our opinion on the Statement of Accounts by September 2021.

Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

We reported the results of our planning work to date within the Joint Audit Plan taken to the April 2021 Joint Audit Committee.

Please see page 10 for further details on the new Value for Money approach.

Meetings

We met with Finance Officers in April as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p>Accounts Joint Audit Plan</p> <p>We are required to issue a detailed accounts joint audit plan to the Joint Audit Committee setting out our proposed approach in order to give an opinion on the 2020/21 financial statements.</p>	April 2021	Complete
<p>Joint Audit Findings (ISA260) Report</p> <p>The Joint Audit Findings Report will be reported to the Joint Audit Committee.</p>	September 2021	Not due yet
<p>Auditors Reports</p> <p>These are the opinions on your financial statements and annual governance statements.</p>	September 2021	Not due yet
<p>Auditor's Annual Report</p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). A draft of the AAR will be taken to the Joint Audit Committee prior to publication of the final version.</p>	December 2021	Not due yet

Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from sector specialists**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white.

Public Sector

A purple rectangular button with the text "Police" in white.

Police



HMICFRS's proposed 2021/22 policing inspection programme and framework

HMICFRS has launched a consultation which welcomes views on our proposed policing inspection programme for the coming year. The consultation is open until **Tuesday 18 May 2021**.

Types of inspection in 2021/22 comprise of:

- PEEL assessments;
- National thematic inspections;
- Commissions from the Home Secretary and local policing bodies
- Inspection of national agencies and other non-Home Office forces
- Joint inspections
- State of Policing report

The consultation asks for views on whether the review cover the right themes and areas of policing. In particular, HMICFRS are seeking responses to the following consultation questions:

- 1.Do these proposed thematic inspections cover those areas that are of most concern to you at the moment?
- 2.Are there any significant new or emerging problems in policing that HMICFRS should take into account in its inspection activity?
- 3.How else could HMICFRS adapt the way in which it acquires information to take account of current circumstances and risks to public safety?

The consultation can be accessed [here](#).

Police generally responded well to exceptional circumstances of pandemic

Based on an inspection of policing between March and November 2020, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) said that although there were some inconsistencies, in general police forces took immediate and decisive action to respond to the extreme circumstances of the pandemic.

HMICFRS found that during the first lockdown the demand on policing changed. There were fewer reports of some crimes such as theft and robbery, and an increased need to support the work of other frontline services as well as enforcing lockdown restrictions. This change meant forces utilised their resources differently. For example, some forces were able to clear backlogs of outstanding arrest warrants.

Inspectors also found that the fast-paced announcement and introduction of new legislation affected some forces' ability to produce timely and clear guidance for staff. This sometimes led to confusion over the difference between legislation and government guidance, with the inspectorate stressing that the police can only enforce legislation.

The inspectorate acknowledged the criticism some forces faced for their interpretation of lockdown restrictions, including undertaking road checks to identify unnecessary journeys, drone surveillance, and police action in relation to non-essential shopping and what was thought to be excessive exercise.

While these actions were viewed by some as heavy-handed or inconsistent, inspectors were assured that police forces had learnt from these instances and in general did well to maintain public trust.

The full report can be accessed [here](#).

Home Office

Recruitment drive delivers almost 9,000 additional police

An extra 8,771 police officers have been recruited to cut crime and keep communities across the country safer as part of the government's campaign to bring in 20,000 additional officers, new Home Office figures show.

As of 31 March 2021, every one of the 43 police forces in England and Wales has hit or surpassed its first-year recruitment target since the launch of the Police Uplift Programme in September 2019.

The new figures show that the government is already 44% of the way towards meeting its ambition of hiring 20,000 additional officers by 2023, with many of these new recruits already on the streets and doing their bit to protect neighbourhoods.

The Police Uplift Programme is an unprecedented opportunity to create a more representative police workforce, and the statistics show that forces are more diverse than ever before.

More women (45,996) are now employed as police officers in forces across England and Wales than ever before. Since April 2020, 42% (5,037) of the new recruits have identified as female.

The number of Black, Asian and other ethnic minority officers is also now at its highest point on record, with 10,218 officers from these communities employed in forces across England and Wales. Since April 2020, recruits from these communities have made up 10.6% (1,212) of all joiners.

The data shows the appetite for thousands to join the police has continued despite the coronavirus pandemic, with online assessment processes, virtual career fairs, and internet workshops continuing to run safely during lockdown.

The full article can be accessed [here](#).

Home Secretary to strengthen Police and Crime Commissioner role

Police and Crime Commissioners (PCCs) will be more accountable to the communities they serve as a result of a review led by Home Secretary Priti Patel, by requiring them to explain their record on crime to the public and strengthening their relationship with the Chief Constable and force.

The review will ensure the public have transparent, democratically-elected, local leaders who are equipped to drive down crime and deliver the safer communities the public deserve. It could also see them lead a wider range of services, in time, such as fire and rescue.

The full article can be accessed [here](#).



The new approach to Value for Money

The nature of value for money work

Section 20 and 21 of the Local Audit and Accountability Act 2014 (the Act), require auditors to be satisfied that the body “has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources”. The auditor’s work on VFM arrangements is undertaken in accordance with the Code and its supporting statutory guidance. The Comptroller and Auditor General has determined through the 2020 Code and guidance that the key output from local audit work in respect of VFM arrangements is the commentary as reported in the Auditor’s Annual Report. It is therefore not a VFM arrangements ‘conclusion’ or an ‘opinion’ in the same sense as the opinion on the financial statements themselves. The Act and the Code require auditors to consider whether the body has put in place ‘proper arrangements’ for securing VFM. The arrangements that fall within the scope of ‘proper arrangements’ are set out in ‘AGN 03 Auditors’ work on VFM arrangements’, which is issued by the NAO. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria:

Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services, including how the body:

- ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- plans to bridge its funding gaps and identifies achievable savings;
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and

- identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Governance

How the body ensures that it makes informed decisions and properly manages its risks, including how the body:

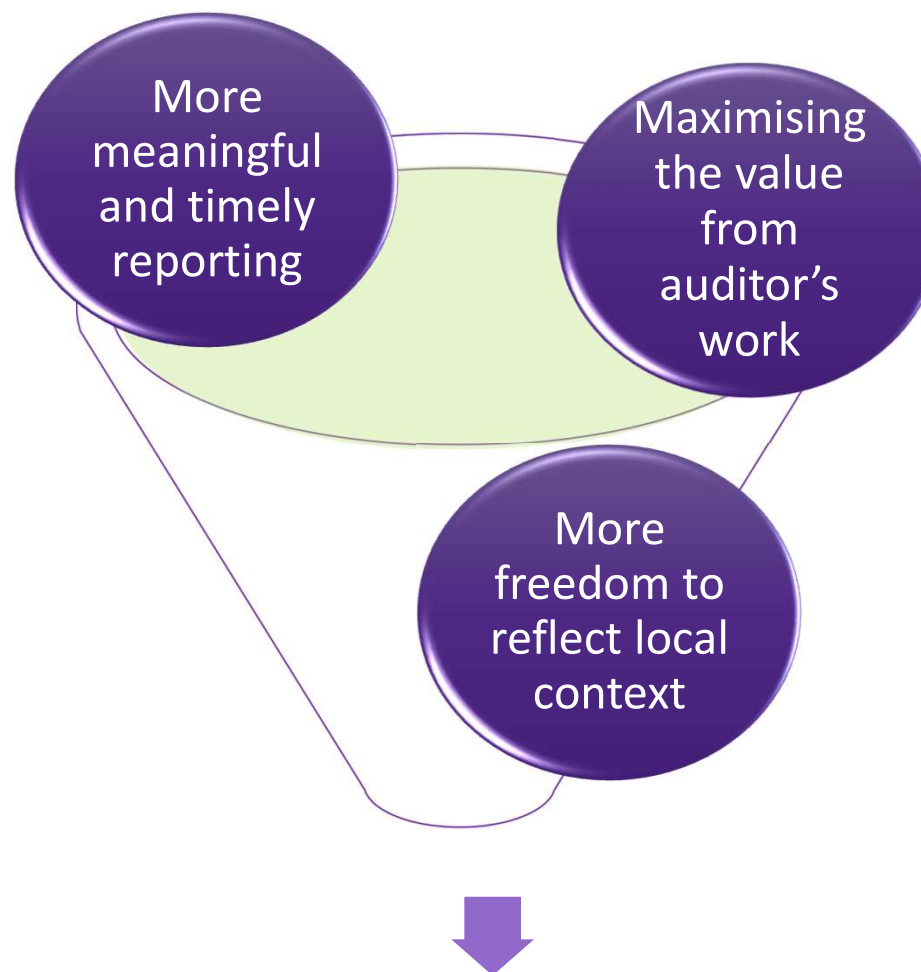
- monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- approaches and carries out its annual budget setting process;
- ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

The new approach to Value for Money

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services, including:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the body evaluates the services it provides to assess performance and identify areas for improvement;
- how the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
- where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.



VFM arrangements commentary and recommendations

The new approach to Value for Money

The table below details what will be reported in the Auditor's Annual Report:

Section of report	Content
Commentary on arrangements	An explanation of the VFM work that has been undertaken during the year, including the risk assessment and any further risk-based work. It will also highlight any significant weaknesses that have been identified and brought to the body's attention. The commentary will allow auditors to better reflect local context and draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the body itself.
Recommendations	Where an auditor concludes that there is a significant weakness in a body's arrangements, they report this to the body and support it with a recommendation for improvement.
Progress in implementing recommendations	Where an auditor has reported significant weaknesses in arrangements in the previous year, the auditor should follow up recommendations issued previously and include their view as to whether the recommendations have been implemented satisfactorily.
Use of additional powers	Where an auditor uses additional powers, such as making statutory recommendations or issuing a public interest report, this should be reported in the auditor's annual report.
Opinion on the financial statements	The auditor's annual report also needs to summarise the results of the auditor's work on the financial statements.

The table below details the three types of recommendations that auditors can make. Auditors may make recommendations at any time during the year.

Type of recommendation	Definition
Statutory recommendation	Where auditors make written recommendations to the body under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014. A recommendation of this type requires the body to discuss and respond publicly to the report.
Key recommendation	Where auditors identify significant weaknesses in a body's arrangements for securing value for money, they have to make recommendations setting out the actions that the body should take to address them
Improvement recommendation	Where auditors do not identify a significant weakness in the body's arrangements, but still wish to make recommendations about how the body's arrangements can be improved

Good practice in annual reporting – National Audit Office

The National Audit Office (NAO) state that the guide, launched in February, “Sets out our good practice principles for good annual reporting and provides illustrative examples taken from public sector organisations who are leading the way in this area.”

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance

The NAO also state that the guide “provides further examples where bodies have made their context more understandable to the reader through use of graphics and clear language and signposting.”

However, The NAO observe “Done well, reporting in the public sector enables the public and Parliament to understand – with ease and confidence – an organisation’s strategy and the risks it faces, how much taxpayers’ money has been spent and on what, and what has been achieved as a result.”

Further, the NAO note “The significant impacts of the pandemic emerged in the UK in mid-March 2020. This means that, for many organisations, the reporting impact will be greater in 2020-21 than in the prior year. Transparent annual reporting will help stakeholders understand the impact of COVID-19 on an organisation’s strategy, plans and operational and financial performance.”



The full report can be obtained from the NAO website:

<https://www.nao.org.uk/report/good-practice-in-annual-reports-february-2021/>



© 2021 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



Avon and Somerset Police and The Office of the Police & Crime Commissioner (OPCC)

Internal Audit Annual Opinion and Report 2020/21

Contents

The contacts at SWAP in connection with this report are:

Laura Wicks

Assistant Director

Tel: 020 8142 5030

laura.wicks@swapaudit.co.uk

➡	Summary:		
		Purpose and Scope	Page 1
		Background	Page 2
		Annual Opinion	Page 3
➡	Summary of Audit Work:		
		Summary of Control Assurance Opinions	Page 7
		Summary of Recommendations Raised	Page 8
➡	Plan Performance:		
		Value Added	Page 9
		SWAP Performance	Page 10
➡	Appendix A	Summary of Work Plan	Page 11

Summary

The Head of Internal Audit is required to provide an opinion to support the Annual Governance Statement.

Purpose

The Head of Internal Audit (SWAP Assistant Director) should provide a written annual report to those charged with governance to support the Authority's Annual Governance Statement (AGS). This report should include the following:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment, including an evaluation of the following:
 - the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities;
 - whether the information technology governance of the organisation supports the organisation's strategies and objectives;
 - the effectiveness of risk management processes; and
 - the potential for the occurrence of fraud and how the organisation manages fraud risk.
- Disclose any qualifications to that opinion, together with the reasons for the qualification.
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.
- Compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria.
- Comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.

Summary

Three Lines Model

To ensure the effectiveness of an organisation's risk management framework, the Audit and Governance Committee and senior management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

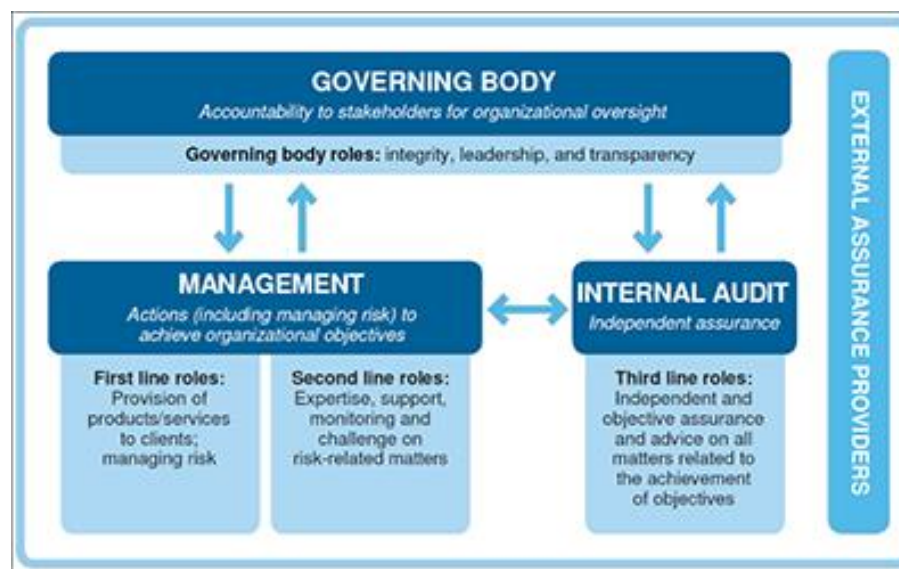
- the first line – functions that own and manage risk.
- the second line – functions that oversee or specialise in risk management, compliance.
- the third line – functions that provide independent assurance.

Background

The Internal Audit service for Avon & Somerset Police and OPCC is provided by SWAP Internal Audit Services. The team's work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the control environment by evaluating its effectiveness. Primarily the work of the service is based on the Annual Plan agreed by Senior Management and this Committee (see Appendix). This report summarises the activity of the internal audit function for the 2020/21 year against the Internal Audit Plan (as approved by the Joint Audit Committee). Our annual opinion should inform the Review of Effectiveness within the AGS.

The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines model shown below.



Summary of Audit Work

The Annual Opinion is made based on the following sources of information:

- Completed audits (during the year 2020/21) which evaluate risk exposures relating to the organisation's governance, information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.
- Observations from consultancy/advisory support.
- Follow up of previous audit activity, including agreed actions.
- Notable changes to the organisation's strategy, objectives, processes or IT infrastructure.
- Assurances from other providers, including third parties, regulator reports etc.

Annual Opinion

The Head of Internal Audit is required, under the Public Sector Internal Audit Standards (PSIAS) and linked in with the Chartered Institute of Internal Audit IPPF Standard 2450, to provide an annual opinion on the overall adequacy and effectiveness of the of the organisations' framework of governance, risk management and internal control.

Our internal audit annual opinion is a balanced reflection rather than a snapshot in time. Information to support this assessment is obtained from multiple engagements and sources (including advice/ consultancy work). The results of these engagements, when viewed together, provide an understanding of the organisation's risk management processes and their effectiveness.

The majority of the assurance opinions resulting from Internal Audit work completed in 2020/21 were Reasonable, and giving consideration to the adequacy and effectiveness of the wider governance and risk management arrangements at the Force and OPCC, overall I am pleased to be able to offer a **Reasonable** Annual Opinion. In terms of assurance opinions issued during the year, this is an improved position on the previous year. There are currently no significant issues that Internal Audit is aware of which would require inclusion within the Annual Governance Statement. Further detail on the constituent areas informing our Opinion is outlined under subsequent headings below.

It is important to note that Internal Audit has not reviewed all risks and assurances relating to Avon & Somerset Police and OPCC and therefore cannot provide absolute assurance on the internal control environment. Senior Management are ultimately responsible for ensuring an effective system of internal control.

COVID-19

The COVID-19 pandemic has continued to impact organisations on an unprecedented, global level, for well over a year at the time of writing. When composing the previous Annual Opinion we noted the inevitable impact on the management on Force and OPCC operations towards the end of the 2019/20 financial year. The last year brought about significant challenges and resulted in changes to working practices, including extended periods of home-schooling for parents and carers and a move to homeworking for the vast majority of employees. The extended nature of restrictions and requirements to work from home as far as possible, resulted in changes to processes and controls across the organisations. Throughout our audits, we have ensured that these changes, particularly those to financial controls, were reviewed as part of our work. As we enter a period of restrictions easing, there will inevitably be associated challenges, including the health and safety of those returning to the office more regularly and wellbeing concerns. Lessons learnt from the pandemic will be a key feature of audit work going forward. The Internal Audit Plan itself was not subject to any specific changes in focus as a result of COVID-

Summary of Audit Work

Internal audit is only one source of assurance; therefore, where we have highlighted gaps in our coverage, assurance should be sought from other sources where possible in order to ensure sufficient and appropriate assurances are received.

We have set out how the audits from the 2020/21 Internal Audit Plan provides coverage of the key components set out in the Force Management Statement (FMS), against which we have aligned our audit universe.

We have set out the coverage against the FMS areas where audits provided coverage/assurance over the course of the year. For 2020/21, we did not afford coverage to the following areas and alternative assurance should be sought as a minimum:

- Major Events
- Managing Offenders
- Protecting Vulnerable People
- Responding to the Public
- Prevention & Deterrence
- Investigations
- Managing Serious and Organised Crime

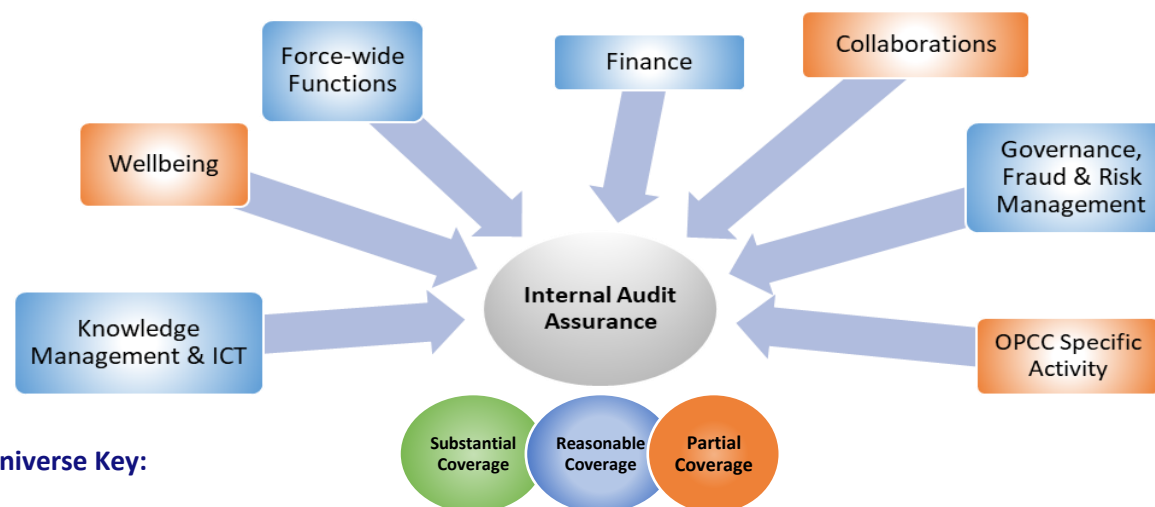
19, nor were any SWAP staff redeployed to Avon & Somerset Police and/or OPCC. Regular meetings took place between staff at Avon & Somerset and SWAP to keep informed of any changes/seek advice as necessary.

Opinion on Internal Control

As stated above, the majority of our Internal Audit work in 2020/21 resulted in the provision of a **Reasonable** assurance opinion. On an individual engagement level, we define this as *'there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.'* Whilst we consider the breadth of our audit plan adequate to inform an overall opinion, coverage of some more operational areas of the Force's work has been limited and our opinion should be considered in this context. A summary of the assurance opinions awarded during the course of the year, together with details of the number of recommendations raised, is included in Appendix A.

Internal Audit Coverage

The diagram below provides an assessment of the *depth of our audit coverage* over 180 days against the sections of the Force Management Statement as a proxy for the audit universe:



Audit Universe Key:

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

Summary of Audit Work

Definitions of Corporate Risk

High Risk

Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Medium Risk

Issues which should be addressed by management in their areas of responsibility.

Low Risk

Issues of a minor nature or best practice where some improvement can be made.

We keep our audit plans under regular review to ensure that we are auditing the right things at the right time.

Significant Corporate Risks

During the course of the year, we identified one significant/ 'High' corporate risk in our reports as outlined below:

Review/Risks
Records Retention: MoPI Compliance Information assets may not remain necessary for policing and/or business purposes, may be inadequate, inaccurate or out of date. This could lead to compromised safety to public protection and a breach in data protection legislation which may result financial harm, reputational damage and/or consequences for data subjects.

A number of recommendations were raised as a result of this work, all of which were accepted by Management and prioritised for action.

Recommendations

High priority recommendations to address weaknesses identified were raised accordingly with Management to address the weaknesses identified and will be subject to independent follow up and verification when due.

Over the year, we have found the organisation to be supportive of Internal Audit findings and responsive to the recommendations made. In a number of cases, recommendations were raised to formalise actions which were already in train in response to risks identified.

An internal process is in place whereby the Improvement Team maintains a record of recommendations raised (from Internal Audit and from other sources) and record progress towards implementation. This is reported to the Joint Audit Committee (JAC). As part of the 2020/21 Internal Audit Plan, SWAP have followed up the recommendations resulting from audits included within the 2019/20 Plan, in addition to a separate piece of follow up work resulting from the Workforce Plan audit which took place that year. We have not identified any concerns with regards to the implementation of recommendations raised by Internal Audit.

Changes to the Internal Audit Plan

The schedule provided at Appendix A contains a list of all audits agreed for delivery as part the Annual Audit Plan 2020/21 and the final outturn for the financial year. In total 12 Force and OPCC audits have been delivered, together with one supplementary piece of regional work, in progress at the time of writing. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed. No changes to the 2020/21 Internal Audit Plan were required.

Summary of Audit Work

Annual Opinion Continued

Governance

As part of last year's internal audit work, we conducted a review of the Force's journey towards embedding its Strategic Framework, which provided us with a good understanding of the Force's governance arrangements, with particularly positive opinions offered regarding stakeholder engagement, Force values, vision and mission, in addition to the four corporate strategies and the strategic planning cycle.

Our understanding of the various governance mechanisms at the Force and OPCC over the past year has not identified any concerns. We are satisfied that governance arrangements are kept under regular review and updated where necessary to ensure these remain effective. From an internal audit perspective, there is strong engagement with SWAP across all levels of the organisations and a commitment to delivery of independent assurance in particular by senior management.

The Force and OPCC have an established commitment to the CIPFA Principles of Good Governance and actively publishes documents of public interest on their websites.

The Joint Audit Committee (JAC) takes an active interest in Force and OPCC activity and completes a review of their effectiveness on a regular basis. Meetings of the JAC are very well prioritised and attended by senior management and representatives.

Risk Management

Whilst we have not specifically afforded Internal Audit coverage to risk management during the course of 2020/21, we are satisfied that the robust management of corporate risk registers at both the Force and OPCC levels takes place, however, we have not yet considered risk management at levels below the corporate risk registers. The Strategic Planning Meeting (SPM), which takes place on a quarterly basis, is ultimately responsible for review and oversight of the Force's corporate risk register, with membership of the SPM comprising senior Force management. Risk registers are presented to the JAC to assist them in discharging their duties.

An audit of Risk Management has been included with the Internal Audit Plan for 2021/22.

At the time of writing this Annual Opinion, the Force's risk management framework was undergoing a review and the new approach being developed is due for roll-out within the coming months.

Summary of Audit Work

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

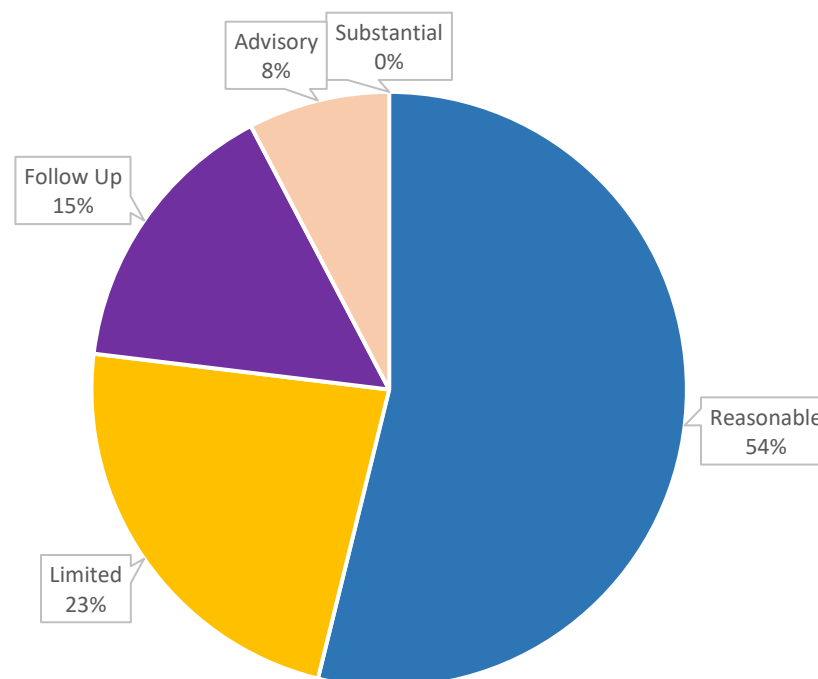
Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Summary of Control Assurance Opinions

As well as our standard audit opinions, we have also included our Follow Up work. It should be noted that the chart below is based on all of the 2020/21 work and considers regional work as Advisory.

Summary of Opinions for 2020/21 Internal Audit Plan



Summary of Audit Work

Actions raised within our audit reports are scored according to priority:

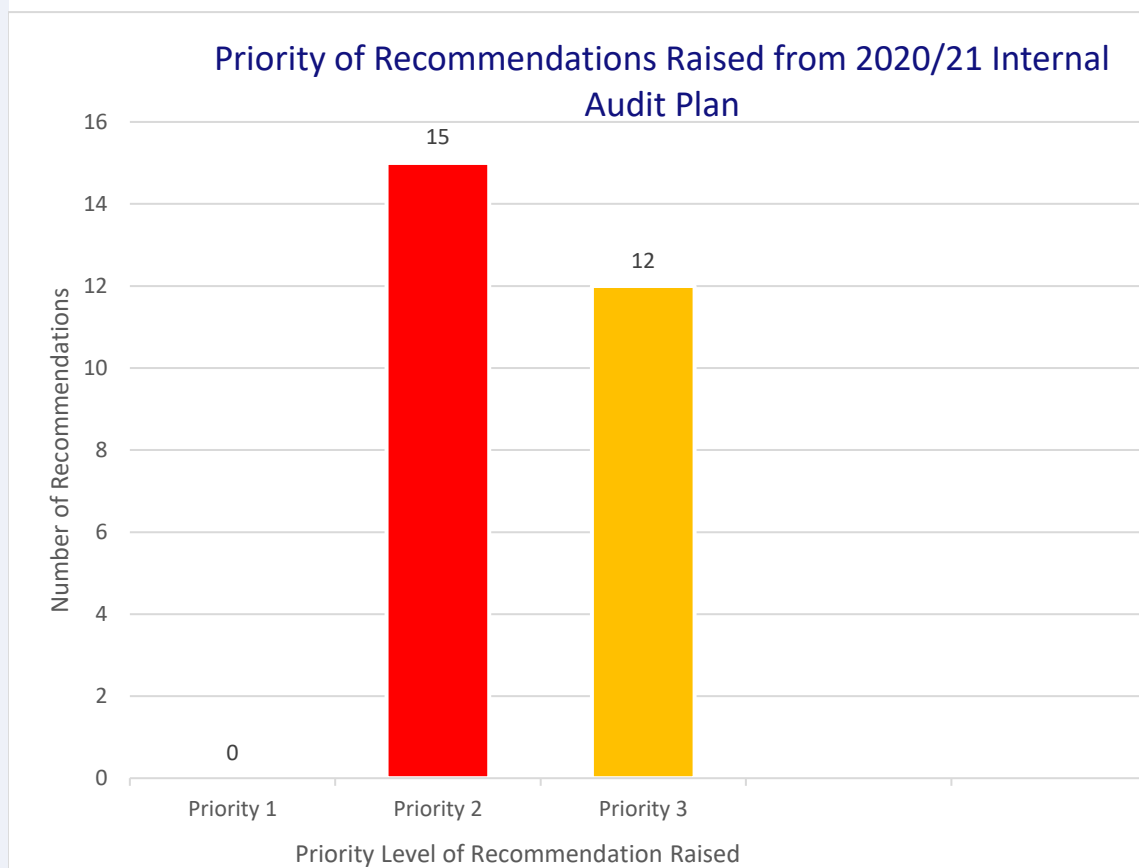
Categorisation of Actions

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Summary of Actions Raised

A graph outlining the priority level of the recommendations raised during the course of producing the Internal Audits for 2020/21 is detailed below. The number of recommendations has reduced in comparison to the previous year, with a reduction of more than half in the Priority 2s raised.



Plan Performance

Value Added

‘Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.’

Value Added

Innovations and Enhancements to our Audit Process

During this exceptional year, we have taken the opportunity to implement and introduce a number of innovations and enhancements to our audit process. This has included:

Introducing the concept of ‘Agile Auditing’ to our audit process. With increased collaboration and a joint commitment with the service under review, it is possible to complete audits faster and more efficiently. We have used this concept to complete a number of audits this year and have had positive feedback from the senior managers working with us on these reviews.

With the help of SWAP’s two newly appointed Data Analysts, we continue to include analysis of data as part of our auditing wherever possible. This allows us not only the opportunity to test whole populations of data, but where this is not possible or appropriate, to be able to use data analytics to target our testing in a more effective manner.

Introducing a new one-page audit report, that summarises all the key messages of the audit on one page for ease of consumption as well as increasing impact. Feedback on the report style has again been extremely positive. We have tailored these for Avon & Somerset Police and OPCC to include an opinion on Risk Management awareness.

We have also:

- Sought to complete a piece of regional audit work around Vetting;
- Utilised risk areas and audits undertaken with other Partners to inform our 2021/22 audit plan;
- Provided Audit Committee Member training;
- Accessed benchmarking information from other police forces and local authorities outside of the SWAP Partnership and attended national Police Audit Group conferences.

As per last year, we included consideration of three thematic areas during the course of our audits. The modal rating for each area from our audit engagements is outlined below:

Area	Modal RAG rating
Leadership & Culture	Green
Learning	Amber
Diversity & Inclusion*	Green

* This opinion is based upon three audits where we included a specific focus within the audits around Diversity and Inclusion, based upon two Greens and one Amber opinion.

Plan Performance

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).

External Quality Assessment

Internal Audit Team Performance

SWAP's performance is subject to regular monitoring and review by both the Executive Board and the Member Board. The respective outturn performance results for Avon & Somerset Police and OPCC for the 2020/21 year are as follows:

Performance Measure	Performance
<u>Audit Plan – Percentage Progress (Days)</u>	
Complete	97%
In Progress (Regional Work)	3%
<u>Quality of Audit Work</u>	
Overall Client Satisfaction <i>(did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation?)</i>	100%
Percentage of SWAP Team qualified or working towards a qualification	100%
<u>Value</u>	
Percentage of Recommendations accepted	100%

SWAP's work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.


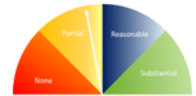



Under these standards we are required to be independently externally assessed at least every five years to confirm conformance to the required standards. SWAP was recently externally assessed in February 2020 and confirmed that we 'Generally Conform' to the standards.




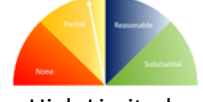

Attribute Standard 1300 of the IPPF requires heads of internal audit to develop and maintain a Quality Assurance and Improvement Programme (QA&IP). Standard 1310 continues that the programme must include both internal and external assessments for improvement. Following our external assessment, we have pulled together our QA&IP and included additional improvements and developments identified internally that we want to achieve, as aligned to SWAP's Business Plan. The QA&IP is a live document and will be regularly reviewed by the SWAP Board to ensure continuous improvement and delivery on our agreed actions.

Summary of Work Plan 2020/21

Appendix A

The schedule below contains a list of audits agreed for inclusion in the Annual Audit Plan 2020/21 and the final outturn for the financial year.

Link to FMS	Audit Title and Objective	Audit Days	Status	Opinion	No. of Recs	1 = Major	↔	3 = Minor
						Recommendation		
						1	2	3
IT & Information Management	Data Protection – Incident Reporting To ensure that the Force has robust detection, investigation and internal reporting processes in place to manage data breaches.	10	Completed	 Low Reasonable	2	-	1	1
Force Functions	Workforce Plan Follow Up To provide assurance that agreed actions to mitigate against risk exposure identified within the 2019/20 Partial opinion Workforce Plan audit have been implemented.	7	Completed	N/A – Follow Up	-	-	-	-
IT & Information Management	Records/Data Retention To provide assurance over the effectiveness of the Force's controls to manage the review, retention and disposal of police information assets it holds. This will help the Force ensure compliance with the principles of the Management of Police Information (MoPI) and applicable data protection legislation.	15	Completed	 High Limited	5	-	3	2
Force Wellbeing	Health and Safety Management of Front-Line Staff and Officers To provide assurance that the Force complies with health and safety legislation and over the effectiveness of the controls in place to help protect the health, safety and welfare of front-line police officers and staff	15	Completed	 Mid-Reasonable	4	-	-	4
OPCC Specific Activity	Partnership Arrangements To provide assurance over the effectiveness of the framework established by the OPCC to govern its Community Safety Partnerships.	10	Completed	 Mid-Reasonable	2	-	2	-
IT & Information Management	Digital Strategy To provide assurance that the approach taken by management to deliver the Digital Strategy aligns with the organisation's digital ambition and expectations.	15	Completed	 Mid-Reasonable	2	-	-	2

Link to FMS	Audit Title and Objective	Audit Days	Status	Opinion	No. of Recs	1 = Major	↔	3 = Minor
						Recommendation		
						1	2	3
Finance	Payments to Staff – Absence Management To provide assurance that accurate and valid payments are made to police officers and staff under the Force's Absence Management Policy.	10	Completed	 High Reasonable	2	-	2	-
Finance	Key Financial Controls to include Accounts Payable, General Ledger & Aged Debt Management To provide assurance that the Force has effective key control frameworks in place for accounts payable, aged debt management and general ledger functions.	20	Completed	 Mid-Reasonable	3	-	-	3
Force Functions	Recruitment & Vetting Processes To provide assurance over the effectiveness of the Force's newly implemented e-recruitment system and existing vetting framework.	15	Completed	 High Reasonable	1	-	1	-
Force Functions	Performance Management To provide assurance over the Force's processes to manage police officer and staff performance.	15	Completed	 High Limited	4	-	4	-
Force Functions	Police Officer and Police Staff Training To provide assurance over the effectiveness of the Force's initial training and development programme for new police officers and staff.	15	Completed	 High Limited	2	-	2	-
Governance, Fraud & Risk Management	Follow Up of Previous Recommendations	8	Completed	Follow Up	-	-	-	-
Governance, Fraud & Risk Management	Contribution to Regional Police Audit Work	5	In Progress	Advisory	-	-	-	-



**AVON &
SOMERSET**
POLICE & CRIME
COMMISSIONER



SWAP
INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

Report 10b

Avon & Somerset Constabulary and Office of the Police and Crime Commissioner Joint Audit Committee (JAC)

Report of Internal Audit Activity- July 2021

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Executive Summary

The Assistant Director is required to provide an annual opinion to support the Annual Governance Statement.

As part of our plan progress reports, we will look to provide an ongoing opinion to support the end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work.

We have sought to make our Committee Papers more concise and as such, we will formally report on our performance once a year. To support this, we have included a reminder of our assurance opinions and risk assessment in Appendix B, to avoid duplication in each report presented.

The Chief Executive for SWAP reports company performance on a regular basis to the SWAP Directors and Owners Boards.



Audit Opinion and Summary of Significant Risks

Progress of the 2021/22 Internal Audit Plan

Work is underway to complete the 2021/22 audit plan and a copy of the Organisational Learning from COVID-19 report that has been finalised since our last update in April 2021 is submitted with this Quarterly Update.

The work around Assurance Mapping is in progress and it was intended that a Position Statement would be provided with this Quarterly Update, however the detail to inform this was not provided to members of the Strategic Planning Meeting until the day prior to the Paper deadline, thereby not allowing sufficient time for inclusion with the suite of reports. A verbal update on progress will instead be provided at the JAC meeting.

Fieldwork is continuing on the Remote Working/Cyber Security audit and a verbal update on progress will be provided at the meeting.

Further detail is provided on the stage of each audit in Appendix A and is summarised in the table below:

Performance Measure	Performance
<u>Delivery of Annual Audit Plan</u>	
Completed	7%
Work at Draft Report Stage	0%
Fieldwork In Progress	22%
Scoping	43%
Not Yet Started	28%

Audit Opinion:

Given the limited assurance work completed to date, I am currently unable to offer an anticipated annual opinion at this stage. The Annual Opinion report for 2020/21 is presented as a separate paper to this Committee.

Significant Risks:

We have not identified any significant risks in our work since the previous update to this Committee.

Regional Audit Work

At the time of writing, fieldwork is ongoing on the Digital Forensics regional work with a view to reporting shortly.

Executive Summary

Discussions are ongoing with regard to potential areas for inclusion from the regional 'budget' at the time of writing and if these areas are agreed prior to the JAC meeting, a verbal update will be provided accordingly.

Completion of the 2020/21 Internal Audit Plan

We have also included copies of the reports for the three remaining Follow Up audits finalised following the previous Committee:

- Data Quality;
- Fleet Management; and
- IT Business Continuity.

The Regional Vetting work has reached Draft report stage, whereupon we were asked to provide some further information and as such this remains ongoing, although the majority of work is completed.

Internal Audit Plan Progress 2021/22

Appendix A

Link(s) to FMS	Audit Area	Period	Audit Days	Status	Opinion	No of Recs	1 = Major		3 = Minor
							Recommendations		
							1	2	3
Force Functions, Major Events, Wellbeing	Organisational Learning from Covid-19	Q1	15	Completed	Reasonable	3	-	1	2
Knowledge Management & ICT	Remote Working – Cyber / Data Security	Q1	12	In Progress	TBC	-	-	-	-
Governance, Fraud & Risk Mgt.	Assurance Mapping	Q1 (Start)	10	In Progress	N/A	-	-	-	-
Managing Offenders, Protecting Vulnerable People	Use of Force	Q2	12	Scoping	-	-	-	-	-
Force-wide Functions, Knowledge Management & ICT	Criminal Justice / CPS Digital Work	Q2	12	Not Yet Started	-	-	-	-	-
Force-wide Functions, Responding to the Public	Complaints Handling	Q2	10	Not Yet Started	-	-	-	-	-
Force-wide Functions, Finance	Environmental Sustainability	Q3	15	Scoping	-	-	-	-	-
Finance	Key Financial Controls: Accounts Payable, General Ledger & Fixed Assets	Q3	20	Scoping	-	-	-	-	-
Force-wide Functions, Managing Offenders, Protecting Vulnerable People	Clinical Governance within Custody	Q4	10	Scoping	-	-	-	-	-
Force-wide Functions, Protecting Vulnerable People	Victim Support Services	Q4	10	Scoping	-	-	-	-	-
Governance, Fraud & Risk Mgt.	Risk Management	Q4	12	Scoping	-	-	-	-	-
Collaborations	Contribution to Regional Police Audits	Q1-4	5	In Progress	-	-	-	-	-
Governance, Fraud & Risk Mgt.	Follow Up	Q1-4	5	Not Yet Started	-	-	-	-	-
Governance, Fraud & Risk Mgt.	Contingency	Q1-4	12	Not Yet Started	-	-	-	-	-


**Follow Up Audit
Objective**

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2019/20 Limited opinion audit of Data Quality have been implemented.

Follow Up Progress Summary

Priority	Complete	In Progress	Not Started	Summary
Priority 1	0	0	0	0
Priority 2	3	2	0	0
Priority 3	0	0	0	5
Total	3	2	0	5

Follow Up Assessment

The original audit of Data Quality was completed in March 2020 and received a Limited assurance opinion. The objective of the audit was to provide assurance over the effectiveness of the Force's training programme in place to help ensure the accuracy and completeness of data captured within its records management system (Niche). This audit sought to 'Follow Up' on the implementation of recommendations made as part of the original audit. The follow up audit has found the majority of actions have now been completed with two actions still in progress. These have been discussed in detail below and at Appendix 1.

Key Findings


A new Data Strategy is currently being developed which aims to *'understand and safely unlock the power of data across the Constabulary and our partners to best support outstanding policing, whilst building staff, partner and public trust and confidence in its use'*. A number of objectives have been outlined as part of the first proposal which was presented to Confidence and Legitimacy Committee in March 2021. This includes objectives to develop the Force's architecture and data management approach and to embed a preventative design to managing data quality. A more detailed plan which outlines how the Force will try to achieve the aim and objectives set out under the Data Strategy is scheduled to be presented to the Confidence and Legitimacy Committee in September 2021 for approval. The implementation of two actions agreed as part of our original audit are subject to the approval of this Data Strategy and the subsequent programme of work to help achieve the aim and objectives set out under it. As such, these actions are currently in progress. Further detail has been provided within Appendix 1 of this report.



A 'File and Data Quality' training package launched towards the end of 2020. This is aimed specifically at officers who use Niche. To date, just over 950 officers have been trained. The Head of Learning has confirmed that the plan is to provide data quality training to all officers who require it by the end of the financial year (2020/21). Completion / performance of the File and Data Quality training package is being managed and monitored by the Resources and Training School through data held within Chronicle and Qlik.

Conclusion

Audit testing was performed in relation to the priority 2 recommendations and supporting evidence obtained where possible to demonstrate the implementation of these recommendations. Two actions agreed as part of our original audit remain in progress and are dependent on the approval and output of a Data Strategy planned in September 2021. Senior Management together with the Force's Audit and Inspections Team are recommended to monitor the progress of those recommendations that are still outstanding to ensure their implementation by the revised target dates provided. No further follow up of these recommendations will be undertaken by SWAP. Further detail in relation to the progress of each agreed action has been detailed within Appendix 1 of this report.

Appendix 1

Agreed Actions & Follow Up Assessment

Agreed Action					Follow Up Assessment		Complete
Work is currently in place in order to develop a training package that supports those officers on PCDA, Supervisors and those in need of further development. The data identifying those who are making common or impactive errors or those who have not attended recent training will be used to target those most in need of development. Some will be invited to the scheduled Operational Users two/three-day training course or will receive bespoke training designed to develop the areas of weakness.					A 'File and Data Quality' training package launched towards the end of 2020. This is aimed specifically at officers who use Niche. To date, just over 950 officers have been trained. The Head of Learning has confirmed that they are continuously working with resources to ensure the correct people are booked onto the courses and that capacity is reached for each course wherever possible. If someone does not attend training and they have been identified as someone who needs to, the Resources and Training School will try to ensure that they are rebooked onto another course. The monitoring of completion / performance of this training is managed through Chronicle and Qlik.		
PCDA officers receive an input for 'Data Literacy' which will be rolled to all second-year students from summer 2021. This course will cover the meaning of data literacy, understanding what tools are available and how to use them effectively which should help improve data quality.							
Priority	2	Timescale	31/12/2020	SWAP Ref:	43427	Responsible Officer	Head of Learning
Agreed Action					Follow Up Assessment		Complete
As above action, plus work is being conducted with Business Improvement to develop a compliance app specifically for this. This will enable both team supervisors and training to quickly identify those who need further support.					The File and Data Quality training package has been rolled out for officers who specifically use Niche. The Head of Learning has confirmed that the plan is to provide data quality training to all officers who require it by the end of the financial year (2020/21). Currently, the completion of the File and Data Quality training is managed and monitored by the Resources and Training School through data held within Chronicle and Qlik.		
Priority	2	Timescale	31/12/2020	SWAP Ref:	43428	Responsible Officer	Head of Learning
Agreed Action					Follow Up Assessment		Complete
The Record Review Team manager will work with the Head of Learning to identify where a need for training is apparent according to the data on teams, who have an unacceptable level of data quality errors. This process can also highlight where training will not be able to address the DQ errors caused but other interventions needed, such as Technology or new processes. Performance and a possible feedback strategy will be managed via the Data Quality strategic group, with governance and support from an assistant chief constable. The Qlik Sense application will be used by RRT to provide a report on progress.					The Force have created a training package specifically for officers who use Niche. This was rolled out at the end of 2020. Chronicle and Qlik is used to monitor completion rates which can be broken down by Department. The Head of Learning has confirmed that the plan is to provide data quality training to all officers who require it by the end of the financial year (2020/21).		
Priority	2	Timescale	31/12/2020	SWAP Ref:	43429	Responsible Officer	Records Review Manager and Head of Learning

Agreed Action						Follow Up Assessment		In Progress	
RRT manager accepts the recommendation and will consider the plan to address this at the next DQ Task and Finish group for consultation with force stakeholders for possible IPR input and monitoring. A plan will be established and implemented to bring about greater accountability by the next Strategic Information Management Board in Q3 2020. Data from the Qlik sense application is currently fed back to the Data Quality Task and Finish group and strategic Information Management Board as well as performance stats on number of DQ errors rectified. This has been in place since March 2019.						Following a paper presented to the Chief Officer Group in December 2020, a new Data Strategy is being developed by the Director of IT and Head of Performance and Insight. The first proposal was presented to the Confidence and Legitimacy Committee in March 2021. The aim of the Data Strategy is <i>'to understand and safely unlock the power of data across the Constabulary and our partners to best support outstanding policing, whilst building staff, partner and public trust and confidence in its use'</i> . The key objectives of the Data Strategy include: <ul style="list-style-type: none">• To develop our data culture whilst building confidence and empowering staff and stakeholders to make the best use of data.• To ensure compliance and security at infancy for all our current and future data activities – reducing the risks of accessing and sharing data.• To develop the Force's data architecture and data management approach, embedding a preventative design to managing data quality.• To identify gaps between the organisations goals and the data collected and used to address those goals.• To identify opportunities and innovation to better exploit data to support the organisation.• To ensure Force resources and efforts best align to the data strategy.• To set out guidance on addressing digital obsolescence and ensuring continued access to data. The Data Strategy is planned to be approved in September 2021 by the Confidence and Legitimacy Committee who should be provided a more detailed plan which outlines how the Force intends to achieve the above aim and objectives.			
Priority	2	Timescale	31/12/2020	SWAP Ref:	43497	Responsible Officer	Records Review Manager	Revised Timescale	30/09/2021

Agreed Action						Follow Up Assessment		In Progress	
RRT will identify a means of analysing the causes of those creating unusable police information and of targeting action to mitigate this risk. Development in IT tools will have to be explored to support this and the analysis and plan will be considered by the SIMB for approval by strategic Information Management Board in Q3 2020.						The agreed action will form part of the remit of the Data Strategy discussed above. Specifically, the objective to develop the Force's data architecture and data management approach, embedding a preventative design to managing data quality. As such, this recommendation remains in progress until the approval of the Data Strategy in September 2021.			
Priority	2	Timescale	31/12/2020	SWAP Ref:	43430	Responsible Officer	Records Review Manager	Revised Timescale	30/09/2021


Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2019/20 Limited opinion audit of Fleet Management have been implemented.

Follow Up Progress Summary					
Priority	Complete	In Progress	Not Started	Superseded	Summary
Priority 1	0	0	0	0	0
Priority 2	5	0	0	0	5
Priority 3	1	0	0	2	3
Total	6	0	0	2	8

Follow Up Assessment

The original audit of Fleet Management was completed in March 2020 and received a Limited assurance opinion. The original objective of the audit was to provide assurance over the effectiveness of controls in place to manage, monitor and maintain the Constabulary's fleet to deliver its operational requirements.

This audit sought to 'Follow Up' on the implementation of recommendations made as part of the original audit. Audit testing was performed in relation to the priority 2 recommendations and supporting evidence obtained where possible to demonstrate the implementation these recommendations. Follow-up of the priority 3 recommendations is based on self- assessment by the responsible manager

Key Findings


A Qlik app / report is now available which identifies vehicles with overdue MOTs and/or services. This is reviewed daily by Transport Services and weekly by the Admin Services Hub to assist with the scheduling and management of vehicle maintenance.



The Force have approved a business case to implement a new fleet management system (Key2). The new system is planned to go live in November 2021 and should help improve the effectiveness of controls surrounding the management and maintenance of the Force's fleet vehicles.



Training sessions have taken place between Transport Services and the Admin Hub over the past year to help fill gaps in knowledge, develop processes and resolve data quality issues / concerns. Transport Services will continue to provide training on a required basis. Training in relation to the new fleet management system (Key2) is planned as part of the project and system's roll out.

Conclusion

As part of our original report, we highlighted concerns over MOTs and services being missed for fleet vehicles. A Qlik app / report (discussed above) has now been implemented to help manage this issue. As part of our findings from this follow up audit, we note an increase in vehicle availability (95% compared to 90% at the time of our original audit) as well as a decrease in average vehicle downtime as a result of repairs, maintenance etc. The majority of actions raised as part of our original audit have now been completed. Two actions have been superseded by the decision to procure a new fleet management system (Key2) which is planned to go live in November 2021. The new system should help improve the effectiveness of controls surrounding the management and maintenance of the Force's fleet vehicles. Further information is available at Appendix 1 of this report.

Appendix 1

Agreed Actions & Follow Up Assessment

Agreed Action					Follow Up Assessment		Complete
<p>1. All overdue vehicles have been or are being removed from the road or have been serviced recently.</p> <p>2. Transport Services are working on an updated report, in Qlik, to manage due/overdue vehicles.</p> <p>3. Vehicle users / Facilities need to have local mechanisms to manage vehicle service/MOT due dates, it is the users responsibility to bring vehicles in for service on time.</p>					A Qlik app / report which shows overdue MOT/Servicing is now available. The Delivery Manager – Transport Services has confirmed that this report is reviewed daily by Transport Services and weekly by the Admin Services Hub for vehicle maintenance scheduling purposes. At present, there are still vehicles overdue an MOT and/or service as some have been locked down due to Covid. These are not in use. The Delivery Manager – Transport services acknowledged there will always be a handful of vehicles that are overdue service due to a number of factors that are unavoidable.		
Priority	2	Timescale	01/05/2020	SWAP Ref:	43378	Responsible Officer	Delivery Manager – Transport Services / Delivery Manager - Services Hub
Agreed Action					Follow Up Assessment		Complete
<p>Transport Services and IBM have initially scoped the process to automate service/MOT notifications, we are now awaiting this to be formally documented and actioned by IT.</p> <p><i>*The IBM project manager has now moved on, A&S IT are recruiting somebody to pick this up, we do not have confirmation of date or our priority until they start.</i></p>					The Qlik report (discussed above) provides servicing and MOT information to Transport Services and the Admin Hub in order to assist with the scheduling of vehicle maintenance.		
Priority	2	Timescale	10/03/2021*	SWAP Ref:	43379	Responsible Officer	Delivery Manager – Transport Services
Agreed Action					Follow Up Assessment		Complete
<p>We recommend that the Delivery Manager - Transport Services investigates whether it is possible to update Tranman's scheduling software to not automatically exclude a vehicle when a job has been raised for a service or 'MOT' from subsequent scheduling reports until it has actually been serviced or MOT'd.</p>					The Delivery Manager – Transport Services has stated that the recommended action would result in an unsustainable admin task for the Admin Services Hub, in managing the deletion of old jobs, as each time the system generates a reminder it duplicates the record. MOT and service scheduling is now being managed through the Qlik report (discussed above) which will flag vehicles with overdue MOTs and/or services.		
Priority	3	Timescale	01/05/2020	SWAP Ref:	43380	Responsible Officer	Delivery Manager – Transport Services
Agreed Action					Follow Up Assessment		Complete
<p>The Delivery Manager – Transport Services to meet with the Delivery Manager - Estates, Facilities and Stores to review the local processes in place, that manage vehicle service/MOT dates to identify best practice and share across all sites.</p>					The Qlik app / report flags issues and concerns surrounding vehicles that are overdue for servicing and/or MOTs. Access to the app / report has been provided to the Facilities' Teams who are the responsible for bringing the vehicles in for maintenance.		
Priority	2	Timescale	01/06/2020	SWAP Ref:	43381	Responsible Officer	Delivery Manager – Transport Services / Delivery Manager – Estates etc.

Agreed Action					Follow Up Assessment		Complete
<p>1. Transport Services to review and identify common data quality issues. The Delivery Manager – Transport Services to meet with the Delivery Manager - Services Hub to identify where training / support / documentation is required. (3mths)</p> <p>2. Linked to replacing fleet software, we plan to utilise template jobs – to mitigate these issues. (12mths)</p>					A number of training sessions / meetings have taken place between Transport Services and the Admin Hub over the past year to continue to help fill gaps in knowledge, develop processes and resolve data quality issues. Transport Services will continue to provide training on an as required basis. For example, as part of the roll out a new fleet management system (discussed below), further training will be provided to staff surrounding the use of the new system.		
Priority	2	Timescale	10/03/2021	SWAP Ref:	43374	Responsible Officer	Delivery Manager – Transport Services / Delivery Manager - Services Hub
Agreed Action					Follow Up Assessment		Superseded
Transport Services will investigate this issue, a resolution may be linked to the replacement of Tranman, if it is linked to that project then we will be waiting for up to 12 months.					In November 2020, the Force agreed to implement a new fleet management system (Key2). This is planned to go live in November 2021.		
Priority	3	Timescale	10/03/2021	SWAP Ref:	43375	Responsible Officer	Delivery Manager – Transport Services
Agreed Action					Follow Up Assessment		Superseded
Tranman no longer support our version of the software, therefore no development is available on our version. We must replace our fleet management software in order to achieve this which we already have an RFS and live project with IT to achieve this year.					The Force's move to Key2 will involve a data cleanse before information is migrated. The Delivery Manager – Transport Services has confirmed that this has already begun.		
Priority	3	Timescale	10/03/2021	SWAP Ref:	43396	Responsible Officer	Delivery Manager – Transport Services
Agreed Action					Follow Up Assessment		Complete
Transport Services and the Facilities team already have plans in place to introduce a new process to allow vehicles not collected within 24 hours to then become eligible for volunteer drivers to return. This is at the stage of implementation.					Transport Services have increased the number of volunteers working at the Force's main workshop (Avonmouth) who help return vehicles back to their owners / locations.		
Priority	2	Timescale	01/04/2020	SWAP Ref:	43376	Responsible Officer	Delivery Manager – Transport Services / Delivery Manager - Estates, Facilities and Stores


**Follow Up Audit
Objective**

To provide assurance that agreed actions to mitigate against risk exposure identified within the 2019/20 Limited opinion audit of IT Business Continuity have been implemented.

Follow Up Progress Summary				
Priority	Complete	In Progress	Not Started	Summary
Priority 1	0	0	0	0
Priority 2	3	1	0	4
Priority 3	0	0	0	0
Total	3	1	0	4

Follow Up Assessment

The original audit of IT Business Continuity was completed in March 2020 and received a Limited assurance opinion. The original objective of the audit was to provide assurance over the organisation's planning and preparedness in the event of a critical IT incident.

This audit sought to 'Follow Up' on the implementation of recommendations made as part of the original audit. Audit testing was performed in relation to the priority 2 recommendations and supporting evidence obtained where possible to demonstrate the implementation these recommendations.

Key Findings


All applications supported by the IT Directorate have been added to a Document Management Log which includes information required to help restore / recovery a system in the event of an outage. There are still some gaps in this information which is currently in the process of being collated and planned to be completed by the end of July 2021.



A Business Continuity Plan (BCP) which outlines how the Force should deal with and manage incidents that affect its operations is now in place for all Directorate and Service areas that require one.

Conclusion

Our original audit highlighted significant gaps in the framework of documentation in place at the Force to ensure business continuity in the event of an incident that disrupts its operations. At the time of the audit, the development of this framework of documentation had been hindered by other contingency planning priorities such as Brexit. As a result, only six out of 26 of the Forces service areas had an approved Business Continuity Plan in place at the time of our original review. The Covid-19 pandemic helped emphasise the importance of contingency planning arrangements and as a result, a BCP is now in place for all Directorate and Service areas that require one. One action raised as part of our original audit remains in progress and is planned to be completed by July 2021. Further details have been documented with Appendix 1 below.

Appendix 1

Agreed Actions & Follow Up Assessment

Agreed Action						Follow Up Assessment		In Progress	
<p>A list of agreed business critical systems was produced in late 2017 with the intention that the list would be owned and maintained by the IT Directorate. This identified 30 'Category A' systems. In 2019, IT began reviewing the disaster recovery arrangements of each system and identified a need to sub categorise them into risk to life; operationally important; and important. This work needs completing with additional RTO objectives agreed and understood by critical business areas. We will complete the review of critical systems and categorisation with all functional owners and ensure that RTO objectives are understood and matched to available skills, resources and third-party contracts.</p>						<p>All applications supported by the IT Directorate have been added to the Document Management Log (the Log). The Log includes the following information in relation to each application:</p> <ul style="list-style-type: none"> An overview of the application. Details of the application User Base. Application Server details. Application Tier category (Tier 1 = CAT A, Tier 2 = Critical, Tier 3 = Medium and Tier 4 = Low). Subject Matter Expert details. <p>The addition of this data will make the Log the single point of reference for information pertaining to applications including for the purposes of recovery in the event of a system outage. The Log will be maintained by the Service Management Team.</p> <p>There are however some gaps in information within the Log reviewed as part of our follow up audit. The Director of IT has confirmed that this information is in the process of being collated and is planned to be completed by the end of July 2021. Therefore, the action remains in progress until this work is completed.</p>			
Priority	2	Timescale	30/09/2020	SWAP Ref:	43294	Responsible Officer	Director of IT	Revised Timescale	31/07/2021

Agreed Action						Follow Up Assessment		Complete	
<p>Collating of the Force Business Continuity Plans (BCPs) is moving at quite a pace now. We have added three specific Estate plans and two departmental ones. We have final meetings booked with business leads, following which the BCPs will be sent to us around mid-March. Our action is to chase up business leads for their BCPs and have all outstanding plans published by the end of April.</p> <p>Storage of the BCPs is on the G:Drive and can be accessed by Units / Department Head / Directorate Head and the Contingency Planning Team. The Framework for checking and testing plans is currently under development.</p>						<p>The Covid-19 pandemic emphasised the importance of having up to date Business Continuity Plans (BCP) in place across the Force's Directorate and Department / Service areas. This has led to the implementation of BCPs in all areas that require one. The Contingency Planning Officer has confirmed that a hard copy of an approved BCP is retained with the Directorate and Department / Service area. Electronic versions are held with Operational Planning and published on Pocketbook which has been reviewed as part of this audit. To assist with the decision-making processes, a Business Impact Analysis (BIA) is carried out with Directorate Leads to identify key critical functions / services that must be delivered during an incident, the BIA is included within all BCPs as standard practice for each area of business.</p> <p>The Covid-19 pandemic has also led some BCPs having to be activated. For example, the Estates related BCP by having to implement agile working practices across the Force (e.g., allowing staff to work from home) and also by freeing up space across the estate portfolio to help implement social distancing working practices to ensure working environments are Covid secure. The pandemic has also tested the resilience of the information technology infrastructure as more IT assets were rolled out to help support agile working (e.g., laptops and the implementation of teleconference facilities across the Microsoft Teams application).</p>			
Priority	2	Timescale	30/09/2020	SWAP Ref:	43295	Responsible Officer	Contingency Planning Officer		



Agreed Action					Follow Up Assessment		Complete
Plans are prepared by the business lead for the area being considered. Following this, they are signed off by the Head of the Department prior to being signed off by the Directorate Head, who will in turn share this with their COG lead. These will be reviewed on a 6 monthly basis and will eventually be tied in with the framework for checking and testing plans. A Silver Command Group has been formed to manage COVID-19. This will inform key functions of BCP in order to prioritise departments.					The original action was raised to help ensure BCPs were in place for all Directorates and Departments / Services requiring one. The Covid-19 pandemic has helped raise the profile and importance of business continuity across the whole organisation which has led to the development and approval of BCPs across all required areas. As such, no mechanism to monitor performance surrounding the drafting and approval of BCPs was required.		
Priority	2	Timescale	30/09/2020	SWAP Ref:	43296	Responsible Officer	Contingency Planning Officer

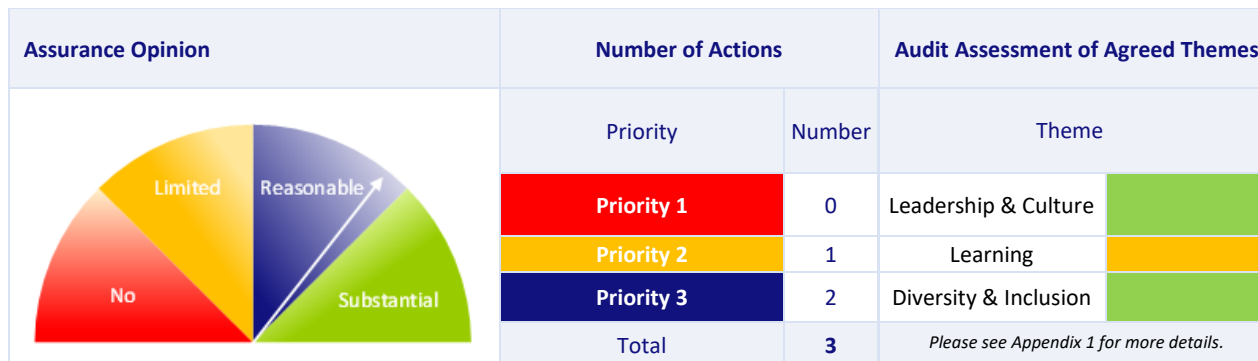
Agreed Action					Follow Up Assessment		Complete
The Head of Operational Support will undertake a review of all existing Service Level BCPs (recommendation 1.2a), this will be managed using Trello cards that have been developed to show progress of reviews with new annual review dates which will take into account the above.					The Business Continuity Institute sets the industry recognised standards for Business Continuity Management, where they recommend that plans need to be reviewed on an annual basis (unless there is a significant change to the level of business service). All BCPs are up to date and will again be reviewed in Autumn 2021.		
Priority	2	Timescale	30/09/2020	SWAP Ref:	43297	Responsible Officer	Contingency Planning Officer

Audit Objective

To provide assurance over the effectiveness of the Force's processes to learn and improve from the Covid-19 pandemic.

Link to SRR

SRR1 - The loss of legitimacy and public confidence. SRR4 - Failure to effectively plan and manage financial resources. OPCC SR4 - Failure to engage with the public and other stakeholders. OPCC SR5 - Lack of public confidence in or awareness of OPCC.



Risks Reviewed





The Force and OPCC is not prepared to effectively deal with another public health crisis or major event that substantially impacts its operations which could lead to financial loss, reputational damage and a loss of confidence in policing.

Low

Risk Management Awareness

Satisfactory

Key Findings

	Through our audit testing, we were able to confirm that learning / lessons from the Covid-19 pandemic had been captured within various sources of documentation (e.g. Gold Command Group minutes). In addition, individuals interviewed as part of our audit were able to provide examples of learning specific to the pandemic. However, this learning has not been captured within a central record which may provide the Force and OPCC valuable knowledge and insight on what has worked well and what could be improved should there be another public health crisis, event or emergency that adversely impacts the operations of the organisation.
	Risk management arrangements to help manage the pandemic at a tactical and operational level were found to be inconsistent with risk management processes at a strategic level.
	Terms of References (ToRs) were not completed for the Gold (Strategic) and Silver (Tactical) Command Groups set up to help manage the pandemic. A sample of ToRs reviewed for Bronze (Operational) Groups that have been set up to support Gold and Silver Command were found to be inconsistently completed with one another.
	The Force set up a clear command structure at the early stages of the pandemic to help manage the pandemic. Our testing confirmed clear information flows and governance arrangements in operation with meetings held frequently and actions progressed appropriately. Individuals interviewed as part of the audit consistently referenced how well the Command Structure worked to respond to the issues and concerns brought on by the pandemic.

Audit Scope

We looked to assess the Force and OPCC's own experience and learning from the Covid-19 pandemic and the improvements it has made / plans to make to its own processes in order to prepare for another possible public health crisis, including:

- The governance, risk management and decision-making processes in place to help deal with and manage the impact of the current pandemic and any other crisis should they arise.
- Mechanisms in place to capture any issues and to record learning from the Covid-19 pandemic including those related to the management of PPE; supporting home working arrangements; support for underrepresented officers and staff adversely impacted by Covid-19; financial management of costs related to the pandemic. Due to time constraints, we did not consider workforce planning in depth.
- Whether the Force has implemented or plans to implement learning it has gained from the pandemic. This will include any recommendations and learning identified within HMICFRS' report following their recent inspection into the polices' response to the pandemic.

Summary

The detailed findings from this audit are documented within Appendix 1 below together with actions agreed to improve controls that will help ensure events or emergency situations that adversely impact the operations of the Force and OPCC such as the Covid-19 pandemic are effectively managed.

1.1	Finding	1.1a	Recommendation												
	Learning / lessons from the Covid-19 pandemic were found to have been captured within various sources of documentation and information reviewed as part of our audit. For example, as a standing agenda item, learning was found to have been discussed as part the Gold Command group set up to provide strategic direction during the pandemic. We were able to evidence these discussions taking place through a review of minutes / notes from these meetings. In addition, through interviews conducted with various officers and staff across a number of Directorates, Departments and Teams, we were informed of examples of learning / lessons specifically identified through the Force's response to the pandemic. The Force has also gained an understanding of how effectively it is managing the pandemic through surveys issued to officers and staff throughout 2020. This information however has not been captured centrally. A central record of learning may provide the Force and OPCC valuable knowledge and insight into what has worked well and what could be improved should there be another public health crisis or emergency that adversely impacts the operations of the organisation such as the current Covid-19 pandemic has.		<p>We recommend that the Chief Inspector – Operational Support in liaison with all relevant Directorates, Departments and Teams creates and maintains a central record of learning from the Covid-19 pandemic that is frequently circulated for review by the Gold Command.</p> <p>Agreed Action</p> <p>Agreed.</p> <table> <tr> <td>Priority</td><td>2</td><td>SWAP Ref.</td><td>45615</td></tr> <tr> <td>Responsible Officer</td><td colspan="3">Chief Inspector – Op Support</td></tr> <tr> <td>Timescale</td><td colspan="3">31/12/2021</td></tr> </table>	Priority	2	SWAP Ref.	45615	Responsible Officer	Chief Inspector – Op Support			Timescale	31/12/2021		
Priority	2	SWAP Ref.	45615												
Responsible Officer	Chief Inspector – Op Support														
Timescale	31/12/2021														
1.2	Finding	1.2a	Recommendation												
	We are satisfied that risk management arrangements at the strategic level were providing adequate coverage regarding Covid- 19 throughout the pandemic. However, we understand that the Silver Command was responsible for 'risk management' at a tactical and operational level. We were provided a copy of a spreadsheet used to manage risks at this level but this did not appear to be in line with the Force's usual processes. Within the spreadsheet, risks had owners, a status and an update, but there were no scoring mechanisms applied, nor were there any mitigations noted. This was discussed with the Chief Inspector – Operational Support who noted the loss of project support to review, update and maintain this spreadsheet for the full duration of the Force's response to the Covid-19 pandemic. We also accept that the uncertain and dynamic nature of the pandemic will have made it difficult to score and assess risks and subsequently implement appropriate mitigations. However, we felt this to be an area that could be further strengthened in the future through the involvement of a suitable individual with risk management expertise to ensure cohesion at this local level to the strategic approach.		<p>We recommend that the Chief Inspector – Operational Support ensures that risk management processes in response to major incidents mirrors the agreed procedures in place at the Force going forward, to ensure cohesion with Strategic Risk Management processes. This may be assisted through the involvement of a subject matter expert who can ensure cohesion at the strategic level.</p> <p>Agreed Action</p> <p>Agreed.</p> <table> <tr> <td>Priority</td><td>3</td><td>SWAP Ref.</td><td>45613</td></tr> <tr> <td>Responsible Officer</td><td colspan="3">Chief Inspector – Op Support</td></tr> <tr> <td>Timescale</td><td colspan="3">31/07/2022</td></tr> </table>	Priority	3	SWAP Ref.	45613	Responsible Officer	Chief Inspector – Op Support			Timescale	31/07/2022		
Priority	3	SWAP Ref.	45613												
Responsible Officer	Chief Inspector – Op Support														
Timescale	31/07/2022														

1.3	Finding	1.3a	Action
<p>The Force set up a clear command structure at the early stages of the pandemic, including Gold (Strategic), Silver (Tactical) and Bronze (Operational) command groups. Membership was clear and incorporated individuals from across the Force and outlined responsibilities of individuals. A review of minutes / notes from a six-month period for Gold and Silver Groups evidenced clear information flows and governance arrangements in operation with meetings held frequently. Actions appeared to be escalated as necessary and communications required were noted, together with links to the Local Resilience Forum in the early stages of the pandemic response. Individuals interviewed as part of the audit consistently referenced how well the Command Structure was felt to work and respond in a timely manner to constantly moving issues.</p> <p>We identified inconsistencies in the template Terms of References (ToRs) reviewed for two Bronze groups, which was a weakness identified in last year's Review of the Strategic Framework audit and should be addressed. Furthermore, no ToRs were in place for the Gold and Silver commands which given that such an approach is typical in policing is not necessarily a weakness, consideration should be given as to whether the production of these would be useful / demonstrate good governance for major events of this scale likely to be of potential interest to the public. However, we accept that it may not always be appropriate to produce a formal ToR for a major incident as it may hinder or divert resources from the response effort. It should be noted that a Gold Command Strategy was agreed for the Covid-19 pandemic which outlined the strategic objectives / intentions of Group Command however, this omitted information such as membership, administrative and reporting that a ToR would usually contain.</p>		<p>We recommend that the Chief Inspector – Operational Support discusses the value of producing a formal Terms of Reference (ToR) for command structures that are set up to help manage a response to a major incident such as the Covid-19 pandemic with relevant individuals. The production of a ToR will depend on the nature of the threat and the impact it will have on the Force's ability to respond to the incident or event.</p>	
		Agreed Action	
		Agreed.	
		Priority	3
		SWAP Ref.	45614
		Responsible Officer	Chief Inspector – Op Support
		Timescale	31/12/2021

1.4	Finding
<p>The Force has been extremely supportive of the requirement for staff to work from home where required/possible during Covid- 19. The Force and OPCC were in a good position at the outset, given that they had gone through the process of mobilising their workforce three years prior which had meant that the majority of staff already had laptops issued.</p> <p>Alternative technological solutions were deployed where necessary in the run up to the roll out of Office 365 and Microsoft Teams, which was brought forward by several months in response to the pandemic. Additional equipment where required (such as second screens, chairs etc.) was supplied and a pool batch of laptops was created to enable those who were not entitled to a laptop to have access to one if they were required to work from home (for example those who had to self-isolate/shield). For those who were not permitted to work from home, a Covid Safe Workplace Bronze Group was established, and guidance provided accordingly. No specific concerns from staff and officers uncomfortable with these arrangements were noted by Unison or HR representatives interviewed as part of our work.</p> <p>The importance of staff health and welfare was evident during review of Silver and Bronze Command minutes, with the Welfare Cell Bronze Group established which reported into Silver. Developing a single point for communications was one of key to the aims and objectives of the Welfare Cell in order to actively promote and reinforce Covid guidance and information. Pivotal to this was the creation of a 'single point of truth' for such information. This was done through a 'Covid Hub' on Pocketbook. In addition to the guidance available to staff and officers through Pocketbook, the Force developed a 'News and Noon' article which was sent by an ACC each day in the Spring and Summer of 2020 covering Covid-19 related news and information. Other methods to promote and reinforce Covid guidance such as posters in the workplace were confirmed to be in place.</p> <p>Feedback regarding health and wellbeing has been generally positive in addition to support offered to line managers. However, some concerns surrounding health and wellbeing and the potential for inconsistent application of rules and guidance once restrictions are lifted, particularly with regards to home working, were raised by individuals interviewed during the audit. Assurances have been provided that this will be addressed as part of the Force and OPCC's resetting activity which will review working arrangements going forward / coming out of the pandemic. Another concern was around the data available showing a decrease in sickness leave year on year and points were raised that staff who are sick may not actually be taking formal sick days because of remote working capabilities and this may have an impact on health and wellbeing. This year-on-year data was not reviewed as part of our work and therefore, we cannot verify whether or not year on year sickness data shows a decrease in sick leave being taken. As such, no formal recommendation will be raised but management are asked to give due consideration to the point raised at the audit interview.</p>	

1.5 Finding

The loss of income from policing special events, such as football matches and Glastonbury Festival for example, speed enforcement fines in addition to the additional costs borne of the Covid-19 pandemic, such as PPE have had, and continue to have, a large impact on the Force. The Home Office reimburses the Force of up to 75-80% of these losses as well as any other losses as a result of Covid-19. Each month, a submission is made to the Home Office which outlines these losses, and the Force will be paid a proportion / percentage of the total loss reported. A report is provided monthly to the Chief Officer – Finance, Resources and Innovation detailing the rolling costs of the pandemic.

Review of a cross-section of Silver Command minutes did not identify commentary regarding loss of income / finance and review a review of Gold Command minutes from 1st May to 31st August 2020 evidenced an update on 20th May 2020 regarding the additional costs as opposed to loss of income. We noted that a Finance Bronze Group had been created as part of the Covid-19 Command Structure however, these minutes were not reviewed as part of our work. It is therefore entirely possible that these discussions took place at this group or / as well as other governance groups such as the Chief Officer Group and Strategic Planning Meetings that may be more appropriate forums for receiving financial information as this is likely to form part of the budget performance monitoring process. As such, Gold and Silver Command may not be the appropriate forums to consider this information. Time constraints meant that we did not have the time to investigate this further as part of this review and therefore the findings have been noted for management consideration.

1.6 Finding

At the start of the pandemic, like many others, the Force had very little PPE. The Force looked to procure stock locally with limited success. Those that were available were at inflated costs given the demand for PPE at the time. The PPE that the Force already had and could procure was prioritised to those services that were in contact with the public (e.g. Response, Patrol, Neighbourhoods). PPE became more widely available around May through the national efforts of Op Talla which help build up national supplies of approved PPE. A national hub was set up for the majority of police forces across the Country including Avon and Somerset where PPE could be purchased and distributed. Avon and Somerset Police managed supply initially through Operational Planning and then through Stores. SPOCs were established across all departments to help with this process. Stock is now managed via Stores. Guidance is available to staff via Pocketbook and we reviewed evidence of management of PPE in the early stages of the pandemic at Silver Command.

The key learning in this area discussed as part of our audit was around publicising the SPOCs that were put in place to help support the management of PPE. High levels of emails and calls were being made to Operational Planning who were busy distributing PPE stock and a lot of time was spent redirecting these queries to the SPOCs. Clearer communication of these SPOCs at the outset may have prevented time spent redirecting staff that took individuals away from more important tasks. However, over time individuals have become aware of the correct procedures for PPE and this is no longer an issue, but the findings noted for managements consideration.

Audit Assessment of Agreed Themes

Theme	RAG Rating	Reason for RAG Rating
Leadership & Culture		The Force set up a clear command structure at the early stages of the pandemic to help manage the pandemic. Individuals interviewed as part of the audit consistently referenced how well the Command Structure worked to respond to the issues and concerns brought on by the pandemic. We are satisfied through our independent testing that this command structure is operating effectively.
Learning		Whilst we were able to confirm examples of where learning / lessons specific to the Covid-19 pandemic had been considered through a review of information provided as part of this audit, we have highlighted a potential area where the management of this learning could be improved through central record keeping and appropriate review and scrutiny. This has been discussed in more detail above.
Diversity & Inclusion		The Force and OPCC have given appropriate consideration to the impact on Covid-19 to underrepresented groups. The Force has developed guidance and assessments to assist managers in determining the impact of Covid-19 vulnerability to those who have protected characteristics. The guidance and assessment can be used to determine the vulnerability of BAME, pregnant workers, those with underlying health issues etc. with particular reference to the current pandemic emergency in order to help identify suitable mitigations to help ensure their safety. In addition, the DCC issued a letter to BAME employees specifically at the beginning of the pandemic which referenced the support that the Force could provide and how to raise and manage any concerns that these individuals may have. The importance of staff and officer health and welfare generally was evident throughout our review.