



Enquiries to: #JAC

Telephone: (01278) 646188

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

Date :7th December 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 **15th December 2021** – **please note that there will be a lunch break between 12:30 and 13:00.**

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

15th December 2021, 11:00 – 14:00

Lunch Break 12:30 – 13:00

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/Offers of Hospitality**
To remind Members of the need to record any personal interests or any **prejudicial interest** relating to the agenda and disclose any relevant receipt of offering of gifts or hospitality
- 4. Public Access**
(maximum time allocated for this item is 30 minutes)

Any member of the public wanting to attend a JAC meeting must submit a written application and secure written agreement of the JAC Chair. Statements and/or intentions to attend must be received no later than 12.00 noon on the working day prior to the meeting and should be emailed to JAC@avonandsomerset.pnn.police.uk

The JAC Chair reserves the right to refuse or suspend access if there is any security risk to the public or a member of the public's behaviour is disruptive in any manner. A member of the public may only address the meeting, for a maximum of five minutes, where a statement has been previously provided to the JAC Chair and prior sanction has been granted.

- 5. Minutes of the Joint Audit Committee Meeting held 20th October 2021 (Report 5)**
- 6. Statement of Accounts**
- 7. External Audit (Report 7):**
 - a) Updated Joint Audit Findings Report**
 - b) Auditors Annual Report**
 - c) Audit Progress Report and Sector Update**
- 8. Office of the Police and Crime Commissioner Strategic Risk Register (Report 8)**
- 9. Constabulary Strategic Risk Register (Report 9)**
- 10. Business from the Chair (Report 10):**
 - a) Police and Crime Board (Verbal Update)**
 - b) Update on IOPC Investigations (Verbal Update)**
- 11. Internal Audit (Report 11):**
 - a) Quarterly Update**
 - b) Assurance Mapping Positions Statement Q3**

- c) Key Financial Controls
- d) Environmental Sustainability
- e) Performance Management Follow Up
- f) Police Officer and Staff Training Follow Up
- g) Criminal Justice – File Quality

Part 2

Items for consideration without the press and public present

- 12. Exempt Minutes of the Joint Audit Committee Meeting held on 20th October 2021 (Report 12)**
- 13. Regional Internal Audit Work:Vetting**

**MINUTES OF THE JOINT AUDIT COMMITTEE MEETING HELD ON WEDNESDAY
20TH OCTOBER 2021 AT 11:00. MEETING HELD VIA TEAMS.**

Members in Attendance

David Daw (Chair)
Zoe Rice
Martin Speller

Officers of the Constabulary in Attendance

Nikki Watson, Temporary Deputy Chief Constable
Nick Adams, Constabulary CFO
Dan Wood, Chief Officer – People and Organisational Development
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

Jackson Murray, Grant Thornton
Gail Turner-Radcliff, Grant Thornton
Laura Wicks, SWAP
Juber Rahman, SWAP
Cllr Jonathan Hucker, Police & Crime Panel Member (observing)

26. Apologies for Absence

Mark Shelford, Police and Crime Commissioner
Sarah Crew, Temporary Chief Constable
Joint Audit Committee Member, Jude Ferguson
David Hill, SWAP

27. Emergency Evacuation Procedure

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

28. Declarations of Interest / Gifts / Offers of Hospitality

None.

29. Public Access

There were no requests for public access received before the 12.00 noon deadline the working day prior to the meeting.

30. Minutes of the Joint Audit Committee Meeting held on 14th July 2021 (Report 5)

RESOLVED THAT the minutes of the meeting held on 14th July 2021 were confirmed as a correct record and will be signed by the Chair when physically possible:

Action update:

- | | |
|----------------------|---|
| Minute 48e | Ongoing action to arrange a demonstration for JAC Members on Qlik to help with understanding how technology supports the work of the police. |
| Minute 19(i) | JAC Members submitted questions on the draft accounts which have been answered. See report 8 of the papers for this meeting. Closed Action |
| Minute 19(ii) | Ongoing action for the Constabulary CFO to discuss with the Finance Team mocking up a summary version of the Annual Accounts. |
| Minute 23a(i) | The Internal Auditors has included wording around Leadership and Culture and Diversity and Inclusion in the Internal Audit Annual Opinion and Report 2020/21 as this is relevant to all areas of business. The revised document has been sent to JAC Members to comment on before the amended version is published on the PCC's website. Closed Action |
| Minute 23(ii) | The proposed scope of the risk management audit has been shared with JAC Members as requested. Members have been invited to feed back any comments to SWAP. Closed Action |
| Minute 24(ii) | The summary of Recommendations from HMICFRS and Audit will be reported to the JAC twice a year in line with reporting to the Finance and Asset Committee. As reports are due to the Finance and Asset Committee in November and June the report will then be submitted to the JAC for discussion at the July and December meetings. Closed Action |

31. Annual Accounts and Governance Statement – Joint Audit Committee Members Questions and Answers (Report 6)

JAC Members confirmed that they were satisfied with the answers provided to the questions they had submitted on the draft Annual Accounts. A list of the JAC Member questions and the answers provided in relation to the Draft

Annual Accounts can be found in the papers for this meeting which are published on the PCC's website.

32. External Audit (Report 7):

a) Reasons for Delaying the Joint Audit Committee Meeting

A short paper was submitted to the JAC which formally outlined the reasons for delaying the JAC from September to October.

Completion of the audit by Grant Thornton was delayed for the following reasons which meant the statutory deadline of 30th September 2021 for publication of the Final Audited Statement of Accounts was missed:

- Increased assurance work auditors are required to carry out nationally;
- Need to increase sample sizes following completion of IT Audit work; and
- Availability of audit team members.

Members were assured that the Constabulary are working with the external auditors to build the learning in from this year to the planning for next year in order to avoid similar delays.

It was noted that the Redmond Review stated that there is an issue with experienced audit resource.

PSAA have advised that only 9% of local government Annual Accounts had been signed this year by the target date – this is a percentage that has been decreasing since 2018/19. Concerns were discussed that the market trend suggests the September deadline may not be a realistic target date. The hard work of the Finance Team in order to meet the deadline was acknowledged.

b) Joint Audit Findings Report

The report sets out the findings from the audit of the Annual Accounts. A number of outstanding areas of testing, at the time of submitting this report, were highlighted at Section 1 of the report (Headlines):

- Appropriateness of the Local Government Pension Scheme Asset – now complete;
- Review of sampled land and building valuation, including floor areas for assets subject to Existing Use Valuations and build rates applied to assets valued at Depreciated Replacement Cost – now complete apart from reconciling the floor areas used by the valuer with the drawings held by the Estates Department. Reasonable assurance was given that the valuation of land and buildings in the balance sheet is not materially misstated;
- Journals testing – now complete and no issues raised;
- Review of sample evidence for non-pay expenditure sample;
- Conclusion of final audit queries; and
- Final quality review checks on the audit work – in the process of being completed.

Once work is complete the Statements can be finalised, letters of representation signed, the opinion can be issued and the final Annual Accounts and Governance Statements can be published. The proposed audit opinions are unqualified with an Emphasis of Matter paragraph on the group accounts being included to reflect the ongoing impact of Covid on land valuations – this is consistent with 2019/20.

The JAC was asked to agree how they would like an update to the Joint Audit Findings Report. It was agreed that a final version of the Joint Audit Findings report should be produced with an addendum which details the changes and also a version of the report which includes the changes throughout.

Value for Money work continues and will be reported to JAC with the Annual Audit Report.

The Certificate of Closure of Audit would usually be issued on completion of the audit but the Value for Money work continues and the National Audit Office are yet to issue national guidance on this – expect to be able to issue the certificate early in 2022 for publication alongside the Annual Accounts and Governance Statements. Members were assured that there are unlikely to be any negative impacts or implications from this delay.

Discussed the IT audit which looks at the controls in SAP. No issues raised but there is a recommendation around some user access which is excessive.

Recommendations raised also includes valuation of land and buildings which is a key focus for regulators. Valuation is in line with RICS guidance but the issue is evidencing valuation inputs and assumptions. Going forward conversations will be had with valuation colleagues and the CFOs for both organisations to ensure this is a more efficient process.

The pension fund net liability needed an adjustment in the prior year and this year but the external auditors are comfortable this is not materially misstated. It is recommended that the Constabulary build in a check between 31st March and producing the draft accounts in order to flag any issues of materiality – the Constabulary agreed that this would be built into the process.

Members were assured that benchmarking with regard to the Minimum Revenue Provision charge came back as a green rating, providing positive assurance that a prudent charge was made in 2019/20 and 2020/21.

Members were assured that checks and balances are in place in response to the recommendation around Journals.

Issues around the PFI Asset, Blackrock, were discussed. These issues arose from having three bodies with differing accounting treatments. It is recommended that going forward a consistent approach is taken across the three bodies.

During testing a small number of errors in the sample were identified regarding invoices not being correctly accrued or posted as an accrual but related to 2021/22. This is not significant and it should be noted that the potential

understatement listed at page 60, Audit Adjustments, in the report are extrapolated across the population tested – Members then questioned what the merit of including the potential understatement figures is. Members were assured that these errors identified are below the materiality level.

RESOLVED THAT

- i. a final version of the Joint Audit Findings report should be produced with an addendum which details the changes and also a version of the report which highlights the changes throughout; and
- ii. the Constabulary should update Members on the recommendation around IT user access.

c) Informing Audit Assessment 2020/21

Questions are issued by the external auditors on an annual basis to the Constabulary and OPCC which are driven by audit standards. The final version of the questions and answers from this process are presented to the JAC as a final check. Members are asked to confirm they have been sighted on this document and are assured of the validity of the responses. As this is the first time this has been presented to the JAC it was clarified that Members are NOT being asked to approve the document.

Members were assured that the Constabulary is a learning organisation and will work with external audit colleagues to take learning forward from the delays this year. The Constabulary have a proactive action plan in place to do everything they can do to avoid similar delays. Members would like to see the lessons learned in the Audit Plan for 2021/22 when it is presented to the JAC or as part of the progress updates.

Members thanked the OCC CFO and his team, OPCC CFO and external auditors for all their work.

RESOLVED THAT

- i. JAC Members have been sighted on the Informing the audit risk assessment for Avon and Somerset Police and Crime Commissioner and Group 2020/21 and are assured of the validity of the responses; and
- ii. the external auditors will present their planning to the JAC for avoiding delays with the audit which have been experienced this year and the lessons learned as part of the Audit Plan 2021/22.

33. Office of the Police and Crime Commissioner Strategic Risk Register (Report 8)

SR2 Failure to deliver the Police and Crime Plan – the draft version of the new Police and Crime Plan is now in the public domain for feedback by 8th November, consultation will then be done around the feedback ready for the final version of the plan to be complete by the end of November for presentation at the Police and Crime Panel early in December. There was a lengthy consultation survey period in developing the plan and a good working

relationship with the Constabulary throughout. There hasn't been a high level of feedback from partners to date but comments received were very helpful and it is expected that there will be more engagement from partners on the local plans. The JAC have comments on the draft plan which they will feedback to the OPCC outside of this meeting.

SR4 Failure to engage with the public and other stakeholders – there was a lengthy consultation on the Police and Crime Plan with increased reach which included a key diversity element but responses were still not representative. There was particularly low youth engagement. A debrief session is being held tomorrow to identify the learning from the Police and Crime Plan consultation and apply it to the upcoming precept consultation. The OPCC is trying to engage in a bigger and better way than in the past with this being a particular focus of the new PCC.

SR6 Lack of capacity/capability within the OPCC – the new OPCC Chief of Staff is due to take up post in January 2022 and Members were assured that the Interim CEO will remain in place until then. It was also noted that the DPCC confirmation hearing has been delayed and a new date will be arranged as soon as possible. The resurgence of Covid and other respiratory infections was highlighted as a risk to capacity.

SR7 Failure to deliver commissioned services – a review of commissioned services has been carried out which resulted in a number of recommendations. The red RAG rated recommendations have already been discussed with the PCC and the team will wait for the new OPCC Chief of Staff to take up post before discussing the rest. The LSU review is progressing as planned.

RESOLVED THAT Members will feed back comments on the draft Police and Crime Plan to the OPCC.

34. Constabulary Strategic Risk Register (Report 9)

The new Constabulary Risk Management Framework, including the Corporate Risk Register was presented but it was noted that this is not a final product. This will be presented to the Chief Officer Group for final sign off on Friday with a view to launching the product on 1st November. The Constabulary will advise when this report can be published on the JAC page of the PCC's website.

All directorate leads will have risks captured in Verto and report on these monthly (this will be overseen by the Portfolio Management Office (PMO) to start with) – around 160 risks are expected. Governance Committees, including JAC, will begin receiving the Corporate Risk Register from November 2021. The Constabulary acknowledge that as this is still in development some risks are missing.

An explanation was given on the format of the new Risk Register and the individual risk activities reports that go with it – these reports will detail the

mitigation and whether the Constabulary are on track but the risk status will only be updated once it can be evidenced that the mitigation has reduced the risk.

The Constabulary clarified that while they expect there to be around 160 risks on Verto the Corporate Risk Register will only have 11 risks.

The JAC is reassured by this report and the explanation of the work being undertaken. Assurance has been provided that each risk has an owner and governance strategy to manage the risk. Further consideration is to be given on how risk is reported to the JAC in addition to the Corporate Risk Register.

Members sought assurance that risks in response to the Sarah Everard case are being reflected in the Risk Register and asked what mitigating actions are being undertaken. Members were provided with a link to the officer verification process which is available on the Constabulary website. Some of the issues which emerged from the trial were not raised with the police family prior to this so a huge amount of work is now being done to mitigate risks. The NPCC have published a national Violence Against Women and Girls (VAWG) Strategy and Avon and Somerset are working on a local strategy to reflect this with internal themes around culture, vetting and enabling people to come forward with concerns. This work is developing and will be included in the Risk Register. This is a major priority for the Constabulary, ensuring that they understand the risks properly and haven't missed anything. Members queried how many times the officer identification process had been used – no records of it being used only two contacts from the public which are related.

35. Business from the Chair (Report 10):

a) Police and Crime Board Update

Members have received the minutes from the 7th July, 4th August and 2nd September Police and Crime Board (PCB) meetings. Minutes from 13th October 2021 PCB are yet to be agreed. Key themes from the meeting on 13th October include:

- The Chief Constable provided an update on the VAWG focus, issues relating to Investigations recruitment and balancing the budget in the medium term but with a view to saving to invest.
- Performance – increase in demand for 999 calls is having an impact on 101 abandonment rates. The positive performance by the Constabulary in managing 999 demand which is 30% higher than it was in 2019/20 was acknowledged.
- The OPCC Chief of Staff Decision Notice was approved.
- People and Organisational Development – on track for Police Officer establishment to reach 3,183 by the end of March 2021. 31 FTE over-establishment on PCSO numbers currently but this is being managed back down through reducing the number of intakes planned.
- Medium Term Financial Plan (MTFP) – uncertainty around pay awards, grants and precept. Outlined savings approach. Still awaiting the

Spending Review but hope for a three year settlement to help with planning.

Members raised concerns regarding having a five year MTFP with so much uncertainty. For a number of years there has only been a 1 year settlement which makes it difficult to plan this far in advance. Members asked if the explanation of years four and five could be provided for clarity – these are roll over budget with various assumption included in addition.

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

There are currently 15 investigations with the IOPC, the oldest of these is from 27th December 2019, four are from 2020 and the rest relate to the current calendar year. Two cases were returned recently with gross misconduct cases to answer and hearings have been set. One case was returned with no case to answer.

c) Draft Joint Audit Committee Annual Report

It was confirmed that there is no deadline for finalising the JAC Annual Report but that it is an annual report so this should be agreed soon. The JAC will discuss this between this meeting and the next.

RESOLVED THAT the JAC will discussed any amendments that need to be made to the JAC Annual Report and a final version should be presented to the JAC on 15th December 2021.

36. Internal Audit Reports (Report 11):

a) Quarterly Update

The scope of the Criminal Justice (CJ) audit was not agreed until late September and so will not be reported until the December JAC meeting. 31% of the plan is complete with 46% in progress and 23% ready to start in quarter 4. The scope of the Risk Management audit has been sent to JAC Members to comment on. The internal auditors reported that they will be in a position to provide a reasonable audit opinion.

Follow ups commenced at the start of October and an update will be provided at the JAC in December 2021. A couple of changes were made to the plan (the CJ audit was deferred and 2 extra days were required for the Complaints Handling audit).

The following regional work is being completed:

- Digital Forensics – to be reported to the December 2021 JAC;
- Pensions Administration;
- Fraud Baseline Assessment – to be reported to December 2021 JAC; and
- Regional Vetting – to be reported to December 2021 JAC.

The JAC commented that the format and detail of the reports is improving and shows the learning and collaborative approach. Technology is helping to increase the number of people internal audit can engage with.

Members queried whether the resurgence of Covid and other respiratory infections was having an impact on internal audit. Continuing to work from home helps to reduce the spread of infection and no impact has been seen yet.

b) Assurance Mapping – Position Statement Quarter 2

This report looks at the effectiveness of the assurance mapping activity. Another update will be provided at the next JAC including how the risk management framework feeds into this. There are lots of components to consider and how best to capture the information.

c) Use of Force

This audit looked at the effectiveness of the governance arrangements in place around Use of Force and a reasonable assurance opinion was given. Three actions were raised which include publication of the Scrutiny of Police Powers minutes in order to improve transparency. The Constabulary commented that this provided a good assurance around governance and welcome advice on improvements that can be made.

It was agreed that the title of the report should be changed to ensure that it is clear that the audit was assessing the governance around Use of Force rather than the broader Use of Force. The public may be concerned to see diversity and inclusion marked as green unless the scope of the audit is made very clear.

RESOLVED THAT the report title should be amended and an updated version published to make it clear that the scope of the Use of Force audit was to assess the effectiveness of the governance arrangements only.

d) Remote Working – IT Audit Review

The audit focused on safeguarding of information assets. Questions were asked about home working arrangements, strategies, configuration of devices and how the organisation can best make sure people understand their responsibilities. A limited assurance opinion was provided with one priority 3 finding and three priority 2 findings. It was acknowledged that activities were well underway at the time of the audit but had not yet been embedded. The Force has already reached out to staff in terms of future working and there is a range of ongoing activity.

One action asks how the Constabulary can ensure that individuals can evidence a secure working environment. There is also an action around information security policy with the Data Protection Officer (DPO) will be involved in. Another action is around how people raise problems and auditors

suggested removal of emails for this, but the Constabulary preferred to keep all options open and on reflection the auditors agreed with this.

The Constabulary welcomed the timeliness of this audit as the resetting work continues which will see some people continue to work from home by choice. An update on what has been done should be considered for the future.

e) Complaints Handling

This audit focused on the assessment framework and controls following the new complaints regulations introduced in February 2020 and checking points of compliance against the new regulations. A limited assurance opinion was given. Issues were raised around data capture and recording.

The changes in regulation represented a significant change in the complaints regime which increased the role of PCCs. Following changes the PCCs now act as the review body.

It is positive that all 10 cases sampled were compliant with the regulations and recorded. The OPCC Interim CEO clarified that the Constabulary are not mandated to implement changes following a complaints review carried out by the OPCC but the positive working relationship between the two organisations does allow for a customer service based approach.

The Constabulary accept the recommendations and as context for the issues raised explained that changes were made last year in response to Covid which had an impact. All operational staff were asked to support the Covid response and many of the complaint cases that would ordinarily been dealt with locally were referred to PSD to be dealt with centrally – this impacted on capacity. The Constabulary assured Members that they have now returned to the normal processes.

The JAC asked what consideration had been given to equality and inclusion in this audit – are complainants asked for their ethnicity? A lot of time was spent specifically looking at compliance with the new regulations and did not cover ethnicity. Members were assured that ethnicity data is captured in Qlik but it was noted that a high percentage are recorded as unknown. Members were informed that the Independent Residents Panel meet on a quarterly basis, and have a high level of access to PSD, and the subject of their March meeting was disproportionality – dip samples were taken with the specific aim of understanding the lived experience of the complainant.

Whilst equality and inclusion was not specifically part of the terms of reference for this audit it was noted that it was agreed that this should be considered in all audits.

It was agreed that the plan for the year ahead should be looked at to identify where equality and inclusion is particularly relevant and be more specific around what is needed.

Members highlighted the small sample size. As the audit is looking at controls the amount of controls being looked at can affect the sample size there is time to look at.

RESOLVED THAT the plan for the year should be looked at to identify where equality and inclusion is particularly relevant and be more specific around what is needed.

Part 2

Items for consideration without the press and public present

37. Exempt Minutes of the Joint Audit Committee Meeting held on 14th July 2021 (Report 12)

SEE EXEMPT MINUTES

The meeting concluded at 14:15

CHAIR

ACTION SHEET

MINUTE NUMBER	ACTION NEEDED	RESPONSIBLE MEMBER/ OFFICER	DATE DUE
Minute 43 External Audit Update 16th January 2020	<p>The External Auditors should work with the OPCC on the arrangements for running a South West JAC event.</p>	Grant Thornton/ OPCC	TBA
Minute 48e Refreshing of the Strategic Framework Follow Up 27th January 2021	<p>Arrange for JAC Members to have access to parts of Qlik if possible.</p> <p>14th July 2021 Update – as this is not a possibility Members would like a demonstration on Qlik to help them understand how the technology supports the work of the police.</p>	OPCC CFO	Update 15 th December 2021 JAC
Minute 8b Payments to Staff – Absence Management 22nd April 2021	<p>Plan for Payments to Staff – Absence Management should be included in the Follow Up report.</p>	SWAP	15 th December 2021 JAC
Minute 8e Police Officer and Staff Training 22nd April 2021	<p>Improvements should be made clear in the Follow Up report regarding Police Officer and Staff Training.</p>	SWAP	15 th December 2021 JAC
Minute 19 (ii) Annual Accounts and Governance Statement 14th July 2021	<p>The Constabulary CFO discuss with the Finance Team mocking up a summary version of the Annual Accounts.</p>	Constabulary CFO	Update 15 th December 2021 JAC
Minute 24(i)	<p>The report should include the original timescales, revised timescales (where applicable)</p>	Supt Ben Moseley	15 th December 2021 JAC

Summary of Recommendations from HMICFRS and Audit 14th July 2021	and the reasons for changes in timescales		
Minute 32b(i) Joint Audit Findings 20th October 2021	A final version of the Joint Audit Findings report should be produced with an addendum which details the changes and also a version of the report which highlights the changes throughout	Grant Thornton	15 th December 2021 JAC
Minute 32b(ii) Joint Audit Findings 20th October 2021	The Constabulary should update Members on the recommendation around IT user access.	OCC CFO	Update 15 th December 2021
Minute 32c(i) Informing Audit Assessment 2020/21 20th October 2021	The external auditors will present their planning to the JAC for avoiding delays with the audit which have been experienced this year and the lessons learned as part of the Audit Plan 2021/22.	Grant Thornton	16 th March 2021
Minute 33 OPCC Strategic Risk Register 20th October 2021	Members will feed back comments on the draft Police and Crime Plan to the OPCC.	JAC Members to feedback to OPCC CFO or Strategic Planning and Performance Officer	Immediate
Minute 35c Business from the Chair: Draft JAC Annual Report 20th October 2021	The JAC will discuss any amendments that need to be made to the JAC Annual Report and a final version should be presented to the JAC on 15 th December 2021.	JAC Members and OPCC CFO/ Strategic Planning and Performance Officer	15 th December 2021 JAC
Minute 36c Internal Audit: Use of Force 20th October 2021	The report title should be amended and an update version published to make it clear that the scope of the Use of Force audit was to assess the effectiveness of the governance arrangements only	SWAP	Immediate
Minute 36e	The internal audit plan for the year should be looked at to identify where equality and	JAC Members/ OPCC CFO/ SWAP	Update at 15 th

Internal Audit: Complaints Handling 20th October 2021	inclusion is particularly relevant and be more specific around what is needed.		December 2021 JAC
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2020/2021

PCC FOR AVON & SOMERSET
STATEMENT
OF ACCOUNTS



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

Police & Crime Commissioner for Avon & Somerset

Officers of the Police & Crime Commissioner

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

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

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

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



Statement of Accounts 2020/2021

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Police & Crime Commissioner for Avon & Somerset

Chief Finance Officer's Narrative Report

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

1 Organisational Overview

The Avon and Somerset policing area serves the five principal local authority areas of South Gloucestershire, Bath & North East Somerset, Bristol, North Somerset, and the county of Somerset. Around 1.7 million people live within the 1,844 square miles our area covers, with greater concentrations around our towns and cities, which include Bristol, Bath, Weston-super-Mare, Taunton, and Yeovil.

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

The PCC for Avon and Somerset sets out their priorities in the Police and Crime Plan. These priorities are determined following consultation with the communities of Avon and Somerset, as well as incorporating the views of a range of stakeholders including the Police and Crime Panel, partners, the Chief Constable, and senior leaders within the Constabulary. The PCC's priorities throughout 2020/2021 have been to:

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

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

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

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

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

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

The Constabulary's Mission, Vision and Values are:

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 and operational and organisational response to the pandemic:

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

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

A recent report¹ 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.

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

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

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

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

Public confidence, as measured by the crime survey for England and Wales, reports that confidence stands at 78.6% (+0.4% on previous year) which puts Avon & Somerset at 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 34 where the costs of policing activities include charges for the provision of pensions and the use of assets which are later reversed out through intragroup transfers from the PCC.

4.2 Capital Expenditure

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

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

Capital Expenditure	2020/21 £'000	%
ICT replacement and renewal	2,987	36%
Estates replacement and renewal	599	7%
Fleet replacement and renewal	2,063	25%
Equipment replacement and renewal	408	5%
Digital Projects	417	5%
Estates Projects	1,122	13%
Funded / Part Funded Projects	713	9%
	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 27 of these accounts.

4.4 Treasury Management

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

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

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

5 Financial Outlook

The PCC and Chief Constable jointly set out their forward financial forecasts within their Medium Term Financial Plan (MTFP) each year. The MTFP, published in February 2021, covers the five-year period from 2021/2022 through until 2025/2026. The election of a new PCC in May 2021 may set a different direction, and therefore the information provided below reflects the MTFP as approved by the previous PCC.

5.1 Revenue Budget

Revenue funding is forecast to increase significantly, driven by the flexibility that the PCC has been granted in raising local council tax and through the provision of additional government grant funding to support the targeted uplift in police officer numbers in England and Wales by March 2023. Thereafter we're forecasting continued increases in funding to support ongoing inflationary and other forecast cost pressures.

	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000
Budget requirement	348,140	359,226	372,508	382,451	393,312
Less total funding	-339,879	-350,311	-361,040	-370,333	-379,054
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 16 to 18. The liability has no impact on the reported outturn and the usable reserves.

8 Basis of Preparation

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

This Statement of Accounts summarises the financial year for 2020/2021. The income and expenditure, assets, liabilities and reserves which are recognised in the PCC's accounts and in the Chief Constable's accounts reflect the current legislative framework as well as the local arrangements operating in practice. The key elements of the legislative framework and local arrangements include:

- The Police Reform and Social Responsibility Act 2011 (The Act);

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

Our review of this framework has not altered from previous years, concluding that ultimately, the control and risks associated with assets and liabilities rest with the PCC, whereas the day-to-day command and control of operational staff rests with the Chief Constable.

These financial statements include the following:

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

9 Conclusion

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

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

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



Paul Butler
Interim Chief Finance Officer to PCC
28 October 2021

Police & Crime Commissioner for Avon & Somerset

Statement of Responsibilities

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

1 Police and Crime Commissioner's Responsibilities

The Police and Crime Commissioner is required to:

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

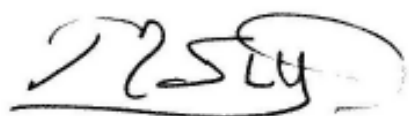
2 The Chief Finance Officer's Responsibilities

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

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

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

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



Mark Shelford
Police and Crime Commissioner
28 October 2021



Paul Butler
Interim Chief Finance Officer to PCC
28 October 2021

Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for Avon and Somerset (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable for Avon and Somerset (the 'group') for the year ended 31 March 2021 which comprise the Group Comprehensive Income and Expenditure Statement, the PCC Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the PCC Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the Avon & Somerset Police Officers Pension Fund financial statements comprising the Fund Account and Net Assets. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/2021.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2021 and of the group's expenditure and income and the Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/2021; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Police and Crime Commissioner in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Conclusions relating to going concern

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

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the group and the Police and Crime Commissioner, the other information published together with the financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

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

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

Responsibilities of the Police and Crime Commissioner and the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/2021, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Police and Crime Commissioner is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Responsibilities of the Police and Crime Commissioner

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

Auditor's responsibilities for the review of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

[Jackson Murray](#)

Jackson Murray

Key Audit Partner

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

Bristol

29 October 2021

Police & Crime Commissioner for Avon & Somerset

Annual Governance Statement

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

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

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

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

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

1 Scope of Responsibilities

The Police and Crime Commissioner (PCC) and Office of the Chief Constable (OCC) are responsible for ensuring their business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

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

The PCC and OCC have adopted corporate governance principles which are consistent with those set out in the CIPFA "Delivering Good Governance in Local Government Framework" (2016). A copy of the Avon and Somerset joint governance framework is on the website at www.avonandsomerset-pcc.org.uk².

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.

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

The PCC and OCC share most core systems of control including the SAP ERP systems, finance function with shared financial controls and the IT, legal and information governance functions. Under the scheme of governance, most of the staff, officers and processes deployed in the systems of internal control are under the direction and control of the OCC.

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

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

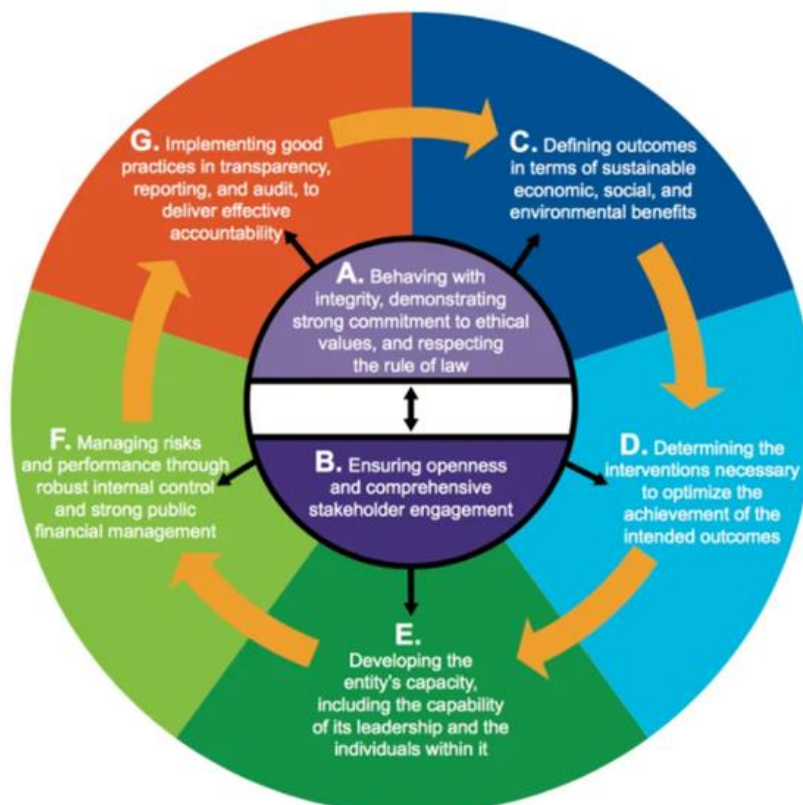
2 The Governance Framework

The governance framework in place throughout the 2020/2021 financial year covers the period from 1 April 2020 to 31 March 2021 and up to the date of approval of the annual Statement of Accounts.

The governance framework enables the PCC and CC to monitor the achievement of their strategic objectives and to consider whether those objectives have led to the delivery of appropriate services which provide value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot, however, eliminate all risk of failure to achieve aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness.

This statement provides a summary of the extent to which the aspirations set out in the PCC's Code of Corporate Governance are currently being met. This statement has been written to evidence how the CIPFA principles of good governance are being delivered. It is important to note that this group AGS should not be read in isolation but in conjunction with the AGS of the Chief Constable. The Chief Constable's governance is integral to and underpins the PCC's system of governance as the vast majority of the PCC's funding is delegated to the Chief Constable and the Constabulary is the primary delivery organisation for the PCC.



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

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

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

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

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

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

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

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

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

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

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

2.2 Principle B: Ensuring openness and comprehensive stakeholder engagement

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

2.2.1 Public

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

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

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

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

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

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

- **Independent Residents Panel** – volunteers from the communities of Avon and Somerset come together with the PCC's office in order to examine complaints made against the Constabulary. In the financial year 2020/2021 the panel met quarterly as planned in June, September, December 2020 and March 2021.
- **Scrutiny of Police Powers Panel** – volunteers from the communities of Avon and Somerset come together with the PCC's office to examine the use of Taser, stop and search, body worn video and the use of force by the police. In the financial year 2020/2021 the panel met five times: in April, May, September and December 2020 as well as March 2021. This panel was highlighted by HMICFRS as positive practice in their report 'Disproportionate use of police powers - A spotlight on stop and search and the use of force' (February 2021). In addition to existing business the panel also conducted six review sessions throughout the year looking explicitly at the enforcement of COVID-19 regulations.
- **Out of Court Disposal Panel** – Out of court disposals are a means of resolving an investigation without prosecution through the courts. This panel brings together professionals from numerous criminal justice agencies and victims services who review the use of out of court disposals. In the financial year 2020/2021 the panel met twice in December 2020 and March 2021. The reason the panel was not convened in quarters one and two was due to a lack of capacity within the OPCC to support this.

2.2.2 Constabulary

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

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

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

2.2.3 Partners and other local stakeholders

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

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

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

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

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

2.2.4 Regional Representation

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

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

2.2.5 National Representation

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

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

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

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

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

The full plan can be accessed on the website at www.avonandsomersetplan.co.uk.³

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.

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

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

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

In recent years, there has been an increase in serious violence recognised as a national problem. As part of the Home Office Serious Violence Strategy, in early 2019, they agreed a fund to grant to forces most affected by this problem. 2020/2021 saw a second year of £1.16 million in additional grant funding to maintain Violence Reduction Units (VRUs). The model continued as it did in year one with funding divided between the five Community Safety Partnership areas based on population and levels of serious violence. All VRUs continued to be overseen through a Strategic Governance Group which is chaired by the DPCC and includes Local Authority leaders and representatives from other partners. In the second year areas continued to deliver against the response strategy created in the first year although the delivery plans had to be adapted because of COVID-19. Mandatory products were also delivered: the Strategic Needs Assessment and Annual Report which can be accessed on the website at www.avonandsomerset-pcc.gov.uk⁴. 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.uk⁵.

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.

⁴ https://www.avonandsomerset-pcc.gov.uk/wp-content/uploads/2021/02/VRU_Annual_Report_Jan_2020.pdf

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

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

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

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

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

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

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

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

2.6.1 Risk management

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

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

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

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

2.6.2 Performance

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

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

Some of these key performance measures will be available to review through the Annual Report published on the website www.avonandsomerset-pcc.gov.uk⁶.

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

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

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

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

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

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

Items which are published include:

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

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

2.7.1 Internal Audit

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

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

2.7.2 Joint Audit Committee (JAC)

The independent JAC has concluded another year of work in accordance with their Terms of Reference (TOR) and publishes an annual report on their work which can be found on the website www.avonandsomerset-pcc.gov.uk⁷. 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.

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

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

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

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

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

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

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

3 Review of Effectiveness

The PCC has responsibility for conducting, at least annually, a review of the system of internal control. This review is informed by the internal audit assurance, the opinions and reports of our external auditors and other inspection bodies, as well as the work of senior managers in both the OPCC and Constabulary who have responsibility for the development and maintenance of the governance environment.

For 2020/2021 these considerations took account of:

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

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

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

3.1 Internal Audit

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

- Data Protection – Incident Reporting
- Records and Data Retention

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

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

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

Each of the audits also provides recommendations for improvement which are categorised into three priority categories reflecting their importance. In total our internal auditors made 27 recommendations during 2020/2021, of which:-

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

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

3.2 HMICFRS PEEL inspection

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

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

The HMICFRS Integrated PEEL Assessment is one of the most important sources of assurance for both the PCC and CC, in both the delivery of the Police and Crime Plan and the realisation of the Constabulary's vision. Therefore the improvement to outstanding in efficiency is welcomed. This specifically reflects delivery of the Police and Crime Plan objective (3.1) to understand the demand facing the police and partner organisations, ensuring that they are able to resource the most effective response. Within the efficiency pillar the theme that improved was 'planning for the future' – this is the very essence of good risk management and demonstrates the Constabulary's strength in this area.

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

3.3 Significant risks

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

Risk	Progress
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
28 October 2021



Sally Fox
Interim Chief Executive of the PCC
28 October 2021

Police & Crime Commissioner for Avon & Somerset

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

Gross Expenditure £'000	Gross Income £'000	Total 2019/2020 £'000	Comprehensive Income and Expenditure Statement - Group	Gross Expenditure £'000	Gross Income £'000	Total 2020/2021 £'000
Expenditure						
403,682	-36,551	367,131	Police Services - OCC	413,924	-45,124	368,800
0	-2,827	-2,827	Police Services - OCC restated	0	0	0
1,482	-19	1,463	OPCC	1,553	0	1,553
5,553	-4,174	1,379	Commissioning costs	6,938	-5,383	1,555
410,717	-43,571	367,146	Net cost of police services	422,415	-50,507	371,908
		11	Gain(-)/loss on disposal of non-current assets			-125
		11	Other operating expenditure			-125
		6,026	External interest payable			5,993
		-700	Interest and investment income			-406
		88,088	Net interest on pensions			80,821
			Financial and investment income and expenditure			86,408
		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			138,851
			Re-measurement of pension assets and liabilities (note 15)			842,337
		-415,773				-89,556
		34,015	Return on pensions assets (note 15)			-4,613
		9,519	Gain(-)/Loss on revaluation			
		-372,239	Other comprehensive income and expenditure			748,168
			Total comprehensive income and expenditure			887,019

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	413,924	-45,124	368,800
0	-2,827	-2,827	Intragroup adjustment - restated	0	0	0
410,717	-43,571	367,146	Net cost of police services	422,415	-50,507	371,908
		11	Gain(-)/loss on disposal of non-current assets			-125
		11	Other operating expenditure			-125
		6,026	External interest payable			5,993
		-700	Interest and investment income			-406
			Net interest on pensions			
88,088		88,088	Intragroup adjustment (pension interest cost)	80,821		80,821
			Financial and investment income and expenditure			86,408
		-105,807	Police - revenue grant			-114,113
		-56,792	Ex-DCLG formula funding			-60,654
		-1,033	Capital grant and contributions			-310
		-3,331	Council tax freeze grant			-3,331
		-11,378	Local council tax support grant			-11,378
		-2,827	Pension grant			0
		2,827	Pension grant restated			0
		0	Tax income guarantee grant			-414
		-58,600	Police pension top-up grant (note 16)			-53,418
			Intragroup adjustment			
58,600		58,600	(Police pension top-up grant)	53,418		53,418
		-123,149	Council tax - local authorities (note 12)			-129,140
			Intragroup adjustment (Re-measurement of pension assets and liabilities)			
-381,758		-381,758		752,781		752,781
		-683,248	Taxation and non-specific grant income			433,441
		-222,677	Surplus(-)/deficit on provision of services			891,632
		9,519	Gain(-)/Loss on revaluation			-4,613
		9,519	Other comprehensive income and expenditure			-4,613
		-213,158	Total comprehensive income and expenditure			887,019

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	-138,851	0	-138,851	-748,168	-887,019
Adjustments between accounting & funding basis under regulations	145,338	1,620	146,958	-146,958	0
Increase/decrease(-) in 2020/2021	6,487	1,620	8,107	-895,126	-887,019
Balance as at 31 March 2021	51,455	5,602	57,057	-4,285,268	-4,228,211

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	-891,632	0	-891,632	4,613	-887,019
Adjustments between accounting & funding basis under regulations	898,119	1,620	899,739	-899,739	0
Increase/decrease(-) in 2020/2021	6,487	1,620	8,107	-895,126	-887,019
Balance as at 31 March 2021	51,455	5,602	57,057	-4,285,268	-4,228,211

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				19
0	186,049	186,049	Land and buildings	0	188,209	188,209	
0	17,716	17,716	Vehicles, plant and equipment	0	14,208	14,208	
0	5,581	5,581	Assets under construction	0	507	507	
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	18
3,828,433	211,812	547,050	Total non-current assets	4,820,945	206,632	649,406	
0	908	908	Inventories (stock)	0	1,102	1,102	
0	23,000	23,000	Short term investments	0	24,000	24,000	
0	31,112	31,112	Debtors and payments in advance	0	32,746	32,746	21
0	35,058	35,058	Cash and cash equivalents	0	37,799	37,799	22
0	3,078	3,078	Assets held for sale	0	1,098	1,098	
10,826	0	0	Intragroup debtor	15,222	0	0	
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	23
-8,151	-31,184	-39,335	Creditors and receipts in advance	-10,912	-26,948	-37,860	24
0	-10,826	0	Intragroup creditor	0	-15,222	0	
-2,675	-157	-2,832	Short term provisions	-4,310	-238	-4,548	25
0	-1,615	-1,615	Short term PFI Lease liability	0	-1,766	-1,766	20
-10,826	-45,691	-45,691	Total current liabilities	-15,222	-47,606	-47,606	
0	-44,757	-44,757	Long term borrowing	0	-44,309	-44,309	23
0	-9,115	-9,115	Provisions	-50	-9,932	-9,982	25
0	-66	-66	Capital grants receipts in advance	0	0	0	
0	-53,336	-53,336	PFI liability	0	-51,570	-51,570	20
0	-3,493,195	0	Pensions - intragroup adjustment	0	-4,378,171	0	
-3,828,433	0	-3,828,433	Pension liability	-4,820,895	0	-4,820,895	
-3,828,433	-3,600,469	-3,935,707	Total long term liabilities	-4,820,945	-4,483,982	-4,926,756	
0	-3,341,192	-3,341,192	Net assets	0	-4,228,211	-4,228,211	
0	48,950	48,950	Total usable reserves	0	57,057	57,057	7
0	-3,390,142	-3,390,142	Total unusable reserves	0	-4,285,268	-4,285,268	7
0	-3,341,192	-3,341,192	Total reserves	0	-4,228,211	-4,228,211	



Paul Butler
Interim Chief Finance Officer to PCC
28 October 2021

Police & Crime Commissioner for Avon & Somerset

Group Cash Flow Statement

OCC £'000	PCC £'000	Group 2019/2020 £'000	Cash Flow Statement	OCC £'000	PCC £'000	Group 2020/2021 £'000
381,758	-222,677	159,081	Net surplus(-)/deficit on the provision of services	-752,781	891,632	138,851
0	-20,438	-20,438	Depreciation and impairment of property, plant and equipment	0	-19,496	-19,496
0	-707	-707	Amortisation of intangible assets	0	-654	-654
2,408	2,640	5,048	Increase(-)/decrease in provision charged back to service	-1,684	-865	-2,549
-381,758	222,504	-159,254	Charges for retirement benefits in accordance with IAS 19	752,781	-884,926	-132,145
0	-254	-254	Carrying amounts of non-current assets sold	0	-1,495	-1,495
0	-5,295	-5,295	Other	0	58	58
242	198	440	Increase/decrease(-) in long and short term debtors	4,445	-974	3,471
-2,650	-5,626	-8,276	Increase(-)/decrease in long and short term creditors	-2,761	4,272	1,511
0	233	233	Increase/decrease(-) in stock/WIP	0	194	194
-381,758	193,255	-188,503	Adjust net surplus or deficit on the provision of services for non-cash movements	752,781	-903,886	-151,105
0	454	454	Proceeds from the sale of property, plant and equipment	0	1,620	1,620
0	1,033	1,033	Capital grants credited to the surplus or deficit on the provision of service	0	310	310
0	0	0	Interest received	0	256	256
0	0	0	Interest paid	0	-5,857	-5,857
0	1,487	1,487	Adjust net surplus or deficit on the provision of services that are investing or financing activities	0	-3,671	-3,671
0	-27,935	-27,935	Net cash flows from operating activities	0	-15,925	-15,925
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	1,615	1,615
0	6,029	6,029	Interest paid	0	5,857	5,857
0	2,102	2,102	Net cash flow from financing activities	0	6,397	6,397
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 Leased Assets

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

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

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

1.9 Property, Plant and Equipment

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

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

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

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

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

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

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

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

1.10 Depreciation

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

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

1.11 Impairments

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

1.12 Private Finance Initiatives (PFI)

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

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

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

1.13 Cash and Cash Equivalents

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

1.14 Short and Long Term Investments

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

1.15 Financial Instruments

1.15.1 Fair Value

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

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

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

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

1.15.2 Financial Liabilities

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

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

1.15.3 Financial Assets

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

1.16 Provisions

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

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

1.17 Joint Arrangements

Joint Arrangements are classified as either Joint Operations or Joint Ventures. Joint Operations are where activities are agreed through a shared control (usually through a shared board) and the parties have rights to the assets and obligations for the liabilities relating to the arrangement. Joint Ventures are where the parties have rights to the net assets of the arrangement. The Group does not participate in any joint ventures.

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

1.18 Contingent Liabilities

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

1.19 Reserves

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

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

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

The unusable reserves include:

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

1.20 Post Balance Sheet Events

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

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

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

2 Critical Judgements in Applying Accounting Policies

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

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

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

3 Accounting Standards Issued But Not Adopted

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

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

IFRS 16 Leases has not been adopted and is too early to judge the impact on the financial statements. CIPFA has issued a statement from the CIPFA/LASAAC that the implementation of the IFRS 16 leases will be deferred until 1 April 2022 due to the impact of COVID-19.

4 Assumptions Made About the Future and the Sources of Estimations

In some areas figures in the accounts are based on estimates which take into account past experience, current trends and other relevant factors. By their nature these figures could vary and as such the material areas based on estimates are detailed below.

4.1 Pension Service Costs

The estimation of the net liability to pay pension depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and the expected return on the fund's assets. Actuaries provide the OCC with expert advice about the assumptions that have been applied.

Further information is included within notes 16 to 18 regarding the assumptions that have been used by the actuaries to provide an estimate of the liability.

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

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. The rate of return used as at February 2021 and projected up to March 2021 to value the assets, the difference between rate used and actual rate is adjusted for in the opening balance in the following year valuation.

4.3 Short and Long Term Provisions

In determining the provisions set aside at 31 March 2021 to pay for known future costs it has been necessary to estimate and make assumptions about the future. More detail around the sources of these estimations and the underlying assumptions made are included within note 25 Short and Long Term Provisions.

4.4 Valuation of Assets

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

The valuation took into account the potential future impact of COVID-19, and as such was reported on the basis of material valuation/market uncertainty as per VPS 3 VPGA of the RICS Red Book. Consequently, less certainty can be attached to the valuation of land and buildings than would normally be the case.

5 Events After the Balance Sheet Date

There are no post balance sheet events to date.

6 Group Expenditure and Funding Analysis

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

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

2019/2020			Group Expenditure and Funding Analysis	2020/2021		
Net expenditure chargeable to general fund	Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E		Net expenditure chargeable to general fund	Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E
£'000	£'000	£'000		£'000	£'000	£'000
290,276	76,855	367,131	Police Services - OCC	310,599	58,201	368,800
-2,827	0	-2,827	Police Services - OCC restated	0	0	0
1,463	0	1,463	OPCC	1,553	0	1,553
3,337	-1,958	1,379	Commissioning costs	1,555	0	1,555
292,249	74,897	367,146	Net cost of police services	313,707	58,201	371,908
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	5,993	5,993
0	-700	-700	Interest and investment income	0	-406	-406
0	88,088	88,088	Net interest on pensions	0	80,821	80,821
0	93,414	93,414	Financial and investment income and expenditure	0	86,408	86,408
-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	87,137	-233,057
-10,867	169,948	159,081	Surplus(-)/deficit on provision of services	-6,487	145,338	138,851
34,101			Opening balance of general fund	44,968		
10,867			Transfers to 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	9,911	51,324	-3,034	58,201
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	9,911	51,324	-3,034	58,201
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	5,993	5,993
0	0	-700	-700	Interest and investment income	0	0	-406	-406
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	5,587	86,408
-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	6,751	87,137
9,738	159,254	956	169,948	Total adjustment between accounting and funding basis	9,476	132,145	3,717	145,338

7 Notes to the Movement in Reserves Statement

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

Group Movement in Reserves Statement 2019/2020	Revenue General Fund £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
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	-138,851	0	-138,851	0	4,613	-752,781	0	0	-748,168
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)	15,986	0	15,986	0	0	0	0	-15,986	-15,986
Revaluation loss	3,510	0	3,510	0	0	0	0	-3,510	-3,510
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	-3,297	0	-3,297	0	0	0	0	3,297	3,297
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	4,405	-884,926	-2,553	-10,888	-895,126
Balance as at 31 March 2021	51,455	5,602	57,057	-1,235	70,402	-4,378,121	-9,710	33,396	-4,285,268

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	-891,632	0	-891,632	0	4,613	0	0	0	4,613
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)	15,986	0	15,986	0	0	0	0	-15,986	-15,986
Revaluation loss	3,510	0	3,510	0	0	0	0	-3,510	-3,510
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 Inter group 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	-3,297	0	-3,297	0	0	0	0	3,297	3,297
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	4,405	-884,926	-2,553	-10,888	-895,126
Balance as at 31 March 2021	51,455	5,602	57,057	-1,235	70,402	-4,378,121	-9,710	33,396	-4,285,268

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	258,652	1,234	259,886
13,559	7	13,566	Premises costs	15,327	0	15,327
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	20,150	0	20,150
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	5,993	5,993
0	11	11	Gain/loss on disposal of fixed assets	0	-125	-125
-110,011	110,011	0	Intragroup adjustment	-1,247,526	1,247,526	0
440,358	123,083	563,441	Total expenditure	-699,363	1,261,885	562,522
-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	-9,862	-615	-10,477
0	-700	-700	Interest and investment income	0	-406	-406
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	-8,294	8,294	0
-58,600	-345,760	-404,360	Total income	-53,418	-370,253	-423,671
381,758	-222,677	159,081	Surplus/deficit on provision of services	-752,781	891,632	138,851

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

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

12 Council Tax

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

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

13 Transactions With Related Organisations and People

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

13.1 Key Management Personnel and Members of the Joint Audit Committee

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

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

13.2 Other Related Parties

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

The PCC also has a relationship with the Police Community Trust and the Avon and Somerset Constabulary Force Club. Payments were made to the Police Community Trust of £338,176 in 2020/2021 (£249,987 in 2019/2020). Payments were also made to the Avon and Somerset Constabulary Force Club in 2020/2021 of £11,562 (£8,178 in 2019/2020).

14 Joint Arrangements

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

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

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

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

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

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

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

16 Pensions Costs and Liabilities - OCC

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

	Police Staff		Police Officers	
	2019/2020	2020/2021	2019/2020	2020/2021
	£'000	£'000	£'000	£'000
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

17 Pensions for Police Officers - OCC

Employee contributions levels are based on percentages of pensionable pay set nationally by the Home Office. From 1 April 2014 contributions increased and officers will pay contributions ranging from 11.00% to 15.05% depending on their pay scale and the scheme they are in. Employer contributions to the Police Officer Pension Scheme are projected at £34,128,000 in financial year 2021/2022. Since April 2019 the employer contribution rate has been 31%.

Benefits payable are funded by these contributions and any difference between benefits payable and contributions receivable, except for those amounts relating to injuries received in service, is payable by the PCC Group and then reclaimed from the Home Office.

The first table below shows the amount met by the PCC Group and second shows those met by the PCC Group and then reclaimed through the top-up grant from the Government.

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

2019/2020 £'000	Pensions Account	2020/2021 £'000
103,041	Benefits paid to officers	100,063
-44,441	Less contributions received from officers	-46,645
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	2020/2021	2019/2020
Current pensioners		
Males	21.1	21.6
Females	23.3	23.7
Retiring in 20 years		
Males	22.3	23.3
Females	24.8	25.5

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

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

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

2019/2020 £'000	Present Value of Police Pension Scheme Liabilities	2020/2021 £'000
-3,443,522	Present value of schemes liability as at 1 April	-3,222,206
	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

18 Pensions for Police Staff - OCC

Police staff can choose to join the Somerset County Council Local Government Pension Scheme, which is a defined benefit scheme based on career average salary. Government regulations define the level of funding required to meet the full cost of current and future pensions.

The total amounts paid into the fund by the PCC Group and the percentage of employees' contributions are shown below.

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

During 2020/2021 the Constabulary paid into the fund at rates of between 130% and 296% of the rate which employees paid, depending upon the whole time equivalent salary paid to employees. Employer contributions to the Police Staff Pension Scheme are projected at £16,159,000 in financial year 2021/2022.

Since April 2020 the Constabulary has paid 16.3% of the employee salary in pension contribution (previously 13.2%) for current active members and an annual fixed sum to pay for past service deficit recovery. The fixed sum paid in 2020/2021 was £2,260,000; the amount due in 2021/2022 is £2,340,000.

It should be noted that the actuary has used an estimated value in respect of police staff employers pension contributions in arriving at the calculation of pension costs included in the comprehensive income and expenditure statement as disclosed in note 16.

A full valuation of the pension scheme liabilities was last undertaken as at 31 March 2019. This work has been updated for the 2020/2021 financial year by independent actuaries to the Somerset County Council pension fund, who have taken account of the requirements of IAS 19 to assess the liabilities of the fund. Liabilities have been calculated by reference to police staff who are members of the fund as well as those who are already receiving pensions. The estimate of the duration of the employer's liabilities is 26 years. Using the assumptions detailed in the tables below an estimate of the costs and liabilities associated with police staff pensions has been made.

Life Expectancy from Age 65 Years		2020/2021	2019/2020
Current pensioners			
	Males	23.1	21.6
	Females	24.6	23.7
Retiring in 20 years			
	Males	24.4	23.3
	Females	26.0	25.5

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

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

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

2019/2020		Assets	2020/2021	
£'000	%		£'000	%
		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
-604,478	Estimated liabilities in pension fund	-879,492
-1,749	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.

19 Property, Plant and Equipment

Property, Plant and Equipment 2019/2020	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
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	1,303	6,662	12	7,977
Disposals	0	-22,628	0	-22,628
Reclassification	5,344	0	-5,086	258
Revaluation gain/loss (-)				
Recognised in revaluation reserve	40	0	0	40
Recognised in surplus & deficit I&E	-4,127	0	0	-4,127
As at 31 March 2021	189,161	92,619	507	282,287
Depreciation and impairment				
As at 1 April 2020	-552	-90,869	0	-91,421
Depreciation charge	-6,033	-9,953	0	-15,986
Disposals	0	22,411	0	22,411
Reclassification	0	0	0	0
Revaluation gain/loss (-)				
Recognised in revaluation reserve	4,571	0	0	4,571
Recognised in surplus & deficit I&E	1,062	0	0	1,062
As at 31 March 2021	-952	-78,411	0	-79,363
Net book value				
As at 31 March 2021	188,209	14,208	507	202,924
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	111,707	14,208	507	126,422
PFI	76,502	0	0	76,502
	188,209	14,208	507	202,924

20 Finance Leases – PFI

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

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

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

The following tables show PFI assets and liabilities.

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

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

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

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

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

21 Debtors and Payments In Advance

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

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

22 Cash and Cash Equivalents

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

23 Loans Still to be Repaid

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

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

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

24 Creditors and Receipts in Advance

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

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

25 Short and Long Term Provisions

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

26 Contingent Liabilities

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

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

26.1 McCloud/Sargeant

26.1.1 Impact on Police Officer pension liability

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

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

The remedy will apply to those members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. These members will choose which scheme they are to accrue benefits in over the remedy period (1 April 2015 to 31 March 2022). From 1 April 2022, everyone is assumed to accrue benefits in the 2015 scheme.

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

The scheme actuary has updated their calculations for the final remedy, and this has been reflected in the IAS19 disclosure in the 2020/2021 accounts. The impact of the final remedy is a reduction in the defined benefit obligation by around £19m. The actuary had previously assumed that all members who were previously in a final salary scheme would move back to that scheme. When calculating the impact of the remedy, the actuary has only included those members that were active as at 31 March 2012 and on or after 1 April 2015. The actuary has assumed that these members would choose the scheme that they could accrue the most benefits in over the remedy period based on the actuarial assumptions at the last valuation date. Given that members' final salary schemes tended to provide the higher benefit in the first place, the overall effect of the proposal is a slight reduction in the defined benefit liability.

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

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

26.1.2 Impact on Police Staff pension liability

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

estimated the potential increase in scheme liabilities for Avon & Somerset force to be £5.648m of pensions scheme liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2019/2020 accounts. The scheme actuaries do not believe that there are any material differences to the staff pension liability as a result of the government's final published remedy.

26.1.3 Compensation claims

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

26.2 COVID-19

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

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

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

27 Funds and Reserves

27.1 Revenue Reserves and General Fund

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

Revenue Reserves 2019/2020	Balance 1 April 2019 £'000	Reserves Used in Year £'000	Transfers to Reserves in Year £'000	Balance 31 March 2020 £'000
Carry forwards	930	-1,922	2,818	1,826
Operations	1,500	0	0	1,500
Overtime liability	1,000	0	0	1,000
Buildings and sustainability	449	-617	917	749
Transformation	2,520	-2,927	879	472
Operation Remedy	0	0	1,344	1,344
Covid 19 Recovery	0	0	1,000	1,000
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.

27.2 Capital Reserves

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

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

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

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

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

28 Capital Financing

2019/2020 £'000	Capital Expenditure and Financing	2020/2021 £'000
99,966	Opening capital financing requirement	103,209
	Capital investment	
14,316	Property, plant and equipment	7,977
	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	-3,297
526	Capital creditors	-4
-11,073		-10,553
103,209	Closing capital finance requirements	100,633
	Explanation of movements in year	
3,243	Increase/decrease(-) in underlying need to borrow	-2,576
3,243	Increase/decrease(-) in capital financing requirement	-2,576

29 Financial Instruments

29.1 Categories of Financial Instruments

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

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	1,766	0	51,570	53,336
Total financial liabilities	1,509	3,689	20,707	95,879	121,784
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	3,689	37,860	95,879	138,937

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	26,425	0	88,224
Total financial liabilities	37,799	24,000	26,425	0	88,224
Other assets not defined as financial instruments:					
VAT	0	0	1,619	0	1,619
Payments in advance	0	0	4,702	0	4,702
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

29.2 Financial Liabilities

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

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

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

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

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

29.3 Financial Assets

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

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

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

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

29.4 Income, Expense, Gains and Losses

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

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

29.5 Risks Arising from Financial Instruments

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

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

29.6 Credit Risk

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

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

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

At 31 March 2021 investments can be analysed as follows:

Credit Rating	31 March 2020 £'000	Default %		Credit Rating	31 March 2021 £'000	Default %
AAA	12,902	0.12	Deposits with Money Market Funds	AAA	5,640	0.12
AA	7,000	0.02	Deposits with local authorities	AA-	36,000	0.08
AA	6,000	0.03	Deposits with UK banks	AA-	5,000	0.03
A	25,000	0.06	Deposits with UK banks	A	7,000	0.06
AA	4,000	0.02	Deposits with Overseas banks	AA-	5,000	0.03
-	0	0.00	Deposits with Overseas banks	-	0	0.00
N/A	3,000	N/A	CCLA property fund	N/A	3,000	N/A
	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
<u>1,292</u>		<u>1,808</u>

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

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

29.7 Liquidity Risk

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

29.8 Market Risk

29.8.1 Interest Rate Risk

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

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

29.8.2 Price Risk

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

29.8.3 Foreign Exchange Risk

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

Police & Crime Commissioner for Avon & Somerset

Avon & Somerset Police Officers Pension Fund Account Statements - OCC

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

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

2019/2020 £'000	Police Officers Pension Fund Account	2020/2021 £'000
	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/>		<hr/>
0	Net assets	0
<hr/>		<hr/>

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



Further information can be obtained online at:-

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

www.avonandsomerset.police.uk (Constabulary Website)

Or in writing to:-

The Chief Finance Officer

Office of the PCC for Avon & Somerset

PO Box 37, Valley Road

Portishead, Bristol BS20 8QJ

Telephone: **01278 646188**



<http://www.facebook.com/AandSPCC>



[@AandSPCC](https://twitter.com/AandSPCC)

2020/2021
**CHIEF CONSTABLE'S
STATEMENT
OF ACCOUNTS**



Office of the Chief Constable for Avon & Somerset

Officers of the Office of the Chief Constable

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

Andy Marsh	Chief Constable 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



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Office of the Chief Constable for Avon & Somerset

Chief Finance Officer's Narrative Report

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

1 Organisational Overview

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

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

The 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 nine directorates, encompassing all aspects of operational and organisational delivery.

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

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

The Constabulary's Mission, Vision and Values are:

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 37 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
28 October 2021

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 19 to 36 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
28 October 2021



Nick Adams LLB (Hons), FCA
Chief Finance Officer to OCC
28 October 2021

Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of the Chief Constable for Avon and Somerset (the 'Chief Constable') for the year ended 31 March 2021 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the Avon & Somerset Police Officers Pension Fund financial statements comprising the Fund Account and Net Assets. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/2021.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/2021; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/2021 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Chief Constable. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Chief Constable and the Chief Constable's disclosures over the going concern period.

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Chief Constable, the other information published together with the financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

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

As explained more fully in the Statement of Responsibilities, the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/2021, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011). We also identified the following additional regulatory frameworks in respect of the police pension fund: Public Service Pensions Act 2013, the Police Pension Fund Regulations 2007, the Police Pensions Regulations 2015 and the Police Pensions Regulations 2006.

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

transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

- the Chief Constable's control environment, including the policies and procedures implemented by the Chief Constable to ensure compliance with the requirements of the financial reporting framework.

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

Matter on which we are required to report by exception – the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

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

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

Responsibilities of the Chief Constable

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

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

- Financial sustainability: how the Chief Constable plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Chief Constable ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services.

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

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

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

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

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

Use of our report

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited). Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

[Jackson Murray](#)

Jackson Murray

Key Audit Partner

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

Bristol

29 October 2021

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*.

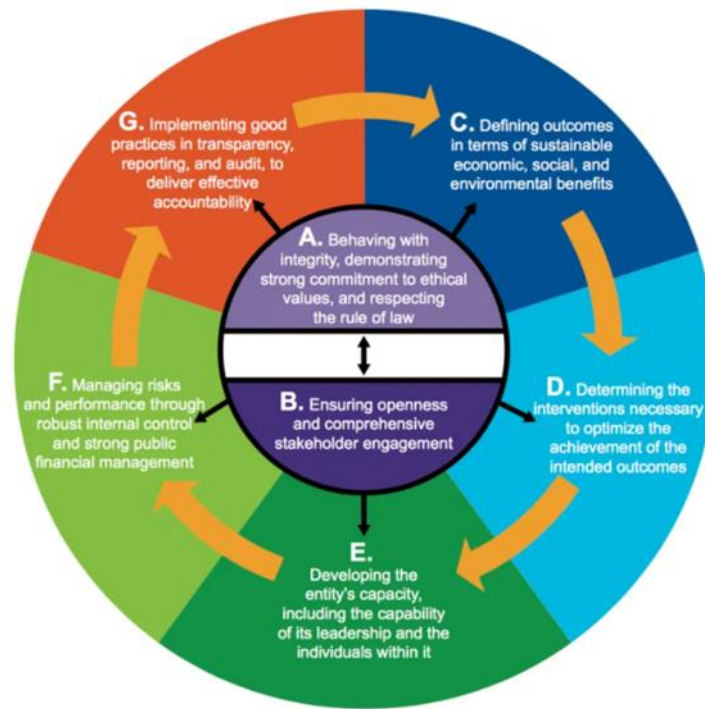


Figure 1: CIPFA Principles for Good Governance (taken from their publication 'Delivering Good Governance in Local Government: Framework 2016 Edition').

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.

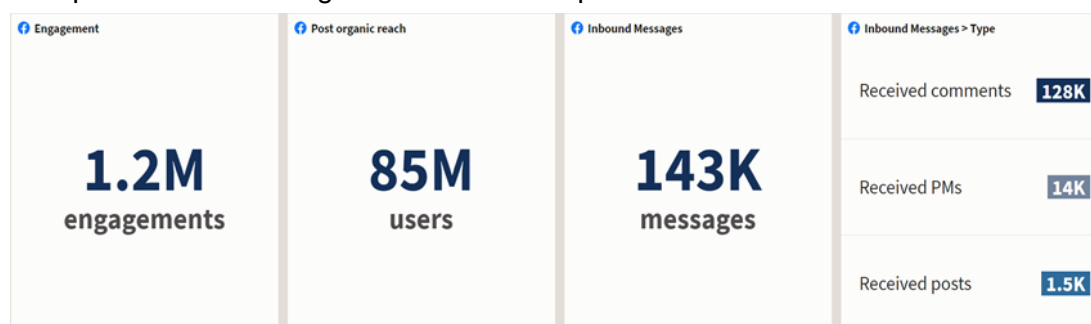


Figure 2: Facebook channel engagement data between April 2020 and April 2021

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.

MTFP & Financial Risk

The PCC and Constabulary jointly develop an annual Medium Term Financial Plan (MTFP), which considers the future financial context for the combined organisations, forecasting both revenue and capital plans across a five year planning horizon. 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	■ Data Protection Audit
	■ Workforce Plane Follow up
Quarter 2	■ Records and Data Retention Audit
	■ Health and Safety Management of Staff Audit
Quarter 3	■ Digital Strategy
	■ Key Financial Controls
	■ Partnership Arrangement Audit
Quarter 4	■ 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 ¹	October 2020
An inspection of the effectiveness of the Regional Organised Crime Units ²	February 2021
HMICFRS Value for Money Dashboard ³	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 Black Lives Matter, '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.

¹ <https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/getting-the-balance-right-an-inspection-of-how-effectively-the-police-deal-with-protests.pdf>

² <https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/an-inspection-of-the-effectiveness-of-the-regional-organised-crime-units.pdf>

³ <https://www.justiceinspectorates.gov.uk/hmicfrs/our-work/article/value-for-money-inspections/value-for-money-profiles/value-for-money-dashboards/>

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.

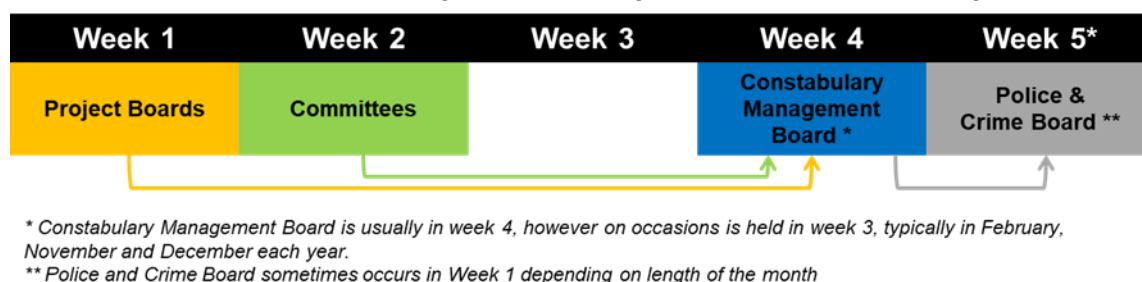


Figure 7: Monthly meeting cadence. The arrows represent the direction of reporting between meetings, and demonstrate the importance of appropriate scheduling of different meeting types to facilitate efficient flow of information.

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
28 October 2021



Nick Adams LLB (Hons), FCA
Chief Finance Officer to the OCC
28 October 2021

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	413,924	-45,124	368,800
0	-2,827	-2,827	Police Services restated	0	0	0
-403,682	36,551	-367,131	Intragroup adjustment	-413,924	45,124	-368,800
0	2,827	2,827	Intragroup adjustment restated	0	0	0
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 and holiday pay 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					
Holiday pay accrual adjustment	2,553		2,553	-2,553	0
Holiday pay inter group adjustment	-2,553		-2,553	2,553	0
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
28 October 2021

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 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 OCC established a de minimis level of £5,000 for accruals in both 2019/2020 and 2020/2021.

1.3 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.

1.4 Employee Benefits

1.4.1 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.

1.4.2 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.

1.4.3 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.

1.4.4 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.

1.5 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.

1.6 Joint Arrangements

Joint Arrangements are classified as either Joint Operations or Joint Ventures. Joint Operations are where activities are agreed through a shared control (usually through a shared board) and the parties have rights to the assets and obligations for the liabilities relating to the arrangement. Joint Ventures are where the parties have rights to the net assets of the arrangement. The Group does not participate in any joint ventures.

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

1.7 Contingent Liabilities

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

1.8 Post Balance Sheet Events

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

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

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

2 Critical Judgements in Applying Accounting Policies

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

- The Police and Crime Commissioner Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The

basis adopted was arrived at after considering the CIPFA Reporting Code of Practice and the Police Reform and Social Responsibility Act.

- A long term debtor is included in the Chief Constable's Balance Sheet to reflect the continuing requirement on an elected policing body, as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the Chief Constable from the Police and Crime Commissioner for the payment of pensions and other employee benefits. Should the Police and Crime Commissioner be required to settle future pension liabilities, there is no long-term expectation that the Home Office will provide this funding. Similarly, the Chief Constable could not be expected to fund the liability as the Chief Constable (the current grant arrangements notwithstanding) has no assets, cash reserves, income receipts or other sources of funding. It is reasonable to expect that should the Police and Crime Commissioner Group be required to settle future pension liabilities (however unlikely this may be), then settlement would result in an outflow of resources from the Police and Crime Commissioner.
- Estimation of the pension element of the provision (set out above) is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows.
- Judgements are made by professional advisors in valuing pensions. Management have reviewed and accepted these judgements.
- A judgement has been made to include the impact of the McCloud/Sargeant ruling. Whilst the regulations underpinning the Local Government Pension Scheme (LGPS) and police pension schemes have not yet been amended, a change to the remedy is not anticipated.

3 Accounting Standards Issued But Not Adopted

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

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

IFRS 16 Leases has not been adopted and is too early to judge the impact on the financial statements. CIPFA has issued a statement from the CIPFA/LASAAC that the implementation of the IFRS 16 leases will be deferred until 1 April 2022 due to the impact of COVID-19.

4 Assumptions Made About the Future and the Sources of Estimations

In some areas figures in the accounts are based on estimates which take into account past experience, current trends and other relevant factors. By their nature these figures could vary and as such the material areas based on estimates are detailed below.

4.1 Pension Service Costs

The estimation of the 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. The rate of return used as at February 2021 and projected up to March 2021 to value the assets, the difference between rate used and actual rate is adjusted for in the opening balance in the following year valuation.

4.3 Short and Long Term Provisions

In determining the provisions set aside at 31 March 2021 to pay for known future costs it has been necessary to estimate and make assumptions about the future. More detail around the sources of these estimations and the underlying assumptions made are included within note 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		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			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	58,201	368,800
-2,827	0	-2,827	Police Services - OCC restated	0	0	0
-301,696	-65,435	-367,131	Intragroup adjustment	-310,599	-58,201	-368,800
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	9,911	51,324	-3,034	58,201
-10,749	-71,166	16,480	-65,435	Intragroup adjustment	-9,911	-51,324	3,034	-58,201
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	258,652
13,559	Premises costs	15,327
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	20,150
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	-1,247,526
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	-9,862
-2,827	Officer pensions grant	-2,828
-19,222	Intragroup adjustment	-8,294
-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
	<u>165,394</u>	<u>7,747</u>	<u>173,141</u>	<u>0</u>	<u>173,141</u>

Disclosure of Remuneration for Senior Employees 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
	<u>169,366</u>	<u>11,128</u>	<u>180,494</u>	<u>0</u>	<u>180,494</u>

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 2020/2021
		£	£	£	£	£
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. The final fees for the audit have not yet been confirmed.

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 (£2,142 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	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

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	2020/2021	2019/2020
Current pensioners		
Males	21.1	21.6
Females	23.3	23.7
Retiring in 20 years		
Males	22.3	23.3
Females	24.8	25.5

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

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

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

2019/2020 £'000	Present Value of Police Pension Scheme Liabilities	2020/2021 £'000
-3,443,522	Present value of schemes liability as at 1 April	-3,222,206
	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		Payments	Percentage
£'000	of Employees' Contributions		£'000	of Employees' Contributions
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		2020/2021	2019/2020
Current pensioners			
	Males	23.1	21.6
	Females	24.6	23.7
Retiring in 20 years			
	Males	24.4	23.3
	Females	26.0	25.5

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

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

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

2019/2020		Assets	2020/2021	
£'000	%		£'000	%
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
-604,478	Estimated liabilities in pension fund	-879,492
-1,749	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
Commuted sums	These are the lump sum amounts paid to officers when they retire, if they choose to have a lower pension.
Comprehensive income and expenditure statement	Summarises the income and expenditure during the financial year within the PCC's statement of accounts.
Contingent liabilities	A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
Creditors	Amounts which are owed to others.
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



Further information can be obtained online at:-

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

www.avonandsomerset.police.uk (Constabulary Website)

Or in writing to:-

The Chief Finance Officer

Avon and Somerset Constabulary

PO Box 37, Valley Road

Portishead, Bristol BS20 8QJ

Telephone: **01278 646188**

 <http://www.facebook.com/avonandsomersetpolice>

 [@aspolice](https://twitter.com/aspolice)

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

Year ended 31 March 2021

October 2021



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Your key Grant Thornton team members are:

Jackson Murray

Key Audit Partner

T 0117 305 7859

E Jackson.Murray@uk.gt.com

Gail Turner-Radcliffe

Audit Manager

T 0292 034 7546

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

George Amos

Audit In-charge

T 0117 305 7780

E George.WM.Amos@uk.gt.com

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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 PCC and Chief Constable 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.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audits of Avon and Somerset Police and Crime Commissioner ('the PCC') and Avon and Somerset Chief Constable and the preparation of the PCC's and Chief Constable's financial statements for the year ended 31 March 2021 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion the financial statements:

- give a true and fair view of the financial positions of the PCC and Chief Constable's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with each set of audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work has been completed remotely, beginning in August. Our findings are summarised on pages 5 to 17.

Adjustments identified in respect of the audit are detailed in Appendix C.

We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audits are detailed in Appendix B.

Our work is substantially complete, and we will then be in a position to issue our audit opinions following;

- receipt and review of the final signed sets of financial statements; and
- receipt and review of the management representation letters.

We have concluded that the other information to be published with each set of financial statements is consistent with our knowledge of your organisations and the financial statements we have audited.

Our anticipated audit report opinions will be unmodified, with the Group and PCC opinion including an Emphasis of Matter paragraph highlighting the material valuation uncertainty reported by the PCC's property valuer as disclosed in Note 4.4 of the accounts.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether in our opinion, both entities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for this is attached in the Appendix H to this report. We expect to issue our Auditor's Annual Report at the Joint Audit Committee scheduled for December 2021. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the PCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any risks in our Joint Audit Plan and we have not identified any from our work to date.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audits.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audits upon the completion of our work on the PCC and Chief Constable's VFM arrangements, which we aim to report in our Annual Auditor's report in December 2021, and following the completion of our procedures on the Group's Whole of Government Accounts (WGA) return. The WGA guidance is not expected until December 2021 and we will complete our work following this.

2. Financial Statements

Overview of the scope of our audit

This Joint Audit Findings Report presents the observations arising from the audits that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

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

Audit approach

Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:

- an evaluation of the PCC's and Chief Constable's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have not had to alter our Joint Audit Plan, as communicated to you in April 2021.

Conclusion

We anticipate issuing unqualified audit opinions on the financial statements of both the Group and PCC and the Chief Constable following the Joint Audit Committee meeting on 20 October 2021, as detailed in Appendix E and F.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. The ongoing impact of the pandemic has meant that both your finance team and our audit team faced audit challenges again this year, such as remote access working arrangements including video calling, and increased procedures required to verify the completeness and accuracy of information provided remotely.

Additional audit procedures were required on system reports as a result of IT Audit findings that have caused significant additional work for both parties. The continued focus on key estimates, such as PPE and pension liabilities, has also resulted in additional work. More detail is included throughout this report.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan in April 2021. We detail in the table opposite our determination of materiality.

	Group and PCC (£'000)	Chief Constable Amount (£'000)
Materiality for the financial statements	6,161	6,055
Performance materiality	4,621	4,541
Trivial matters	308	303
Materiality for senior officer remuneration disclosures	20	20

We have determined financial statement materiality based on a proportion of the gross expenditure of the group and PCC and the Chief Constable for the financial year. For our audit testing purposes we apply the Chief Constable materiality figure, which is £6.055m (PY £7.334m), which equates to 1.5% (PY 2%) of the Chief Constable's prior year gross expenditure or the year.

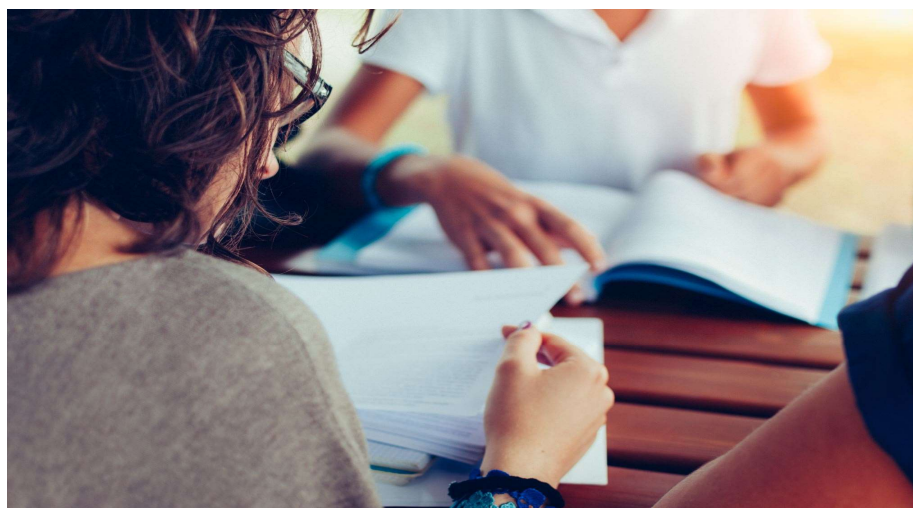


2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Relates to	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	PCC, CC and Group	<p>We have:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals; analysed the journals listing and determined the criteria for selecting high risk unusual journals; considered the impact of IT audit findings on the journals posted, and extended our journal testing to include journals posted by non-finance team employees; identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; and gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness. <p>Our sample testing has not identified any significant issues in respect of journals posted in year.</p> <p>We include a recommendation in Appendix A relating to journal entries and follow up a prior year recommendation in Appendix B.</p> <p>More information on key estimates and judgements in respect of PPE and pensions valuations can be found on pages 11 to 14.</p>



2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	PCC, CC and Group	<p>In our Joint Audit Plan we concluded that we did not consider this to be a significant risk for the PCC, Chief Constable and/or Group.</p> <p>We have not made any changes to this assessment during the audit and based on our findings. Covid-19 grants were not significant sources of income for the Group or PCC in 2020/21.</p>
<p>Valuation of land and buildings</p> <p>The PCC (and group) revalue land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value or the fair value (for surplus assets) at the financial statements date via full valuations or on a desktop basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£186 million) and the sensitivity of this estimate to changes in key assumptions. We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	Group and PCC	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts, and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; discussed with the valuer the basis on which the valuations were carried out to ensure that the requirements of the CIPFA Code are met; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; engaged our own valuer to assess the instructions to the group's valuer, the group's valuer's report and the assumptions that underpin the valuations; tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the PCC (and group's) asset register; and evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. <p>We have raised a recommendation in Appendix A in respect of some of the methodologies and inputs applied to in-year valuations, however we have concluded that overall land and building asset values are not materially misstated.</p> <p>More information on our review of the valuation of land and buildings can be found on page 11.</p>

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Valuation of the pension fund net liability</p> <p>The Group and Chief Constable's pension fund net liability, as reflected in the balance sheets as the net defined benefit liability, represent a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£4.8bn in the Group and Chief Constable's balance sheets) and the sensitivity of the estimate to changes in key assumptions.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p> <p>The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.</p>	<p>Group and Chief Constable</p>	<p>We have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation; • assessed the accuracy and completeness of the information provided by the group to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed any additional procedures suggested within the report; and • obtained assurances from the auditor of Somerset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. <p>We have raised a recommendation in Appendix A. Based on the testing that we have completed, we have concluded that we have sufficient assurance that the pension liability and asset are fairly stated.</p>

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary
<p>IT Control deficiencies</p> <p>Our IT audit colleagues undertook a review of the IT General Control environment. A separate findings report that summarises this work has been shared with management and Those Charged With Governance.</p>	<p>The findings raised recommendations which have been agreed by management as per the IT audit findings report.</p> <p>Given the impact of some of our recommendations, we undertook additional testing on all system reports that were provided to us to ensure that they were consistent with the underlying system data.</p> <p>We also undertook increased testing of journal entries to ensure that the findings were taken into account when considering those journals posted by users with increased system access.</p> <p>We have included the key recommendation arising from our IT audit work in Appendix A.</p>

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £191m	Group and PCC	<p>Land and buildings comprises of specialised assets such as the Constabulary's main regional police centres, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end.</p> <p>The PCC engaged Jones Land LaSalle Limited (JLL) to complete a full valuation of land and buildings as at 31 March 2020 as part of the cyclical valuation programme. As at 31 March 2021, a desk top exercise was conducted by the internal valuer.</p> <p>The total year end valuation of land and buildings was £191m, a net increase of £5m from 2019/20 (£186m).</p> <p>The Group/PCC's valuer disclosed a material uncertainty in the valuation of the Group/PCC's land and buildings as at 31 March 2021 as a result of Covid-19. The Group/PCC have included disclosures on this issue in note 4.4.</p>	<p>We have reviewed the detail of your assessment of the estimate, considering the revised requirements of ISA 540. Our work included:</p> <ul style="list-style-type: none"> an assessment of management's expert, who we found to have relevant experience and professional qualifications; review of the completeness and accuracy of the underlying information used to determine the estimate, including the re-calculation of valuation figures using national indices to determine specific asset valuations that warrant further review; consultation of an auditor's expert – we have discussed the methods that the valuer has used to determine build rates with our expert and have determined that they do not reflect current good practice – see recommendation 7 in Appendix A; consideration of the appropriateness of any alternative site assumptions; assessing the impact of any changes to valuation method, which we considered to be immaterial; and an assessment of the adequacy of disclosure of estimate in the financial statements. <p>The financial statements include disclosure of material uncertainty relating to land and buildings. We will highlight this disclosure within an "emphasis of matter" paragraph in our opinion. This is not a modification of qualification of the opinion and is consistent with other audited bodies where the valuer has highlighted a material valuation uncertainty.</p> <p>We held a significant number of discussions with management, their expert and our own external valuation expert during our audit. We concluded that whilst the valuation of land and buildings in the Balance Sheet was not materially misstated, management should consider changes to the valuation process for future years to ensure that it is in line with industry standard practice and that methods, inputs and assumptions can be easily corroborated.</p>	Amber – due to recommendation in Appendix A

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability – £4.8bn	Group and the Chief Constable	<p>The Group and Chief Constable's total net pension liability at 31 March 2021 is £4.8bn (PY £3.5bn).</p> <p>£0.9bn (PY £0.6bn) of the liability is in respect of police staff in the LGPS, administered by Somerset Pension Fund. The Group uses Barnett Waddingham to provide actuarial valuations of the assets and liabilities derived from this scheme.</p> <p>A full actuarial valuation is required every three years, with the last taking place in 2019. A roll forward approach is used in the intervening periods, which utilises key assumptions such as life expectancy, discount rates and salary growth.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<p>In assessing the estimate, we have considered the following:</p> <ul style="list-style-type: none">the actuary's experience, competence and professional qualifications;the actuary's approach, through the use of PwC as an auditors expert, used to assess the methods and assumptions used (see below table for consideration of the assumptions adopted);the completeness and accuracy of the underlying information used to determine the estimate by comparing it to source records and other data provided through the audit;the impact of any changes to valuation method – none were noted;the assurances provided by the auditor of Somerset Pension Fund over the process and controls in place at the Fund over the information provided to the actuary;the adequacy of disclosures of estimate in the financial statements; andthe reasonableness of the PCC and Chief Constable's share of LGPS pension assets. <p>The actuary used an estimated return on the scheme assets for March 2021, as they have in prior years. Whilst we concluded this did not lead to material overstatement of the LGPS pension asset following challenge of management and the actuary, we have raised a recommendation for future years in Appendix A.</p> <table><tr><th>LGPS Assumptions</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr><tr><td>Discount rate</td><td>2.05%</td><td>1.95% to 2.05%</td><td>●</td></tr><tr><td>Pension increase rate</td><td>2.85%</td><td>2.80% to 2.85%</td><td>●</td></tr><tr><td>Salary growth</td><td>3.85%</td><td>1% above CPI which is equal to 3.85%</td><td>●</td></tr><tr><td>Life expectancy – Males currently aged 45 / 65</td><td>23.1 / 24.4</td><td>20.5 to 23.1 / 21.9 to 24.4</td><td>●</td></tr><tr><td>Life expectancy – Females currently aged 45 / 65</td><td>24.6 / 26.0</td><td>23.3 to 25.0 / 24.8 to 26.4</td><td>●</td></tr></table>	LGPS Assumptions	Actuary Value	PwC range	Assessment	Discount rate	2.05%	1.95% to 2.05%	●	Pension increase rate	2.85%	2.80% to 2.85%	●	Salary growth	3.85%	1% above CPI which is equal to 3.85%	●	Life expectancy – Males currently aged 45 / 65	23.1 / 24.4	20.5 to 23.1 / 21.9 to 24.4	●	Life expectancy – Females currently aged 45 / 65	24.6 / 26.0	23.3 to 25.0 / 24.8 to 26.4	●	Amber – due to recommendation in Appendix A
LGPS Assumptions	Actuary Value	PwC range	Assessment																									
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2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability – £4.8bn Comprising: Police Officer Pension Schemes: £3.9bn Local Government Pension Scheme (LGPS): £0.9bn	Group and the Chief Constable	<p>The remaining £3.9bn (PY £3.2bn) of the net defined benefit pension liability is in respect of the Police Pension Schemes. The group uses Barnett Waddingham to provide actuarial valuations of the assets and liabilities derived from these schemes.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>As unfunded schemes, the Police Pension Schemes do not have any assets, and in-year, and shortfall in the Police Officer Pension Fund is balanced by a grant from the Home Office.</p>	<p>In assessing the estimate, we have considered the following:</p> <ul style="list-style-type: none">the actuary's experience, competence and professional qualifications;the actuary's approach, through the use of PwC as an auditors expert, used to assess the methods and assumptions used (see below table for consideration of the assumptions adopted);the completeness and accuracy of the underlying information used to determine the estimate by comparing it to source records and other data provided through the audit;the impact of any changes to valuation method – none were noted;the assurances provided by the auditor of Somerset Pension Fund over the process and controls in place at the Fund over the information provided to the actuary; andthe adequacy of disclosures of estimate in the financial statements. <table><tr><th>Police Pension Scheme Assumptions</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr><tr><td>Discount rate</td><td>2%</td><td>1.95% to 2.05%</td><td>●</td></tr><tr><td>Pension increase rate</td><td>2.85%</td><td>2.80% to 2.85%</td><td>●</td></tr><tr><td>Salary growth</td><td>3.85%</td><td>1% above CPI which is equal to 3.85%</td><td>●</td></tr><tr><td>Life expectancy – Males currently aged 45 / 65</td><td>21.1 / 22.3</td><td>20.5 to 23.1 / 21.9 to 24.4</td><td>●</td></tr><tr><td>Life expectancy – Females currently aged 45 / 65</td><td>23.3 / 24.8</td><td>23.3 to 25.0 / 24.8 to 26.4</td><td>●</td></tr></table>	Police Pension Scheme Assumptions	Actuary Value	PwC range	Assessment	Discount rate	2%	1.95% to 2.05%	●	Pension increase rate	2.85%	2.80% to 2.85%	●	Salary growth	3.85%	1% above CPI which is equal to 3.85%	●	Life expectancy – Males currently aged 45 / 65	21.1 / 22.3	20.5 to 23.1 / 21.9 to 24.4	●	Life expectancy – Females currently aged 45 / 65	23.3 / 24.8	23.3 to 25.0 / 24.8 to 26.4	●	Green
Police Pension Scheme Assumptions	Actuary Value	PwC range	Assessment																									
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2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision (MRP) - £3.4m	Group and PCC	<p>The PCC and Chief Constable is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>We consider that management's MRP Policy is in line with statutory guidance. MRP on non-PFI assets is charged based upon the life of the asset and the respective unfinanced element of that asset. We confirmed that none of the assets had a life higher than 50 years, which is the top end of useful life as set out in the statutory guidance.</p> <p>MRP is also required to be charged for the PFI assets, and this charge is equal to the write down of the liability.</p>	<p>We considered that the MRP charge and policy has been calculated in line with the statutory guidance.</p> <p>We undertook benchmarking of the Group and PCC's MRP charge as a percentage of the Capital Financing Requirement, and also the level of borrowings as a percentage of the Capital Financing Requirement. In both cases, and for both 2019/20 and 2020/21, the indicators were rated as green, providing us with further assurance that a prudent charge appears to have been made.</p>	Green

2. Financial Statements - other communication requirements

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

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Joint Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed from our work to date.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Letters of representation have been requested from both the PCC and the Chief Constable which are included in the Joint Audit Committee papers.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the PCC's bank and related investment entities. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the PCC's and Chief Constable's accounting policies, accounting estimates and financial statement disclosures. Our review found that there was no accounting policy for joint arrangement, which management agreed to add. We have also raised a recommendation in Appendix A in respect of accounting policies, which in our view could be expanded to aid the reader's understanding of the accounts.
Audit evidence and explanations/ significant difficulties	The majority of information and explanations requested from management have been provided, noting that our work continues in certain areas.

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p data-bbox="871 464 2056 603">In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p data-bbox="871 619 2013 671">Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul data-bbox="871 687 2074 986" style="list-style-type: none"> • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities; and • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the PCC's and Chief Constable's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p data-bbox="871 1002 2047 1141">Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the PCC and Chief Constable meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul data-bbox="871 1157 2022 1329" style="list-style-type: none"> • the nature of the PCC and Chief Constable and the environment in which they operate; • the PCC's and Chief Constable's financial reporting framework; • the PCC's and Chief Constable's system of internal control for identifying events or conditions relevant to going concern; and • management's going concern assessment. <p data-bbox="871 1345 2051 1369">On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul data-bbox="871 1385 1995 1503" style="list-style-type: none"> • a material uncertainty related to going concern has not been identified for either the PCC or the Chief Constable; and • management's use of the going concern basis of accounting in the preparation of both sets of financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with each set of audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to appendix E and F</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statements do not comply with disclosure requirements set out in CIPFA/SOLACE guidance or are misleading or inconsistent with the information of which we are aware from our audits; • if we have applied any of our statutory powers or duties; and/or • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions. Note that work is not yet completed as we are awaiting the audit instructions from the NAO and management are yet to receive the centrally provided data collection tool. We understand that the WGA consolidation pack is not expected to be provided to audited bodies for completion prior to audit review until December 2021 at the earliest.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2020/21 audits of Avon and Somerset PCC and Chief Constable in the audit reports, due to VFM work being ongoing and WGA consolidation procedures remaining outstanding as outlined above.</p>



3. Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria.
- Auditors undertaking sufficient analysis on the PCC's and Chief Constable's VFM arrangements to arrive at far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix H to this report. We expect to issue our final Auditor's Annual Report by the end of December 2021. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the PCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in their use of resources. We have not identified any significant weaknesses from our initial planning work.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Appendices

A. Action plan – Audit of Financial Statements

We have identified seven recommendations for the group/PCC and Chief Constable as a result of issues identified during the course of our audits. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
High	<p>1. Excessive access to critical T-Codes in SAP</p> <p>Our audit identified:</p> <ul style="list-style-type: none"> four users (out of approximately 7,000 active users) from the SAP Support Team with access to the SM49 and SM69 T-Codes on unlocked 'A Dialog' accounts (user accounts that can be logged in to). Access to these T-Codes allows a user to run commands which can execute changes in the operating system that supports SAP and log directly into the SAP database with a privileged account; four users from the SAP Support Team with DEBUG access on unlocked dialog accounts. DEBUG access allows users to alter system source code and logic directly in the production environment; three users (out of approximately 7,000 active users) from the SAP Support Team who have access to the critical administrative T-Codes on their SAP support account and on their end user account (end user IDs 529445, 528844 and 529447); eighteen end users (out of approximately 7,000 active users) with access to schedule, modify or delete batch jobs in the SM37 job scheduler. During the period of audit, it was identified that 11 end users had made changes to batch processes in SAP; and three end users (out of approximately 7,000 active users) have access to the SE16 T-Code which can allow customised or standard data tables to be edited directly in the database. <p>Bypass of system-enforced internal control mechanisms through inappropriate use of administrative access rights increase the risk of financial misstatement through fraud or error, as a result of users making unauthorised changes to transactions and system configuration parameters.</p>	<p>We recommend that:</p> <ul style="list-style-type: none"> undertake a full review of all users who have been assigned access to critical T-Codes and revoke access to those T-Codes which do not align with the user's roles and responsibilities; ensure roles that allow system configurations to be altered are restricted on a need-to-use basis and are not assigned to users in the normal course of business; and revoke access to the critical administrative T-Codes for the three SAP support users end and their user accounts immediately. <p>Management response</p> <p>The SAP Support team will remove the Debug access from accounts in production.</p> <p>The SAP Support team will look to remove as many roles as possible from end user IDs 529445, 528844 and 529447 by the end of September.</p> <p>The Support team will investigate the end user with access to SM37 and SE16 with a view to removing the access to those T-Codes where is not an operational need for those transactions. We will look to complete the investigation by the end of September 2021.</p>

A. Action plan – Audit of Financial Statements - continued

Assessment	Issue and risk	Recommendations
Low	<p>2. Cybersecurity training</p> <p>Our audit identified that cybersecurity training is not provided to all employees but only to IT staff. We are aware that this is currently being developed but was not in place during the 2020/21 financial year.</p> <p>There is a risk that cyber threats could impact the organisations if not all members of staff are sighted on the threats and what to do in relation to them.</p>	<p>We recommend that cybersecurity training is provided to all employee to protect the IT infrastructure of the Force.</p> <p>Management response</p> <p>The recommendation of cybersecurity training to all employees in order to protect the IT infrastructure will be added to the agenda of the next Finance & Assets committee meeting.</p>
Medium	<p>3. Journals review</p> <p>The finance team performs a quarterly review on all standard journals (SA and SP SAP transaction types). In addition, monthly accrual journals go through a two stage review where such journals are first prepared by finance officers, emailed to a communal email inbox and reviewed by a senior financial accountant before being posted by another finance officer (on a rota basis).</p> <p>However, during our walkthrough of the journal process we identified that a senior financial accountant could post an accrual journal without this being reviewed.</p> <p>The accrual journals are not part of the quarterly review. However, as this was identified during our audit planning, a senior financial accountant performed an extra review on accrual journals before the year end to provide authorisation of the journals subsequent to them being posted.</p> <p>There is therefore a risk that a journal can be posted without being reviewed.</p>	<p>We recommend that management evaluates the review processes in place and considers if these are appropriate.</p> <p>Management response</p> <p>The processes in place for reviewing journals will be reviewed and amended where appropriate.</p>

A. Action plan – Audit of Financial Statements - continued

Assessment	Issue and risk	Recommendations
Low	<p>4. Accounting Policies</p> <p>During our review of the accounting policies we noted a number of policies where enhanced disclosures could be made for the benefit of the reader of the financial statements. These policies include:</p> <ul style="list-style-type: none"> - Employee benefits - Pension benefits - Financial instruments - Pension Assets - Short and Long Term Provisions - Valuation of Assets 	<p>We recommend that management undertake a review of accounting policies and consider including standard wording from the CIPFA Code guidance notes and consider whether any other disclosure such as a sensitivity analysis would be appropriate.</p> <p>Management response</p> <p>All accounting policies will be reviewed and compared to the standard wording in the CIPFA Code guidance and consideration given regarding disclosing sensitivity analysis if it is believed this would assist someone reading the Statement of Accounts.</p>
Low	<p>5. Capitalisation Accounting Policy</p> <p>During our audit we noted that the capitalisation policy listed in the financial statement is not consistent with the working policy of the Force. The policy shown in the financial statements is not to capitalise expenditure on individual items with a cost of less than £12,000, however in practice this is not seen as a hard and fast rule and assets below this level may be capitalised.</p>	<p>We recommend that management review the accounting policy and the working practice and update the policy to more accurately reflect the practice.</p> <p>Management response</p> <p>The accounting policy will be reviewed and the policy amended to reflect current working practice.</p>
Low	<p>6. Useful Lives of Nil Net Book Value assets</p> <p>A review of all fully depreciated assets was carried out before year end by the relevant department leads. However the current gross cost and gross depreciation of assets with a net nil book value equals £50,863k.</p> <p>There is a risk that fully depreciated assets are not still in use by the organisation, or that useful lives are not appropriate and that the annual depreciation charge is therefore not appropriate.</p>	<p>We recommend that management undertake a further review of the useful lives of the nil net book value assets and considers whether this is appropriate.</p> <p>Management response</p> <p>During the year there has been an ongoing exercise to review fully depreciated assets following an audit finding. The value of these assets has reduced significantly compared with prior years and any assets still kept on the asset register have been confirmed as still in existence. This review will continue in 2021/22 in order to ensure useful lives and the depreciation charge continues to be accurately stated.</p>

A. Action plan – Audit of Financial Statements - continued

Assessment	Issue and risk	Recommendations
High	<p>7. Valuation of land and buildings</p> <p>During the audit we noted that the valuer had used a combination of methods to determine a build rate to use in calculations for assets valued at Depreciated Replacement Cost. We discussed the methods used with our external expert who confirmed that the approach undertaken was not in-line with best practice as this was based on historic data, or data relating to only one building. The usual process is to use national tables (for example those provided by BCIS) as these tables are based on national data, which have been based on a number of items and smoothed out to avoid an element of bias, rebased to the relevant local area.</p> <p>Given the sensitivity of valuations to small changes in assumptions, there is a risk that asset valuations are materially misstated if historic data continues to be used.</p> <p>We also noted that the valuation calculation for those assets valued at Depreciated Replacement Cost did not include a reference to the original Useful Economic Life or the remaining Useful Life of the asset. An obsolescence factor was used within the calculation, however no supporting evidence could be provided for the rates used.</p> <p>One of the assumptions in the Depreciated Replacement Cost calculation is the floor areas of the assets. During our testing we noted that in some instances, the floor plans used in the calculation were out of date on some of the evidence held by the Estates Team.</p>	<p>We recommend that the valuation is updated for future years, with up-to-date data used to form estimates of build rates, floor areas and Useful Economic Lives/obsolescence assumptions. The calculations should be in line with best practice and supporting evidence should be retained for all assumptions made in the calculations.</p> <p>Management response</p> <p>Our internal valuer (RICS qualified) believes that by using a variety of different valuation methods and his own internal knowledge of various sites he has arrived at the most accurate property valuations possible. All previous years valuations have been carried out in this way and these methods have been discussed with Grant Thornton during various meetings over recent weeks. If a more standardised approach is now deemed suitable in order that figures can be cross-checked to national tables during the year end audit, then future valuations will be carried out in this way.</p>

A. Action plan – Audit of Financial Statements - continued

Assessment	Issue and risk	Recommendations
Medium	<p>8. Pension Liability</p> <p>During the audit we noted that the Actuary had included an estimate for the Rate of Return on Assets for March 2021, as well as allowing for a correction of the difference of their estimate for the return in March 2020 for the subsequent actual return.</p> <p>Whilst there will be estimation uncertainty involved in all significant estimates, given the size of the LGPS pension asset and its susceptibility to significant changes in value from small changes in assumption, there is a risk that this estimate could lead to a material misstatement in the LGPS pension asset in future years.</p>	<p>We recommend that management implement a check during the financial statements closedown process to ensure that the estimated returns used by the actuary are in line with the actual figures once these become clear post year end.</p> <p>Management response</p>
Medium	<p>9. Blackrock PFI</p> <p>The Blackrock Training Facility Private Finance Initiative is utilised by Avon and Somerset Police, Gloucestershire Police and Wiltshire Police. As a result, the contracted annual spend and ownership of the asset at the end of the scheme, is driven by the original contracted percentage split. The original contracted percentage split for the revenue costs was considered and updated in year and agreed by each Chief Finance Officer for the Police and Crime Commissioner and Chief Constable. However, the contracted change was not agreed through a formal governance process. Our audit work across the three forces also identified an inconsistency in relation to accounting for the asset and liability split in 2020-21, due to different interpretations of the updated agreement. These adjustments are not material to any of the forces.</p>	<p>We recommend that the three forces complete a timely review of the scheme and ratify any formal contracted changes through the relevant governance processes prior to the 31 March 2022 year-end, to ensure the asset and liability is correctly reflected in each of the financial statements.</p> <p>Management response</p>

B. Follow up of prior year recommendations

We identified the following issues in the audits of Avon and Somerset PCC and Chief Constable's 2019/20 financial statements, which resulted in ten recommendations being reported in our 2019/20 Audit Findings report. We have followed up on the implementation of our recommendations and note five are still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Suspense Accounts</p> <p>Prior year testing identified that there are a significant number of suspense accounts in the ledger that are used on a daily basis. In particular, suspense code 99016 has a high absolute value and high volume of transactions, although these do have a nil effect on the total financial balance.</p> <p>We recommended that management review the usage of suspense accounts to reduce the risk of transactions being left in these accounts.</p>	<p>A new code has been created for Section 27 Misuse of Drugs Act (94140). Code 99016 still contains some historic transactions, however there is evidence that this has been cleared since the prior year.</p>
X	<p>Journals Description</p> <p>We reported in previous years that it was possible to amend the description of journal entries after they had been posted to the ledger. There is a risk that descriptions for journal entries could be amended and that this could result in fraud or error in the financial statements.</p> <p>Management have not addressed this recommendation from prior year. We recommended that Management should review the system and identify if it is possible to remove the ability to change journal descriptions on the general ledger once they have been posted.</p>	<p>The ability to alter journal descriptions after posting still exists, however the audit trail can be followed to track changes.</p> <p>We would still recommend that management review the system and identify if it is possible to remove the ability to change journal descriptions after these have been posted.</p> <p>Management response</p> <p>Once a journal is posted, changes cannot be made to the substance of a journal e.g. coding or values. As part of our quarterly review of journals we ran an audit trail report to check any changes that may have been made to ensure that the changes only increase the clarity of descriptions. A copy of this review report was discussed and supplied at the time of the interim audit. As far as we are aware it is not possible to lock this description field within SAP.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

B. Follow up of prior year recommendations - continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Creditors raised on purchase orders</p> <p>Testing has identified that creditors have been raised on Purchase Order accruals that have not been cleared down. Three items in our sample were deemed to be errors due to their historic nature as these were over two years old.</p> <p>We recommended that management should therefore review the creditors balances to ensure that these remain accurate.</p>	<p>There has been a similar issue identified in creditors testing this year, with a historic purchase order being selected as a sample item for which the invoice received was of a different value, meaning the original creditor (which had been paid) was still present in the year end balance, with no debit entry to match this item off. We recommend that purchase orders that are not matched to an invoice are manually reversed so long as the item it relates to is accounted for correctly with the actual invoice values.</p> <p>Management response</p> <p>Quarterly reviews of open orders and GRNI (Goods Received not invoiced) are being carried out and the value of older outstanding PO creditor accruals has reduced significantly compared with 2019/20. These reviews continue regularly so as to reduce the possibility of this being an issue in the future.</p>
X	<p>IT</p> <p>Our testing around ITGC performed by TRS identified one significant deficiency in the IT system. It was observed that the system administrator has development keys in the production and development environments, the former giving them the ability to make changes directly in the production environment. The risk of maintaining active users in the production environment with development access keys is very high since it allows system functionality to be changed potentially leading to inappropriate financial postings. Our recommendation is that no user (except for the emergency user in exceptional circumstances by an emergency change management process) should have any direct editing ability via a development key in production. All development and editing should be confined to development. We recommended that management should consider removing the user's development key in the development and production environments.</p>	<p>Further ITGC findings have suggested that the editing access is still in place. We understand this will be resolved during the 2021/22 financial year.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

B. Follow up of prior year recommendations - continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Holding accounts</p> <p>As reported in the prior year, we reported a mismatch between the total comprehensive income and expenditure statement and the movement in reserves per the balance sheet. We identified this mismatch related to the way that certain holding accounts relating to collaborations were reflected in the financial statements.</p> <p>We would not normally expect a difference to arise and recommend that management review the accounting treatment in order to confirm that this was appropriate.</p> <p>Although trivial at £154k, we would recommend that management review the accounting treatment applied to ensure that it is in line with the CIPFA code and International Financial Reporting Standards.</p> <p>We would recommend that management review the accounting treatment applied to ensure that it is in line with the CIPFA code and International Financial Reporting Standards.</p>	<p>No such mismatch was discovered this year through consistency checks over the Movement in Reserves Statement.</p>
X	<p>Debtors balance</p> <p>Testing identified that historic balances remain with the debtors balance. One item in our sample related to a payroll overpayment from 2007/08, which is still included in the debtors balance. We understand that actions are in place to address this, however we would recommend that Management review the debtors balances to ensure that these are accurate and collectable.</p>	<p>Aged debtors still exist in the year end Debtors population for 2020/21. We continue to encourage review and write off of historic debtors.</p> <p>Management response</p> <p>Regular monthly reviews are carried out with the Head of Finance to review outstanding balances and action is taken to write off irrecoverable amounts. The value of old aged debt has decreased significantly through the year and at 31 March 2021 was significantly lower than prior years. Where there is a possibility of recovery of an old debt, the item remains as a balance until all options are exhausted and writing off the debt is our only option.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

B. Follow up of prior year recommendations - continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Parked Transactions</p> <p>Our review of the trial balance noted that there were three transactions posted during the year that had become ‘parked’ within the system and therefore had not made it through to the trial balance.</p> <p>We would therefore recommend that management review the posting process to ensure that transactions are recorded accurately.</p>	<p>Parked transactions were successfully reviewed and cleared down before the year end accounts were prepared and therefore did not appear in the year end trial balance or GL report.</p>
✓	<p>Mapped Trial Balance</p> <p>We received the draft accounts on 19 June and the mapping document which agrees to the Trial Balance on 3 July. This means that there has been a delay in selecting our samples.</p> <p>We would therefore recommend that Management review the accounting closedown process and ensure that a mapping document is prepared alongside the financial statements.</p>	<p>Mapping document was provided with audit working papers.</p>
X	<p>Payroll Reconciliation</p> <p>During the audit we review the reconciliation prepared by management agreeing the payroll system to the general ledger. We requested this reconciliation on 6 July but did not receive this until 12 August as it appears that this document had not been previously prepared.</p> <p>We recommended that Management prepare this reconciliation as part of the accounts close down process to ensure that transactions are recorded accurately.</p>	<p>A working paper was provided by the finance team but did not include the level of detail required. The working paper showed that the payroll transactions in the general ledger agreed to the accounts. The detail we required was to reconcile the ‘Gross to Net’ payroll report (i.e. the payroll report) to the accounts. We again recommend that this reconciliation is prepared as part of the year end close-down procedures for future years.</p> <p>Management response</p> <p>Following last years audit finding, regular monthly payroll reconciliations have been carried out and during the interim audit, files were sent to Grant Thornton through Inflo for ten months of the year showing how the payroll reports tied back to the finance postings in the SAP. These files included a column showing where the gross pay on payroll report linked to finance postings in SAP. The payroll reconciliation filed on Inflo for year-end reconciled net pay to SAP but following a discussion with Grant Thornton, a full Gross to Net report was required back to the statement of accounts. This information was compiled and supplied within a few days of the request from Grant Thornton. We have amended our records so that this information will be compiled as part of the standard audit pack for future years.</p>

Assessment

✓ Action completed

X Not yet addressed

B. Follow up of prior year recommendations - continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
TBC	<p>Value for Money - savings plans</p> <p>The MTFP identifies a £6.5m budget deficit by the end of 2024/25. The MTFP also includes £41.880 of savings to be delivered. The savings for 2019/20 were not fully achieved, however the MTFP shows high level of savings needed to balance in future years. The group should therefore consider whether the level of savings proposed in the MTFP are achievable and have the detailed business cases fully developed such that the savings can be identified and realised.</p>	Progress will be reported through the separate Auditor's Annual Report.

Assessment

- ✓ Action completed
- X Not yet addressed

C. Audit Adjustments - PCC

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.



Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2021.

Detail	Comprehensive Income and Expenditure Statement	Statement of Financial Position
The draft accounts provided for audit included a percentage split of the PFI liabilities across the three bodies (Avon and Somerset, Gloucestershire and Wiltshire). During the audit, management made a change to the percentage split to revert back to the allocations included within the original PFI agreement.	Dr Police Service OCC gross expenditure £16k Dr Police Services OCC gross income £217k Cr External interest payable £146k Cr Interest and Investment income £1k Dr Gain/loss on revaluation £897k	Cr Land and buildings £2,780k Dr Short term PFI lease liability £60k Dr Long term PFI Liability £1,737k
The Chief Constable's Movement in Reserves Statement shows the accounting entries in respect of pension accounting, with a resultant transfer of funds from the PCC. The Chief Constable also accounts for the accumulated absences staff leave accrual in their balance sheet, however the movement is shown in the PCC movement in reserves statement. We would expect that the movement should be shown in the Chief Constable's accounts, with a further funding transfer from the PCC. The value was £2,553k for 2020/21.	N/A	N/A
Overall impact	£983k	-£983k

C. Audit Adjustments – Chief Constable

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2021.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
None noted to date			

C. Audit Adjustments - PCC

Impact of unadjusted misstatements / other findings

The table below provides details of adjustments identified during the 2020/21 audit which have not been made within the final set of financial statements. The PCC is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement	Statement of Financial Position	Reason for not adjusting
Debtors: During our audit testing we identified a late invoice relating to 19/20 dated 13 May 2021 which should have been accrued in 2020/21 but was not. This income has been recorded in 2021/22. The total error identified was £50,242.54 and this was extrapolated across our testing population with a resulting projected error of £618,020.	Cr Income £618k	Dr Debtors £618k	As an extrapolated error, we would not expect this to be adjusted
Creditors: During our audit testing of the completeness of the year end creditors balance, we identified two invoices, totalling £52,160, that were not correctly accrued for in 2020/21. When extrapolated across the population tested, this resulted in a potential understatement of creditors of £3,790,788.	Dr Expenditure £3,791k	Cr Creditors £3,791k	As an extrapolated error, we would not expect this to be adjusted
Creditors: During the same testing of the completeness of the year end creditors balance noted above, we identified one invoice which was posted as an accrual in 2020/21, but actually related to 2021/22 costs. This invoice totalled £9,279, which when extrapolated across the population could represent a total overstatement of creditors of £674,404. We have reported these two projected errors separately for transparency.	Cr Expenditure £674k	Dr Creditors £674k	As an extrapolated error, we would not expect this to be adjusted
Total net unadjusted misstatements	£2,499k	-£2,499k	

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2019/20 financial statements.

Detail	Comprehensive Income and Expenditure Statement	Statement of Financial Position	Reason for not adjusting
Creditors: Three errors in creditors testing were identified. These relates to goods receipt non-invoice PO accruals that the auditor deemed to be errors due to their historic nature. The three errors totalled an overstatement of £524, which produced an extrapolated error of £882,297.	Cr Operating Expenditure £882k	Dr Creditors £882k	Not material

C. Audit Adjustments – Chief Constable

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2020/21 audit which have not been made within the final set of financial statements. The Chief Constable is required to approve management's proposed treatment of all items recorded within the table below.



Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Reason for not adjusting
There were no unadjusted misstatements noted			

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2019/20 financial statements

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Reason for not adjusting
There were no prior year unadjusted misstatements.			

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.



Misclassification and disclosure changes

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

Disclosure omission	Relates to	Adjusted?
During the audit we noted that there was a difference between the Debtors note (note 20) and the financial instruments notes (note 28.1 and note 28.3). Debtors valued at amortised cost need to decrease by £937k and payments in advance need to increase by £937k within the financial instruments note.	PCC and Group	✓
During the audit we noted that the life expectancy comparative figures were not included in the draft financial statements.	Group and Chief Constable	✓
During the audit we noted that there was no disclosure regarding the future lease payments for the leases held by the Force in accordance with the CIPFA Code. In addition, no accounting policy was included.	PCC and Group	✓
As a material disclosure, an accounting policy was added in respect of Joint Arrangements.	PCC, Group and Chief Constable	✓
We noted that the PCC and Group accounts included a prior year restatement relating to the classification of a pension grant. As an immaterial amount, we would not normally expect the prior year to have been restated.	PCC and Group	N/A
During the audit we noted that the £6.5m Barclays loan is no longer a LOBO and therefore classification changes to financial instruments (note 28.2) were made to show these loans as other borrowings. This will also be changed in the prior year column.	PCC and Group	✓
Various other minor disclosure updates were made to the financial statements to improve readability or correct more trivial findings.	PCC, Group and Chief Constable	✓

C. Audit Adjustments

Misclassification and disclosure changes - continued

Disclosure omission	Relates to	Adjusted?
Accounting Policy updates - some wording was updated in accounting policies following review relating to Financial assets, Critical Judgements in Applying Accounting Policies, Accounting standards issued but not yet adopted and Pension Assets.	PCC, Group and Chief Constable	✓
Further adjustments were processed in the financial instruments notes, including the classification split of Financial assets between those measured at Fair value through profit and loss and those valued at Amortised cost.	PCC and Group	✓

D. Fees

We confirm below our fees for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
PCC Audit	£46,392	TBC*
Chief Constable Audit	£19,538	TBC*
Total audit fees (excluding VAT)	£65,930	TBC

*Our final fee will be confirmed once all of our audit responsibilities have been completed, including Value for Money.

The 2020/21 audit fees included in note 11 of the financial statements do not agree to the figures in the table above. These are reconciled below:

Detail	PCC	Chief Constable
Fees per financial statements	£44k	£14k
Proposed fees at planning per our Joint Audit Plan and as above	£46k	£20k
Fee variation not yet accrued in 2020/21 accounts**	£2k	£6k

**Fee variations remain subject to PSAA approval.

The final audit fees payable for the 2019/20 audits following PSAA review and approval were as follows:

PCC - £38,920

Chief Constable - £19,652

E. Audit opinion – Group and PCC

Our draft audit opinion wording is included below.

We anticipate we will provide the Group and PCC with an unmodified audit report including an Emphasis of Matter paragraph.

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

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for Avon and Somerset (the 'Police and Crime Commissioner') and its subsidiary the Avon and Somerset Chief Constable (the 'group') for the year ended 31 March 2021 which comprise the Group Comprehensive Income and Expenditure Statement, the PCC Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the PCC Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the Avon & Somerset Police Officers Pension Fund Account Statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2021 and of the group and Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the group and Police and Crime Commissioner in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the group and Police and Crime Commissioner's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and Police and Crime Commissioner. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Police and Crime Commissioner and the group and Police and Crime Commissioner's disclosures over the going concern period.

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

E. Audit opinion – Group and PCC

Our draft audit opinion wording is included below.

We anticipate we will provide the Group and PCC with an unmodified audit report including an Emphasis of Matter paragraph.

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

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

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

We draw attention to Note 4.4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Group's land and buildings as at 31 March 2021. As, disclosed in Note 4.4 to the financial statements, the valuation was reported on the basis of material valuation / market uncertainty as per VPS3 VPGA of the RICS Red Book. Consequently, less certainty can be attached to the valuation of land and buildings than would normally be the case.

Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the group and Police and Crime Commissioner, the other information published together with the financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

E. Audit opinion – Group and PCC

Our draft audit opinion wording is included below.

We anticipate we will provide the Group and PCC with an unmodified audit report including an Emphasis of Matter paragraph.

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

Responsibilities of the Police and Crime Commissioner and the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Police and Crime Commissioner is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Police and Crime Commissioner and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011). We also identified the following additional regulatory frameworks in respect of the police pension fund; Public Service Pensions Act 2013, the Police Pension Fund Regulations 2007, the Police Pensions Regulations 2015 and the Police Pensions Regulations 2006.
- We enquired of senior officers and the Police and Crime Commissioner concerning the group and Police and Crime Commissioner's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and

E. Audit opinion – Group and PCC

Our draft audit opinion wording is included below.

We anticipate we will provide the Group and PCC with an unmodified audit report including an Emphasis of Matter paragraph.

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

- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuation of property, plant and equipment, the net pension liability and significant year-end accruals.
- Assessment of the appropriateness of the collective competence and capabilities of the group and Police and Crime Commissioner's engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the police sector
 - understanding of the legal and regulatory requirements specific to the Group and Police and Crime Commissioner including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the group and Police and Crime Commissioner's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the group and Police and Crime Commissioner's control environment, including the policies and procedures implemented by the group and Police and Crime Commissioner to ensure compliance with the requirements of the financial reporting framework.

E. Audit opinion – Group and PCC

Our draft audit opinion wording is included below.

We anticipate we will provide the Group and PCC with an unmodified audit report including an Emphasis of Matter paragraph.

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

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

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

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

Responsibilities of the Police and Crime Commissioner

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

Auditor's responsibilities for the review of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

- Financial sustainability: how the Police and Crime Commissioner plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Police and Crime Commissioner ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Police and Crime Commissioner uses information about its costs and performance to improve the way it manages and delivers its services.

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

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

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

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

E. Audit opinion – Group and PCC

Our draft audit opinion wording is included below.

We anticipate we will provide the Group and PCC with an unmodified audit report including an Emphasis of Matter paragraph.

We are satisfied that this work does not have a material effect on the financial statements.

Use of our report

This report is made solely to the group and Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

F. Audit opinion – Chief Constable

Our draft audit opinion wording is included below.

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

DRAFT Independent auditor's report to the Chief Constable for Avon and Somerset Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of the Avon and Somerset Chief Constable (the 'Chief Constable') for the year ended 31 March 2021 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies and include the police pension fund financial statements comprising the Avon & Somerset Police Officers Pension Fund Account Statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Chief Constable. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Chief Constable and the Chief Constable's disclosures over the going concern period.

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

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

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

F. Audit opinion – Chief Constable

Our draft audit opinion wording is included below.

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

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Chief Constable, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

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

As explained more fully in the Statement of Responsibilities, the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

F. Audit opinion – Chief Constable

Our draft audit opinion wording is included below.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011). We also identified the following additional regulatory frameworks in respect of the police pension fund; Public Service Pensions Act 2013, the

Police Pension Fund Regulations 2007, the Police Pensions Regulations 2015 and the Police Pensions Regulations 2006.

- We enquired of senior officers and the Chief Constable concerning the Chief Constable's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Chief Constable, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Chief Constable's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and revenue and expenditure recognition. We determined that the principal risks were in relation to:
 - journal entries posted by senior officers; and
 - the significant accounting estimates in the financial statements, including those related to the valuation of the net pension liability and significant year and accruals.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Chief Finance Officer has in place to prevent and detect fraud;
 - journal entry testing, with a focus on large and unusual journals;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of the net pension liability.
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from

F. Audit opinion – Chief Constable

Our draft audit opinion wording is included below.

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

error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the net pension liability.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the police sector
 - understanding of the legal and regulatory requirements specific to the Chief Constable including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Chief Constable's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Chief Constable's control environment, including the policies and procedures implemented by the Chief Constable to ensure compliance with the requirements of the financial reporting framework.

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

Matter on which we are required to report by exception – the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

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

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

Responsibilities of the Chief Constable

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

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

F. Audit opinion – Chief Constable

Our draft audit opinion wording is included below.

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

- Financial sustainability: how the Chief Constable plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Chief Constable ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services.

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

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

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

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

We are satisfied that this work does not have a material effect on the financial statements.

Use of our report

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the

Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

H. Audit letter in respect of delayed VFM work

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 24 December 2021.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

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

Year ended 31 March 2021

October 2021



1. Headlines

Purpose

This document provides an update to the Joint Audit Findings for Avon and Somerset Police and Crime Commissioner and Chief Constable which was presented to the Joint Audit Committee on 20 October 2021.

Our audit work was in progress at the date the original report was drafted, and as discussed at the Joint Audit Committee, this seeks to formally reported the final findings of our audit now our work is complete.

Findings

We verbally updated the Joint Audit Committee on our findings following the drafting of the Joint Audit Findings Report at the meeting 20 October 2021. During the completion of our audit we noted additional findings that we need to bring to the attention of Those Charged With Governance. These are set out below. We can also confirm that our final outstanding piece of work related to property floor areas included in valuations was successfully completed.

Financial statement disclosure updates:

- wording was updated in accounting policies relating to financial assets, critical judgements in applying accounting policies, accounting standards issued but not yet adopted and pension assets . This was to ensure that the accounting policy disclosures matched the accounting treatments adopted within the financial statements; and
- further disclosure adjustments were posted to the financial instruments notes, including clarifying those financial assets held at amortised cost and those held at fair value through profit and loss.

We also clarified one of the recommendations originally made in Appendix A of our Joint Audit Findings report, and made two further recommendations upon the conclusion of our work. These can be found on the next page.

Conclusion

Our audit work is now complete. The additional findings do not impact upon the proposed audit opinions for the Police and Crime Commissioner and Chief Constable financial statements that were presented to the Joint Audit Committee on 20 October 2021. We will issue unqualified opinions on both sets of financial statements, following receipt and review of the final signed versions and accompanying signed letters of representation. As previously reported, the audit certificates will be held until our work on Value for Money and the Whole of Government Accounts return can be completed.

2. Recommendations

Assessment	Issue and risk	Recommendation
High	<p>Valuation of land and buildings</p> <p>We included a recommendation in our Joint Audit Findings. This has been expanded to the below:</p> <p>During the audit we noted that the valuer had used a combination of methods to determine a build rate to use in calculations for assets valued at Depreciated Replacement Cost. We discussed the methods used with our external expert who confirmed that the approach undertaken was not in-line with best practice as this was based on historic data, or data relating to only one building. The usual process is to use national tables (for example those provided by BCIS) as these tables are based on national data, which have been based on a number of items and smoothed out to avoid an element of bias, rebased to the relevant local area.</p> <p>Given the sensitivity of valuations to small changes in assumptions, there is a risk that asset valuations are materially misstated if historic data continues to be used.</p> <p>We also noted that the valuation calculation for those assets valued at Depreciated Replacement Cost did not include a reference to the original Useful Economic Life or the remaining Useful Life of the asset. An obsolescence factor was used within the calculation, however no supporting evidence could be provided for the rates used.</p> <p>One of the assumptions in the Depreciated Replacement Cost calculation is the floor areas of the assets. During our testing we noted that in some instances, the floor plans used in the calculation were out of date on some of the evidence held by the Estates Team.</p>	<p>We recommend that the valuation is updated for future years, with up-to-date data used to form estimates of build rates, floor areas and Useful Economic Lives/obsolescence assumptions. The calculations should be in line with best practice and supporting evidence should be retained for all assumptions made in the calculations.</p> <p>Management response</p> <p>Our internal valuer (RICS qualified) believes that by using a variety of different valuation methods and his own internal knowledge of various sites he has arrived at the most accurate property valuations possible. All previous years valuations have been carried out in this way and these methods have been discussed with Grant Thornton during various meetings over recent weeks. If a more standardised approach is now deemed suitable in order that figures can be cross-checked to national tables during the year end audit, then future valuations will be carried out in this way.</p>
Medium	<p>Pension Liability</p> <p>During the audit we noted that the Actuary had included an estimate for the Rate of Return on Assets for March 2021, as well as allowing for a correction of the difference of their estimate for the return in March 2020 for the subsequent actual return.</p> <p>Whilst there will be estimation uncertainty involved in all significant estimates, given the size of the LGPS pension asset and it's susceptibility to significant changes in value from small changes in assumption, there is a risk that this estimate could lead to a material misstatement in the LGPS pension asset in future years.</p>	<p>We recommend that management implement a check during the financial statements closedown process to ensure that the estimated returns used by the actuary are in line with the actual figures once these become clear post year end.</p> <p>Management response</p>

2. Recommendations

Assessment	Issue and risk	Recommendation
Medium	<p>Blackrock PFI</p> <p>The Blackrock Training Facility Private Finance Initiative is utilised by Avon and Somerset Police, Gloucestershire Police and Wiltshire Police. As a result, the contracted annual spend and ownership of the asset at the end of the scheme, is driven by the original contracted percentage split. The original contracted percentage split for the revenue costs was considered and updated in year and agreed by each Chief Finance Officer for the Police and Crime Commissioner and Chief Constable. However, the contracted change was not agreed through a formal governance process. Our audit work across the three forces also identified an inconsistency in relation to accounting for the asset and liability split in 2020-21, due to different interpretations of the updated agreement. These adjustments are not material to any of the forces.</p>	<p>We recommend that the three forces complete a timely review of the scheme and ratify any formal contracted changes through the relevant governance processes prior to the 31 March 2022 year-end, to ensure the asset and liability is correctly reflected in each of the financial statements.</p> <p>Management response</p>

Draft Auditor's Annual Report on the Police and Crime Commissioner and Chief Constable for Avon and Somerset

2020-21

December 2021



Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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Appendices

- A – The responsibilities of the PCC and the CC
- B – Risks of significant weaknesses – our procedures and findings
- C – An explanatory note on recommendations
- D – Use of formal auditor's powers

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. 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 PCC or CC 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.

Executive summary



Value for money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Police and Crime Commissioner (PCC) and Chief Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources. We are required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. The specified criteria are set out below

Criteria	Risk assessment	Finding
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but improvement recommendations made.
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but improvement recommendations made.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified.

Key

	No significant weaknesses in arrangements identified.
	No significant weaknesses in arrangements identified, but improvement recommendations made.
	Significant weakness in arrangements identified and key recommendation made.



Financial sustainability

The PCC and Chief Constable have a good track record of sound financial management and delivered an overall underspend in year, prior to taking into account year end adjustments and contributions to reserves. The PCC and Chief Constable understood the financial risks which they faced and manage these risks by maintaining an appropriate level of reserves. Overall we are satisfied that the PCC and Chief Constable had appropriate arrangements in place to manage the risks they faced in respect of its financial resilience. We have not identified any risks of significant weakness, and have identified an improvement recommendation relating to savings.



Governance

Overall, we found no evidence of significant weaknesses in the PCC's or Chief Constable's governance arrangements for ensuring that they made informed decisions and properly managed its risks, and have identified improvement recommendations.



Improving economy, efficiency and effectiveness

The PCC and Constabulary have put in place effective arrangements to improve economy, efficiency and effectiveness. This includes further development of Qlik Sense so apps are available to cover all areas within the organisations and the introduction of the Integrated Performance and Quality Report. Overall, we found no evidence of significant weaknesses in the PCC's or Chief Constable's arrangements.



Opinion on the financial statements

We issued unqualified opinions on the Group & PCC and Chief Constable financial statements following the Joint Audit Committee on 29 October 2021.

Commentary on the PCC's and the CC's arrangements to secure economy, efficiency and effectiveness in their use of resources

All PCCs and CCs are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The PCC's and CC's responsibilities are set out in Appendix A.

PCCs and CCs report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the PCC and CC have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the PCC and CC can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the PCC and CC make appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the PCC and CC make decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the PCC and CC deliver their services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 5 to 16. Further detail on how we approached our work is included in Appendix B.

Financial sustainability



We considered how the PCC and the CC:

- identifies all the significant financial pressures they are facing and builds these into their plans
- plans to bridge funding gaps and identify achievable savings
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures financial plans are consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Outturn 2020/21

The 2020/21 revenue outturn was a break-even position, after taking into account year-end adjustments such as reserve contributions, provisions and planned contributions to capital totalling £14.1m (4.3% of budget). Of this, some £12.3m of the adjustments related to Constabulary managed budgets and £1.8m related to PCC budgets. The break-even outturn position was delivered despite reductions in some budgeted income streams due to the Covid-19 pandemic (such as lost income from events and speed enforcement), elements of which were reimbursed by the Government's fees and charges compensation scheme. There were also some areas of overspend against budgeted expenditure due to the increased costs of the Covid-19 response, however other expenditure budgets delivered underspends as priorities and methods of service delivery changed due to the differing working landscape brought about by the pandemic and Government working guidance.

The capital budget was underspent by £16.1m, with £8.3m delivered against the £24.4m budget for 2020/21. The majority of the underspend related to slippage within estates projects, largely as a result of Covid-19. An example was the planned work for a new Yeovil police station which was delayed and then placed under review, and at year end a total of £12.8m of the underspend was re-profiled into future year capital plans and the remaining £3.3m was released from the budget.

Covid-19 arrangements

Covid-19 posed a significant financial challenge to all organisations. The PCC and Constabulary saw variances to both income and expenditure budgets as we note above. Relative to other Local Government bodies, PCC's received less Government support in the form of grant funding. The PCC and Constabulary managed the financial position throughout the year and delivered the break-even position without the use of reserves. Indeed, at year end contributions were made to various reserves in order to prudently set aside funds for the continued impact of the Covid-19 pandemic into future financial years and to recognise the financial uncertainty brought about by the pandemic.

Budget 2021/22

The 2021/22 budget was based on the funding announced in the local government finance settlement. This saw a one year settlement rather than the originally anticipated three year settlement, with annual funding announcements continuing to create additional uncertainty in medium term financial plans for Local Government bodies. The budgeted income included increases in funding for the national police officer uplift programme and other new funding streams as a result of the Covid-19 pandemic to support Council Tax income losses.

The original budget included an assumed average Council Tax precept increase of £15, the maximum allowable under the guidance, following public consultation by the PCC on various scenarios. When the PCC took this proposal to the Police and Crime Panel for approval it was subsequently vetoed, with an amended budget and proposal of a £13.39 increase subsequently agreed. This resulted in a requirement for the budgeted income shortfall of £1m to be met from reserves in the 2021/22 budget, given the timing of the decision in February 2021. The Medium Term Financial Plan (MTFP) forecasts 1.99% increases in the years following 2021/22, and the incoming PCC will need to ensure that the engagement with the public and the Police and Crime Panel and supporting proposals are sufficient to support these annual increases.

Financial sustainability

The 2021/22 budget includes a savings target of £7.3m to balance the overall financial position, following the proposed £1m use of reserves described previously. The most significant savings relate to pay costs, which is unsurprising given that these form a significant proportion of overall expenditure budgets. The largest of the pay cost savings arose following a review of the unit cost of employees which showed that actual costs were lower than budget, especially for officers, where due to the national uplift programme and changes to establishment, student officers are joining at the lower end of pay scales whilst those leaving are longer standing officers towards the top end of pay scales. These savings are effectively cashable immediately, and given the profile of the workforce and the planned establishment for the budget and the life of the MTFP, are forecast across the current financial projections. A temporary adjustment has also been made to the police staff vacancy factor for 2021/22 to reflect current levels of vacancy and lead-in time for recruitment. Savings are not dependent upon significant changes to service delivery or operations, and for this reason there was not any specific public consultation on proposals.

Our work has confirmed that the budget is informed by the MTFP and that there is engagement from the PCC and Chief Constable, as well as other key stakeholders in both organisations. A paper setting out the annual budget and MTFP process was taken to Police and Crime Board in September 2021, which included scenario modelling on nine different scenarios. These were based on changes to income and expenditure assumptions as well as modelling different levels of police officer uplifts, and gave a range of revenue deficits of £7m to £44.7m by 2023/24. Minutes from the meeting show that the PCC and Chief Constable, as well as key employees from both organisations, actively engaged in this process and consideration of the paper, and the paper itself signals various discussion points on key assumptions and elements of the plan. This and other engagement culminated in the final budget and MTFP which were taken to Police and Crime Board in March 2021 for agreement.

Overall we found no evidence of significant weaknesses in the PCC or Constabulary's budget setting arrangements.

Medium term financial Plan (MTFP)

Our review of the MTFP alongside the 2021/22 budget confirms that financial planning is based on realistic assumptions which are clearly set out to the PCC and Chief Constable. The MTFP covers a five year period to 2025/26, in line with best practice. Whilst the later years of this plan are subject to significant uncertainty, this process does allow longer-term thinking to be incorporated into financial plans and it provides additional information upon which to make savings, precept and investment decisions. Significant time and resource is invested into the MTFP process by the finance teams and the reporting of the budget and MTFP process, including the final versions, is clear and coherent.

Funding assumptions are modelled throughout the period. As we note previously, continued one year funding settlements at a national level continue to add to the uncertainty in future years, however the signalled three year settlement from 2022/23 will provide additional longer-term certainty over key funding streams to allow more certain medium-term financial planning. As well as assumptions around the level of Council Tax precept, assumptions around the Council Tax base are also factored into the plans based after consultation with the relevant Local Authorities. These reflect assumptions in respect of the Covid-19 pandemic which in the shorter term result in lower Council Tax income assumptions, which appears prudent.

We are also satisfied that the key spending pressures that the PCC and Constabulary face are appropriately factored in to plans. Pay is the largest area of expenditure and hence forms a significant portion of the budget allocation from the PCC to the Constabulary. As part of the budget, increases are modelled at 2.5% per annum, which is in line with the September 2020 pay announcement. Compared to some other police bodies, this increase is at the more prudent end (i.e. higher) and these assumptions therefore appear to be appropriate. Pay also increases as a result of the officer uplift programme, and this is modelled based upon the target uplift numbers, the forecast timing of intakes and offset to an extent by the uplift funding received through the funding settlement. The Constabulary forecast that for significant periods, they will be ahead of the uplift target in terms of establishment.

We consider the 2021/22 savings plans above. Prior to any savings, the MTFP forecasts revenue deficits of £8.3m in 2021/22 rising to £14.3m by 2025/26. Savings and a one-off use of reserves in 2021/22 provide a balanced revenue budget, whilst a shortfall of £1.2m is noted for 2022/23 rising to £8.5m by 2025/26 after the planned savings. The MTFP sets out some other areas of potential savings or productivity/efficiency increases, but these have yet to be developed into deliverable plans for cashable savings. The PCC and Constabulary should continue to work on developing these or other areas further in order to identify worked-up savings plans that will address some of the remaining underlying deficit. There is also no single source of savings outturn reported, which would provide further transparency to the financial position and allow challenge of any undelivered savings areas.

We have found no evidence of significant weakness in the financial planning arrangements.

Financial sustainability

Capital strategy and treasury management

The PCC approves the Capital Strategy (included as part of the MTFP) annually. The five year capital programme is included in the current MTFP, showing planned expenditure of £84.1m for the five years to 2025/26, of which £21.3m was forecast to be spent in 2021/22. This covers ongoing replacement programmes as well as key IT and estates capital projects. The programme is funded from a mixture of funding sources, with significant revenue contributions of £35m over the life of the plan, use of reserves of £19.5m, new borrowing totalling £13.3m and use of £14.1m of capital receipts. The significant revenue contribution is reflective of the minimal level of Home Office grant received for capital.

Reporting to the PCC on treasury management is undertaken bi-annually, with reports from the PCC's Chief Finance Officer taken to the Police and Crime Board. The 2020/21 outturn report, taken to Police and Crime Board in June 2021, confirms that treasury activity was undertaken in accordance with the prudential indicators.

Reserves

Total useable reserves stood at £57.1m at 31 March 2021 for the PCC, including a General Fund balance of £12m, £14.9m of earmarked revenue reserves, £24.2m of capital reserves and £5.6m of capital receipts. The General Fund balance was increased by £3m from the previous year end as part of the budget setting and MTFP to reflect the uncertainties created as a result of Covid-19, and at £12m represents 3.5% of the net 2021/22 revenue budget.

The MTFP forecast useable reserves of £54m at 31 March 2021, and the underspend and late unbudgeted funding allowed an improved position to be recognised in the financial statements. The MTFP forecast an £8.9m decrease in reserves in 2021/22, with further decreases of £11.1m in 2022/23 and £12.7 in 2023/24 to give total projected reserves of £21.2m at 31 March 2024. The final two years of the MTFP see minimal increases in useable reserves from this forecast level. Throughout the projections the General Fund is projected to be £12m and the majority of the decrease to 31 March 2024 reflects the use of capital reserves as part of the capital programme as set out above.

Managing financial risk

There are appropriate arrangements for incorporating risks into financial plans, with the budget assumptions report including scenario planning as previously referred and the MTFP report including a risk assessment section that quantifies the impact of various modelled changes to assumptions for both income and expenditure.

Cash flow forecasting has been undertaken during 2020/21 and beyond and no projected shortfalls were identified.

In addition to the PCC's reserves which we have discussed above, the Chief Constable retains an operational contingency within the annual revenue budget to help finance large scale operations or issues and to deal with day to day changes in demand and pressure. This is normal for policing bodies and is a prudent method to account for these potential uncertainties.

We have found no evidence of significant weakness in the PCC's or Chief Constable's arrangements for managing financial risk.

Financial Plan – consistency with other key strategies.

The workforce plan 2020-2023 sits above individual Directorate workforce plans, and takes a medium term view of workforce based upon the current operating model. The plan was drafted following the announcement of the national uplift programme, and there are clear links to the financial implications of workforce changes. We also note previously that the MTFP covers establishment and workforce in appropriate detail, evidencing that financial plans are not produced in a silo from other key strategies. Real-time data on areas such as budgeted establishment and actual FTE can be accessed by Qlik Sense, and can be drilled down to areas such as department, role or line manager and this allows access to real-time data to allow planning and monitoring.

The Police and Crime Plan 2019-2021 includes sections of resources and spending, and the information and strategic aims of the Police and Crime Plan feed into the budget setting and MTFP process on an annual basis.

Improvement recommendations

Financial sustainability

1 Recommendation	Management should continue to review the level of savings required over the life of the MTFP and develop the detailed business cases to support their delivery. To aid transparency and reporting, management should also consider reporting progress against delivery of savings targets in year or through the outturn report to allow consideration of the effectiveness of savings delivery.
Why/impact	The delivery of the MTFP is predicated on the delivery of financial savings, and the latest iteration forecasts revenue deficits from 2022/23 that will require further savings or efficiencies in order to mitigate these.
Summary findings	In our 2019/20 audit we recommended that management should consider whether the level of savings proposed in the MTFP are achievable and have the detailed business cases fully developed such that the savings can be identified and realised. Our work in 2020/21 has identified further savings requirements are currently projected from the 2022/23 financial year, in addition to those already reflected across the MTFP.
Management comment	Agreed



The range of recommendations that external auditors can make is explained in Appendix C.

Governance



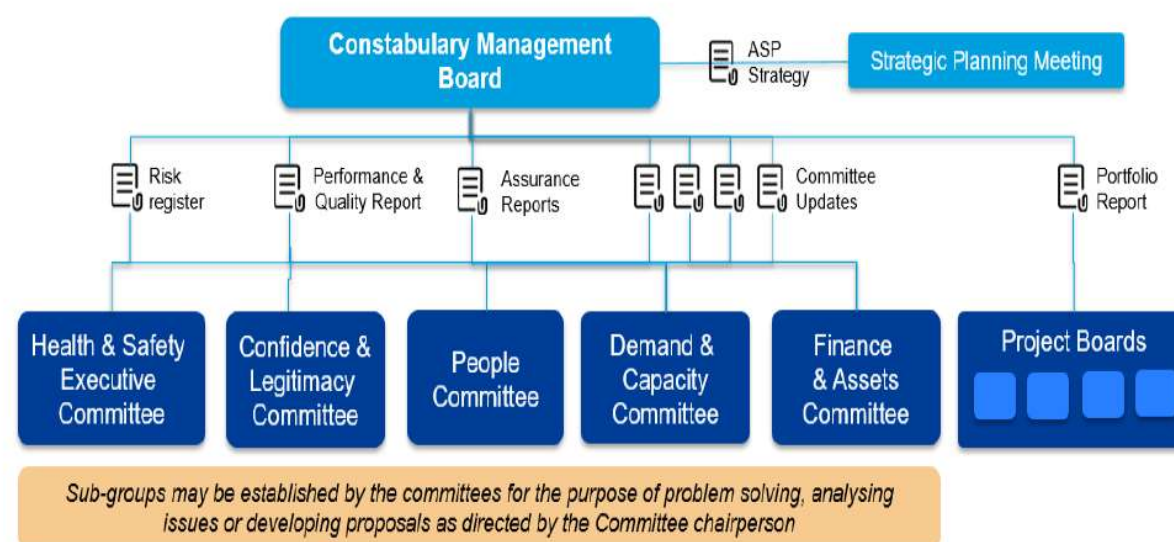
We considered how the PCC and the CC:

- monitor and assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approach and carry out the annual budget setting process
- ensure effectiveness processes and systems are in place to ensure budgetary control
- ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitor and ensure appropriate standards.

Overview of Governance Arrangements

The PCC and Constabulary have established effective governance arrangements around financial oversight, risk management and review. Our work has not identified any risks of significant weakness in arrangements with regards to governance. Improvement recommendations have been made – see pages 12 and 13.

In February 2021, the governance structure for the Constabulary was updated and a new Governance Handbook was made available to all individuals in the organisation via the intranet. The new structure is as per the diagram below:



The diagram also shows the reporting flows of information that have been put in place to enable sound controls and effective decision making.

Governance

Monitoring and assessing risk

The PCC and Constabulary maintain separate risk registers that are updated regularly and reported to the Joint Audit Committee at each meeting.

The Constabulary risk register shows each risk separately and each risk has its own unique reference number. The risk owner is identified along with the mitigated score and unmitigated score. Detail is provided around the “Context in which the risk is considered”, “What has been identified that could cause a risk” and “the impact of the cause, should it happen”. Detailed notes are provided under each section and the document is a Microsoft Word format.

With effect from November 2021, the risk management process has been updated. An exercise was undertaken over the summer whereby each of the business areas was reviewed and the risks entered into Verto, a project management software, so that these can be analysed and reported in a more efficient manner. Verto allows reporting of a snap shot showing risks by Directorate Lead, followed by a more detailed summary and updates and changes to the information is captured and shown in the reporting.

The PCC risk register is laid out in a tabular format with a unique reference number provided for each risk, along with the mitigated and unmitigated risk score. The “cause” and “impact” are detailed as well as “controls” and also commentary is provided. Risk owners are also identified.

Whilst risks and mitigations were reported and managed under the old approach we note that the updated risk management approach provides a stronger governance approach. We do not consider a significant weakness existed in 2020/21 arrangements and have not raised improvement recommendations given the changes to arrangements already implemented.



The Internal Audit function is provided by South West Audit Partnership, who reported to the Joint Audit Committee in April 2021 that they had delivered 93% of the Audit Plan for 2020/21 and provided a “reasonable” audit opinion for the year for the PCC and Chief Constable.

Adequate arrangements are in place in respect of the prevention and detection of fraud. The Joint Scheme of Governance includes an Anti-Fraud and Corruption Strategy which confirms that the PCC and Chief Constable are committed to an effective Anti-Fraud and Corruption Strategy designed to:

- Encourage prevention;
- Promote detection; and
- Identify a clear pathway for investigation.

In addition to this, there is a Police Officer Standards of Professional Behaviour guidance document, a Police Staff Standards of Professional Behaviour guidance document and a whistle blowing policy is in place.

The issue dates of some policies appear to be outdated and therefore we would recommend that these are reviewed to ensure that these remain appropriate and effective. In particular, the Police Staff Standards of Professional Behaviours document is dated June 2018 and the Whistleblowing policy is dated April 2016. See our improvement recommendation on page 12.

Annual Budget setting process

The 2020/21 budget proposals for the Office of the Police and Crime Commissioner were taken to the Police and Crime Board in November 2019, along with the assumptions underlying the budget, whilst the Chief Constable proposals were taken to the Constabulary Management Board in the same month, as part of the Medium Term Financial Plans.

We have considered financial plans for 2021/22 and future years in the financial sustainability section of this report and have not identified any significant weaknesses in respect of the budget setting process.

Governance

Budgetary control

Quarterly budget monitoring reports are prepared and these provide updates on both the Office of the Police and Crime Commissioner as well as the Constabulary forecast outturns. The reports are detailed and illustrate the forecast revenue outturn as well as capital budget performance, with further breakdowns into each Directorate explaining the over and underspends accordingly. A high level one page summary is also included to set the scene of the report.

The report is presented to the Constabulary Management Board for the first three quarters of the financial year, with the last quarter being included within the annual outturn report. The reports are also discussed at the Police and Crime Board. The level of detail included within these report is in line with our expectations and provides adequate levels of information to allow meaningful understanding and challenge, with meeting minutes supporting and evidencing this challenge.

Budget holders have access to the finance app within Qlik Sense which shows data for their individual areas. The data shows spend against the budget with the variance and percentage of budget spent also highlighted. Graphs show spend against the different categories of expenditure and further drill down into the detailed ledgers is available if needed, without the need to log into SAP (the financial software). At most the data is only one day old which allows near real-time self-service access to relevant finance information for all budget holders to ensure effective budgetary control.

Informed Decision Making

Constabulary decisions were made solely by the Constabulary Management Board (CMB) until February 2021, when the Governance Structure was updated so that decisions are now made by one of the five Committees that sit under the CMB, although the CMB is the most senior decision making body for matters within the direction and control of the Chief Constable. These five Committees are outlined in the diagram on page 9.

Each Committee has a bespoke Terms of Reference which describes the scope of responsibility, objectives, structure and forum membership. Any decisions made by these Committees are presented to the CMB so that they maintain the oversight. In line with the Joint Scheme of Governance, any decisions taken with a monetary value of over £250,000 are also reported to the Police and Crime Board (PCB) which is led by the Police and Crime Commissioner and is a public meeting used to hold the Chief Constable to account.

During the year, the joint Firearms Training Facility cost sharing agreement held with Gloucestershire Police and Wiltshire Police was considered and updated in year and agreed by each Chief Finance Officer for the Police and Crime Commissioner and Chief Constable. However, the contracted change was not agreed through a formal governance process. Our financial statements audit work across the organisations also identified an inconsistency in relation to accounting for the asset and liability split in 2020/21, due to different interpretations of the updated agreement. We recommended in our 2020/21 Joint Audit Findings Report that

the organisations complete a timely review of the scheme and ratify any formal contracted changes through the relevant governance processes prior to the 31 March 2022 year-end, to ensure the asset and liability is correctly reflected in each of the financial statements. We have repeated this recommendation in this document on page 13.

Our work in this area remains on-going.

Monitoring and Compliance with standards

Our work in this area remains on-going.

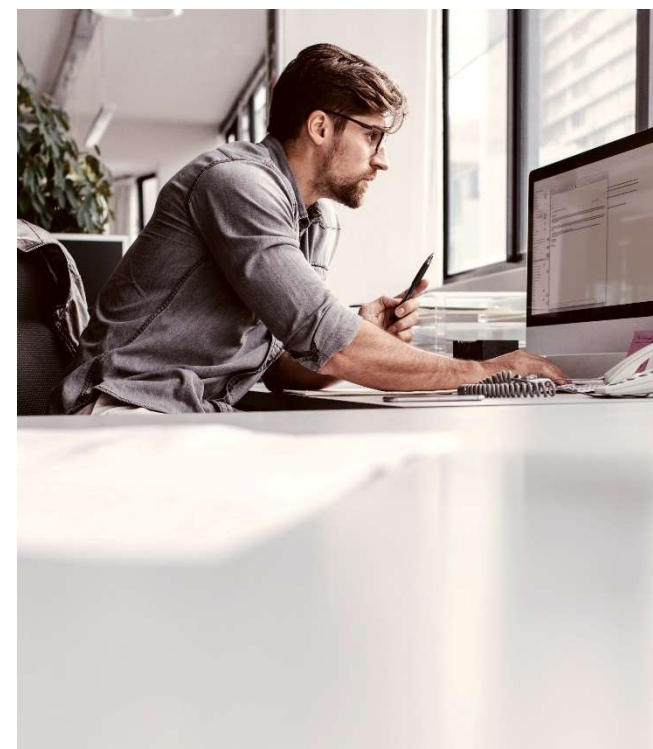
Covid-19 arrangements

Whilst generally maintaining a 'business-as-usual' approach to governance arrangements during the pandemic, some adjustments were required. As a result of the lockdown restrictions in March 2020 the Constabulary adjusted some of its internal control processes to support effective governance throughout the pandemic. For example, 'mobile' working was immediately and successfully deployed, enabling many police officers and police staff to continue working seamlessly without going into the station or office. This was also implemented by the Office of the PCC. All office-based staff were provided with the necessary equipment to work from home, enabling a smooth transition to remote working where this was possible, including hundreds of telephones and laptops. Home-based working has continued throughout the pandemic, and the Constabulary and Office of the PCC have not seen a significant impact on productivity as a result. Following the first national lockdown, committee meetings moved to video conferencing and subsequently took place online throughout the pandemic and beyond. Our reviews of the meeting minutes evidenced that appropriate levels of scrutiny and challenge continued to be applied, and we saw this first-hand from our attendance at Joint Audit Committee meetings. There was also consideration by the entities around the different risks and the strategic risk registers were updated to ensure Covid-19 related risks were recorded appropriately and mitigated where appropriate.

Improvement recommendations

Governance

2 Recommendation	We recommend that management undertake a review of the policies and procedures currently in place to ensure that these are updated regularly and remain appropriate and in line with latest guidance and requirements.
Why/impact	Key policies like the whistleblowing policy should be updated annually to ensure they are up to date with current legislation and good practice and be consistent with other complementary policies, such as grievance procedures and harassment and bullying policies.
Summary findings	During our review we noted that the Police Staff Standards of Professional Behaviours is dated June 2018 and the whistleblowing policy is dated April 2016.
Management comment	Agreed

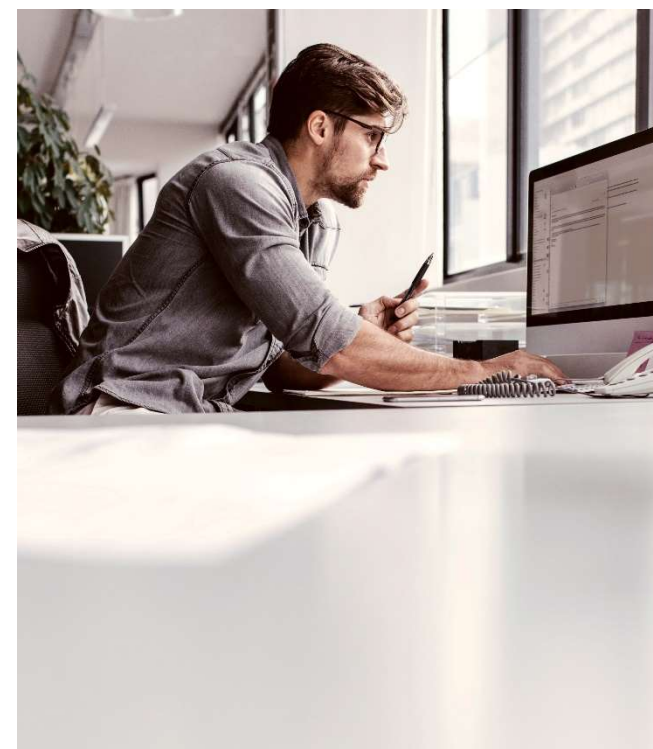


The range of recommendations that external auditors can make is explained in Appendix C.

Improvement recommendations

Governance

3 Recommendation	We recommend that the three forces complete a timely review of the PFI scheme and ratify any formal contracted changes through the relevant governance processes prior to the 31 March 2022 year-end, to ensure the asset and liability is correctly reflected in each of the financial statements.
Why/impact	Incorrect figures could be included within the financial statements and changes to the agreed split could be open to challenge.
Summary findings	The Blackrock Training Facility Private Finance Initiative is utilised by Avon and Somerset Police, Gloucestershire Police and Wiltshire Police. As a result, the contracted annual spend and ownership of the asset at the end of the scheme, is driven by the original contracted percentage split. The original contracted percentage split for the revenue costs was considered and updated in year and agreed by each Chief Finance Officer for the Police and Crime Commissioner and Chief Constable. However, the contracted change was not agreed through a formal governance process. Our audit work across the three forces also identified an inconsistency in relation to accounting for the asset and liability split in 2020-21, due to different interpretations of the updated agreement.
Management comment	Agreed



The range of recommendations that external auditors can make is explained in Appendix C.

Improving economy, efficiency and effectiveness



We considered how the PCC and the CC:

- use financial and performance information to assess performance to identify areas for improvement
- evaluate the services they provide to assess performance and identify areas for improvement
- ensure they deliver their role within significant partnerships, engage with stakeholders, monitor performance against expectations and ensure action is taken where necessary to improve
- ensure that they commission or procure services in accordance with relevant legislation, professional standards and internal policies, and assesses whether they are realising the expected benefits.

Overview of Arrangements for improving economy, efficiency and effectiveness

The PCC and Constabulary have put in place effective arrangements to improve economy, efficiency and effectiveness. This includes further development of Qlik Sense so apps are available to cover all areas within the organisation and the introduction of the Integrated Performance and Quality Report.

Performance monitoring

A quarterly performance monitoring report is taken to the Police and Crime Panel for the first three quarters of the financial year, with the last quarters data being included within the performance report in the annual report. This report provides a picture of performance against the Police and Crime Plan using a wide array of measures, consisting of both:

- Success measures – these are measures whereby looking at the data alone will indicate how well the Constabulary or other service areas are performing
- Diagnostics measures – these are measures where conclusions cannot be drawn from simply looking at the data and need further analysis to try and understand if any change is good or bad.

In addition, since July 2020, an Integrated Performance and Quality Report (IPQR) is produced and presented monthly at the Police and Crime Board. This report tracks key performance issues and includes recommendations for improvement. In addition the IPQR includes “spotlights” which is a deep dive into specific performance issues which is performed by a team outside of the business area, but working closely with them to understand the issues that are affecting performance.

The organisations continue to use Qlik Sense, software that allows users to create visualisations, charts, interactive dashboards and analytic apps. The data is tailored to each individual so that performance can be monitored and improvements made where required. The apps can show a wide array of performance measures and data including daily case load, case timeliness and even outstanding training. A number of metrics are formed using the data to allow effective management of performance, for example the timeliness of contacting a victim of a crime (or their families) and by logging into the app, the individual is able to instantly view whether they have met this metric. The data underlying this particular metric comes from the Case Management software. If there are gaps in the data, the individual has the opportunity to rectify this as exception notifications will be raised, improving the data quality. If the data isn’t updated, the line manager can see this and support the individual through the process.

Qlik Sense has over 100 apps from which users can access data that is relevant to them and is used across the whole organisation. Other underlying data comes from a number of reporting environments such as databases and software packages. Scheduled scripts are run behind the scenes so that the data is continually updated and at most is only one day old. Security and access priorities are in place to ensure that the correct level of data is visible to an individual. This level of analytics provides powerful insight for users across the organisations to drive better efficiencies, performance and effectiveness.

Improving economy, efficiency and effectiveness

Benchmarking is undertaken with other Police Forces around a variety of metrics and through the use of Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) dashboards. Any findings are reported through the IPQR as needed. The annual people survey is also benchmarked with the Civil Service People Survey as this is the largest people survey undertaken. Our review of the HMICFRS VFM profiles has not identified any significant outliers or area of concern.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) provide independent assessment of the performance of police forces. Part of their role is to promote improvements in police services through inspection, monitoring and reporting on the efficiency and effectiveness of police forces. The latest report is the PEEL Assessment which was undertaken in 2018/19. This report provided the following assessment for Avon and Somerset Police:

- Effectiveness – Good
- Efficiency – Outstanding
- Legitimacy – Good

The 'outstanding' rating around efficiency was related to its "impressive use of technology" and this related to Qlik Sense as described on the previous page of this report.

Service improvement

There is no evidence to suggest that minimum service standards have not been met. There is also no evidence to suggest that strategic priorities are not being evaluated. Avon and Somerset Police use Qlik Sense to evaluate their data and have apps available within the software to monitor the priorities for both the Constabulary Plan and the Police and Crime Plan. The information contained within Qlik Sense is very detailed and allows for analysis and performance monitoring and links both local and national data. Budget holders also have access via a finance app to monitor their individual budgets with the information being at most one day out of date as the database refreshes overnight.

Significant Partnerships

Our work in this area remains on-going

Commissioning and procurement

Our work in this area remains on-going.

Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified or we qualified the financial statements on 29 October 2021.

Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the PCC's and CC's Audit Committee on 20 October 2021.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA returns prepared by the PCC and CC. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

Our work has not yet begun due to a delay in receiving the Auditor guidance from the NAO. Management have also yet to receive the data collection tool from HM Treasury to allow them to complete their submission.

Preparation of the accounts

The PCC and CC provided draft accounts in line with the national deadline and provided a good set of working papers to support it.

Grant Thornton provides an independent opinion ensuring the accounts are:

- True and fair;
- Prepared in accordance with relevant accounting standards; and
- Prepared in accordance with relevant UK legislation.



Appendices

Appendix A - Responsibilities of the PCC and CC



Role of the Chief Financial Officer (or equivalent):

- Preparation of the statement of accounts
- Assessing the PCC's and CC's ability to continue to operate as going concerns

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the PCC's and CC's ability to continue as going concerns and use the going concern basis of accounting unless there is an intention by government that the services provided by the PCC and CC will no longer be provided.

The PCC and CC are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B - Risks of significant weaknesses - our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the PCC's and CC's arrangements for securing economy, efficiency and effectiveness in their use of resources that we needed to perform further procedures on. We did not identify any risks of significant weakness as part of our assessment.

Appendix C - An explanatory note on recommendations

A range of different recommendations can be raised by the PCC's and CC's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the PCC and CC under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the PCC and CC to discuss and respond publicly to the report.	No	n/a
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and CC. We have defined these recommendations as 'key recommendations'.	No	n/a
Improvement	These recommendations, if implemented should improve the arrangements in place at the PCC and CC, but are not a result of identifying significant weaknesses in the PCC's and CC's arrangements.	Yes	8, 12 and 13

Appendix D - Use of formal auditor's powers

We bring the following matters to your attention:

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue any statutory recommendation.

Public interest report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue any public interest reports.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not issue any applications to the Court.

Advisory notice

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not issue any judicial reviews.

MEETING: Joint Audit Committee	DATE: 15th December 2021	AGENDA NO: 8 a
NAME OF PAPER: OPCC Strategic Risk Management Update	AUTHOR: Ben Valentine	PURPOSE: Information and Discussion

1. PURPOSE OF REPORT AND BACKGROUND

This report provides members of the Joint Audit Committee (JAC) with an overview of any significant changes to the Office of the Police and Crime Commissioner (OPCC) Strategic Risk Register (SRR), and other points related to the management of risk, in the period of time since the last JAC meeting held on 20th October 2021.

2. POINTS OF NOTE

SR1 – Governance Failure

The PCC has decided to appoint a Deputy Chief of Staff, temporarily for 2022. This will be an internal appointment in order to support the new Chief of Staff in their role and to provide continuity of management and advice in the OPCC.

SR2 – Failure to deliver the Police and Crime Plan

Sarah Crew (former DCC and Temporary Chief Constable) confirmed as permanent Chief Constable on 25th November 2021.

The final Avon and Somerset Police and Crime Plan 2021-25 was presented to the Police and Crime Panel and published on 9th December.

The financial position will be a significant determinant in the ability of the Constabulary to deliver against the new plan (see below). Significant savings could be required across the MTFP which would likely result in staff redundancies, inefficiencies and a reduction of service to the public.

SR3 – Financial incapability or ineffectiveness

The Government have confirmed that there will be a three year funding settlement for policing and that PCCs can raise the precept by £10 (for an average band D home) for each of the next three years (without referendum). The local breakdown of the funding is due to be announced in mid-December 2021.

Two of the biggest risks in terms of impact and uncertainty are the ability to secure the maximum precept increase and the level of pay awards.

The PCC has launched a precept survey which will run for seven weeks – online and as a postal invitation – to understand the public's view on increasing the precept.

SR4 – Failure to engage with the public and other stakeholders

The mitigated risk score has increased to 16. The OPCC Communications and Engagement Team is has an authorised establishment of three full time equivalent. The newest member of the team resigned at the end of October with the vacancy not going out to recruitment until the new year.

The assessment of risk must also take account of the scale of ambition. Engagement is something the PCC has been very clear they want to increase and improve upon. A reduction of a third in resource clearly has a significant impact on the ability of the team to support the PCC with engagement.

SR5 – Lack of public confidence in or awareness of OPCC

The mitigated risk score has increased to 16 for similar reasons described in SR4.

As part of the precept survey this year a question has been included to ask people's confidence level in the PCC which can act as a benchmark going forward.

SR6 – Lack of capacity/capability within the OPCC

This continues to be a challenge with two further periods of maternity leave, in the Commissioning and Partnerships team, due to start in spring of 2022. Recruitment for these two roles is underway with interviews taking place in January 2022. There are a number of internal applicants for these roles which if successful will create a domino effect of vacancies and further recruitment.

The Deputy Chief of Staff was only open for internal candidates so whoever is successful there will be another role which will need to be back-filled.

The issues with recruiting the Deputy PCC have still not been resolved at the point of writing.

SR7 – Failure to deliver commissioned services

The mitigated risk score has decreased to 9. This accurately reflects that this is the lowest risk of the strategic risks.

This reflects the stability of the commissioned services broadly. The Lighthouse Safeguarding Unit review provided an update report to December PCB with a more detailed plan of next steps with the aim to have completed the review by the end of the financial year.

SR8 – Failure to deliver effective and efficient collaborations with other forces

SW Regional Policy and Research Officer appointed to start in 2022. Drugs will be the first focus of collaboration through Op Scorpion.



Office of the Police and Crime Commissioner for Avon and Somerset

Strategic Risk Register

December 2021

A Strategic Risk is anything that might impede the delivery of the organisational objectives. Risk management is the process by which these risks are identified, assessed and controlled. This risk register is the document which records these risks and related information.

Risk is assessed by considering the causes of the risk and the consequences if that risk were to happen. The scoring is therefore based on the likelihood multiplied by the impact. The below grids explain the scoring in more detail. Risk is about planning for the future so when considering the assessment it goes beyond current performance.

Impact	5 Extreme	5	10	15	20	25
	4 High	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Low	2	4	6	8	10
	1 Negligible	1	2	3	4	5
		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
		Probability				

Probability	
5 Almost Certain	Likely to occur within a twelve-month time period, or about a 75% probability of occurrence
4 Likely	Likely to occur within a two-year time period, or about a 50% probability of occurrence
3 Possible	Likely to occur within a three-year time period, or about a 25% probability of occurrence
2 Unlikely	Likely to occur within a five-year time period, or about a 15% probability of occurrence
1 Rare	Likely to occur in a ten year period, or about a 5% probability of occurrence

Impact	
5 Extreme	<ul style="list-style-type: none"> • Fatality of any individual • Financial impact greater than £1/2 m • Vote of no confidence from Local Authorities - failed • National media attention • Government/ HO intervention • Total disruption to service • Exceptional/long term reputational damage
4 High	<ul style="list-style-type: none"> • Serious life-threatening injury of any individual • Financial impact greater than £1/4 m • Vote of no confidence from Local Authorities - failed • Regional media attention • Adverse comment by Minister / auditor • Major service disruption/reputational damage
3 Moderate	<ul style="list-style-type: none"> • Serious non-life-threatening injury of any individual • Financial impact greater than £100k • Criticism from the Police and Crime Panel • Local media attention • Significant service disruption • Significant reputational damage
2 Low	<ul style="list-style-type: none"> • Minor injury of any individual • Financial impact up to around £100k • Multiple thematic complaints • Some service disruption • Some negative consequences relating to reputation
1 Negligible	<ul style="list-style-type: none"> • Slight injury of any individual • Low level financial loss • Isolated complaints • Minor service disruption • Minor/contained negative consequences

The unmitigated scores are the assessment based on the current position with no action taken or controls in place. The mitigated scores are based on the success of the controls (anticipated or actual) in reducing the risk.

It should be noted that the OPCC and the Constabulary are separate organisations and therefore each may assess the same risk as being at a different level. This is most evident in the risk of failure to deliver the police and crime plan. This exists on both Strategic Risk Registers but may score differently. One of the main reasons for this is that the OPCC assess delivery of the plan as a whole which relies on agencies, other than the Constabulary to fully deliver e.g. the CPS and Courts. Whereas when the Constabulary assess this risk they need only consider the parts of the plan they are expected to deliver. A difference may also be caused whether considering the risk in the short, medium or long term.

RISK			ASSESSMENT		
Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Governance Failure	SR1	CEO	5	4	20
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	4	16
			Mitigated Risk change:		↔
Cause		Impact			
<ul style="list-style-type: none">● Loss of experience at the most senior level of the OPCC● OPCC failure to engage on the design element of the '3 Ds' ways of working● New duties and expectations of PCCs arising from the national review. Taking on any new responsibilities means there are more likely to be governance failures whilst the team learn.● Additional national direction through the Beating Crime Plan● Information governance failure- Records held on IKEN retained for longer than is compliant with retention schedule● Ineffective scrutiny and oversight of services and outcomes delivered by the Constabulary including delivery of the Strategic Policing Requirement● Ineffective scrutiny and oversight of the OPCC Equality Duty● Failure to ensure adequate transparency of the OPCC and/or the Constabulary● Failure to ensure effective risk management and support the delivery of service● Failure to ensure Chief Constable sets appropriate culture, ethics and values● Lack of control/influence over other Criminal Justice agencies		<ul style="list-style-type: none">● Lack of oversight and scrutiny of the Constabulary● Failure to deliver the Police & Crime Plan (SR2)● Financial loss (SR3)● Damaged reputation and reduced public confidence (SR5)● Failure to deliver OPCC statutory requirements● The Constabulary and/or OPCC will be inefficient/ineffective● Failure to deliver the Beating Crime Plan● Damaged relationship with Constabulary, commissioned services or partners● Government criticism or penalties● Panel criticism● Sub-standard performance results and poor inspection outcomes● Risks not managed● Failure to improve the delivery of the broader Criminal Justice Service			
MITIGATION					
Controls	Review date	Owner	Commentary / Controls updates		
<ul style="list-style-type: none">● Permanent Chief of Staff, CFO and DPCC being recruited● Deputy CoS being appointed to ensure continuity● CoS will lead a review of the OPCC which will act as a check and test of governance.● OPCC Management Board (OMB) - allows greater oversight of performance, risks and issues and provides a formal decision making mechanism for non-Constabulary business.● Scheme of governance and Governance Boards● OPCC self assessment of compliance with their Equality Duty● Police and Crime Board (PCB)● PCC and Chief Constable 1:1s● OPCC attend Constabulary Management Board and other strategic meetings (open invitation from the CC).● Joint Audit Committee, External Audit, Internal Audit and annual governance statement● Police and Crime Panel meetings● COG attendance at weekly OPCC SLT● Police and Crime Plan Annual Report● Victim Services appointed and managed by the OPCC Commissioning Team● Scrutiny of complaints through the Independent Residents Panel● Transparency Checklist● Constabulary governance redesigned through 2020; this will allow greater oversight of risk and assurance by the OPCC.● OPCC Information Governance Group meets 6 weekly to ensure compliance with GDPR and DPA 2018.	Dec 2021	PCC/Office Manager	● Chief of Staff starting 4 Jan 22; CFO recruitment postponed until April 22 for new CoS to lead; DPCC recruitment issues ongoing as at Dec 21.		
	Dec 2021	PCC/Office Manager	● Deputy CoS role will be offered in Dec 21		
	Jan 2022	CoS	● OMB established Feb 2020 and will be a bi-monthly meeting. Highlight reporting needs to be refreshed/reinvigorated to reflect new P&C Plan.		
	Jan 2022	SPPO			
	Dec 2021	CFO	● Joint governance arrangements will be reviewed for new PCC and CC.		
	Jan 2022	Head of C&E	● PCB is monthly following CMB and continues to be the principal joint decision making forum and provides the PCC formal oversight of the Constabulary.		
		CEO			
		PCC			
		CEO			
		CFO	● The internal audit report on governance concluded that the PCC and CC have an adequate and effective framework for risk management, governance and internal control.		
		PCC			
		CEO			
		SPPO			
		Head of C&P			
		Volunteer Manager			
		Office Manager	● CoPaCC transparency award received.		
		SPPO	● New constabulary governance framework implemented but not KPQs and risk management process not fully embedded.		
		Head of C&C	● Records deletion completed in June 21 with expected completion by end of July.		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to deliver the Police and Crime Plan	SR2	CEO	5	4	20
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	4	16
			Mitigated Risk change:		↔
Cause		Impact			
<ul style="list-style-type: none">• New plan is broad and ambitious• Underpinning the delivery risk of all of this is the financial uncertainty and the increased public expectation from the additional funding that policing has received both through central government grant and local taxpayers’ increase in precept funding• Lack of oversight and scrutiny of the Constabulary• Workforce not representative of the communities of A&S; insufficient progress has been made• Prevention is hard to measure/evidence and needs more than the police to deliver• Positive Outcomes - not seeing the improvements hoped for - particularly of Op Remedy crimes.• National rape crisis reduces confidence in the entire criminal justice system• Police response to ‘neighbourhood crimes’ does not meet public expectations• Lack of capacity/capability within the Constabulary - significant vacancies in CID and inexperienced workforce in Patrol.• Crime recording/CDI compliance needs improvement• Disproportionate outcomes for minority groups, particularly people that are from an ethnic minority• Court backlogs means justice is not being delivered effectively or efficiently• Lack of control/influence over other criminal justice agencies• Increased numbers of officers will result in more people going through an already overstretched criminal justice system.		<ul style="list-style-type: none">• Loss of legitimacy in the OPCC and Constabulary• Loss of public confidence/trust in the OPCC (SR4) and Constabulary• Failure to keep people safe• Failure to protect and support vulnerable people• Failure to bring offenders to justice• People will feel unsafe• Police and Crime Panel criticism and/or fail to agree precept increase			
MITIGATION					
Controls	Review date	Owner	Commentary / Controls updates		
<ul style="list-style-type: none">• Police and Crime Plan 2021-25 development• Governance and scrutiny arrangements will be reviewed during 2021• Local plans will be developed to further engage partners• Police and Crime Board (PCB) discusses performance, assurance and risk• PCC and Chief Constable 1:1s• OPCC attend Constabulary Management Board and other strategic meetings (open invitation from the CC).• Audits and Inspections (HMICFRS & SWAP) overseen by Joint Audit Committee• Internal assurance mechanisms are in place to evaluate delivery of the Plan's objectives• Oversight of all strategic constabulary data through Qlik• Panel Meetings• Contacts analysis	Dec 2021 Dec 2021 Jan 2022	CEO CFO CoS CoS PCC CEO CFO CFO SPPO CEO Head of C&C	<ul style="list-style-type: none">• Final version going to Panel 9 Dec 21• Joint governance framework will start being reviewed in December 2021 but is dependent on OPCC review as well.• OPCC attendance at CMB and the PCB which follows this continues to work well in terms of assurance and open dialogue about areas of concern where the plan may not be delivered. This includes regular sessions on Op Uplift and the Futures Programme.• The Strategic Threat Assessment and Strategic Intelligence Requirements documents raise concerns around the Constabulary's ability to deliver against the Plan, but HMICFRS inspections indicate good progress.		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Financial incapability or ineffectiveness	SR3	CFO	4	5	20
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	4	16
			Mitigated Risk change:		↔
Cause		Impact			
<ul style="list-style-type: none">• Pay awards may exceed central government projections and effectively be unfunded.• Unable to achieve maximum precept increase.• Inflationary increases.• Time required for the new PCC to establish budget and estates strategies• Single year settlement for 2021/22 with additional central funding for Op Uplift only.• The 2021/22 precept was set at £13.39 per year for the average Band D household (less than the maximum £15).• Austerity and uncertainty caused by COVID-19 and Brexit: both for policing and the wider economy• Risks around pension funds due to wider economic impact.• Increasing pension costs for officers and staff schemes.• Op Uplift – central funding effectively ring-fenced to deliver the additional officers. In ASC this does not cover full costs.• Required precept increase may not be supported by Police and Crime Panel.• Capital budget not fully funded from 2023/24 – borrowing already at prudent levels and diminishing potential for capital receipts.• National work will require local funding with no control over decision making e.g. ESMCP, NPAS, national IT.• Uncertainty of local costs in high value areas: IT and replacement of SAP.		<ul style="list-style-type: none">• As officer numbers are protected it may mean using officers in roles currently undertaken by civilians if other savings do not materialise.• Failure to set a sustainable revenue budget or capital plan across the medium term.• The need for further savings after 10 years of austerity presents further challenges.• Failure to meet heightened expectations of stakeholders• Loss of public confidence (SR5)• Unable to fund adequate or minimum service• Unable to fund delivery of PCC priorities (SR2)• Unable to afford change• Revenue budget underspends may undermine support from PCP for sustainable increases to the precept.• Failure to ensure value for money.			
MITIGATION					
Controls	Review date	Owner	Commentary / Controls updates		
<ul style="list-style-type: none">• Medium and long term financial planning• Regular oversight of revenue & capital budget• Maintain adequate risk-assessed reserves• Subject to external and internal audit both overseen by the Joint Audit Committee• Treasury Management strategy in place outcomes reviewed by CFOs and Finance meeting• HMICFRS inspection regime		CFO CFO CFO CFO CFO CFO	<ul style="list-style-type: none">• MTFP deficit after savings:<ul style="list-style-type: none">- 21/22 £0- 22/23 £1,221,000- 23/24 £2,862,000- 24/25 £4,362,000- 25/26 £8,497,000• For the current financial year the underspend has been used to 'accelerate' a number of Constabulary plans, used on reducing re-offending work and remainder will be put into reserves to manage future risk (particularly relevant because of COVID-19).		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to engage with the public and other stakeholders	SR4	CEO	4	4	16
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	4	16
			Mitigated Risk change:		↑
Cause		Impact			
<ul style="list-style-type: none"> Limited resources within the OPCC to support meaningful and proactive engagement; staffing reduced by 1/3 in Q3 21/22 Engagement methods do not always reach a wide audience or different communities or groups Lack of awareness from the public Statutory responsibilities to engage with the Chief Constable, Police and Crime Panel, the public and victims prior to publishing a new Police and Crime Plan 		<ul style="list-style-type: none"> Reputational damage to both the OPCC and Constabulary Loss of legitimacy in both the OPCC and Constabulary Lack of public confidence in or awareness of OPCC (SR5) Partnership relationships damaged Failure to understand people's priorities and issues re policing and crime and which could be biased by only hearing those individuals already proactive/engaged. Police and Crime Plan and delivery not aligned to public concerns and priorities (SR10 & SR2) 			
MITIGATION					
Controls	Review date	Owner	Commentary / Controls updates		
<ul style="list-style-type: none"> PCC engagement two days a week Vacancy will be filled at the start of 2022 and increase in resources will be bid for in the CoS review. Creation of an overarching strategic approach to communications to work in a more focused way on strategic priorities and objectives Creation of tactical communications plans for particular workstreams (including public engagement/events) with ownership and delivery allocated to one person who is accountable OCC/OPCC Corp Comms joint meetings Calendar of regular media appearances / communications activities which will also link to national days or weeks where relevant Oversight of Operation Remedy Communications Plan through ongoing meeting structure Joint working with the Constabulary on EDI portfolio Revised stakeholder mapping and management 	Jan 2022	Head of C&E Head of C&E Head of C&E Head of C&E Head of C&E Head of C&E Head of C&E Head of C&E	<ul style="list-style-type: none"> Strategy has been developed for new PCC with overarching theme focusing on vulnerable and under-represented communities to build trust and confidence Mapping complete - moving to develop proof of concept for user platform further delays due to capacity 		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Lack of public confidence in or awareness of OPCC	SR5	CEO	4	4	16
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	4	16
			Mitigated Risk change:		↑
Cause		Impact			
<ul style="list-style-type: none">● Risk that the new PCC fails to deliver on manifesto pledges and/or new P&C Plan● Governance failure likely to damage confidence in PCC● The increased visibility of performance presents both an opportunity and risk to confidence depending on that performance.● Limited resources within the OPCC to support meaningful and proactive engagement; staffing reduced by 1/3 in Q3 21/22● Policing failures/adverse incidents (even at an operational level e.g. policing of protests/riots) can impact on the perception of the OPCC also - inequality/disproportionality and public order policing particularly relevant at this time● Failure to engage with the public and other stakeholders (SR4)● Failure to discharge statutory duties (SR1)● Failure to deliver the Police and Crime Plan (SR2)● Public expectation of the role of the PCC may not be matched by available funding or powers of the PCC● Precept funding fails to deliver expected outcomes (e.g. Op Remedy or PSIs)● Failure of the Constabulary to deliver Op Uplift (Force Futures) or if delivered failure to improve outcomes would likely impact confidence in the OPCC due to public expectations● Court backlogs and national rape crisis reduces confidence in the entire criminal justice system		<ul style="list-style-type: none">● Loss of legitimacy in the OPCC● Failure to demonstrate value for money● Could undermine the working relationship between the Constabulary and OPCC● Police and Crime Panel failure to support precept increases● Low voter turnout in PCC elections● Loss of political support for the need for PCCs			
MITIGATION					
Controls	Review date	Owner	Commentary / Controls updates		
<ul style="list-style-type: none">● Police and Crime Plan 2021-25 raises profile of work of OPCC● Improve data capture about confidence in the PCC● Gold Groups manage critical issues of public confidence.● Engagement activity recorded against SR4 is the primary direct mitigation against this risk.● Fulfilling statutory duties (SR1) and delivery of the Police and Crime Plan (SR2) are critical to ensuring confidence in the PCC.	Dec 2021 Jan 2022	PCC SPPO CEO / Head of C&E CEO / Head of C&E PCC / CEO	<ul style="list-style-type: none">● Final version going to Panel 9 Dec 21 - comms plan to follow● Precept survey asks confidence question. Qs will be added to Constabulary workforce survey from 2022.● The OPCC has a standing invite to all Gold Groups		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Lack of capacity/capability within the OPCC	SR6	Office Manager	5	4	20
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	4	16
			Mitigated Risk change:		↔
Cause		Impact			
<ul style="list-style-type: none">Office is not currently resourced/structured to be able to fully realise the new PCC's ambitionsSignificant turnover in a short period (March - May 2021) - loss of skills and experience including DPCC, CEO (former CFO) and PCC.COVID-19 lockdown has a detrimental effect on the current ways of working on all members of the team. The continued risk posed by the virus and potential need to self-isolate.Small size of the organisation and varied specialisms also makes building resilience challenging.A number of single points of failure within the OPCC (can cause risk to materialise temporarily during periods of prolonged absence).Demand too high for current resource levels.		<ul style="list-style-type: none">Increased likelihood of materialisation of all other strategic risks through delivery failureDelivery of work is late or not to standards of quality desired			
MITIGATION					
Controls	Review date	Owner	Commentary / Controls updates		
<ul style="list-style-type: none">Permanent Chief of Staff, CFO and DPCC being recruitedDeputy CoS being appointed to ensure continuityOffice will be subject of review by new Chief of Staff in Q4 21/22Resource planning is part of OMB and informal SLT - all vacancies are being filled.Regular team meetings to share knowledge and resolve issuesPDR process and regular supervisory sessionsAnnual staff survey which forms the basis of a delivery planTraining and development budget maintainedSkills matrix maintainedSalary levels set at a reasonable market rate and in line with other OPCCsValues and teamwork embedded and recruited to improving retention	<div>Dec 2021</div> <div>Dec 2021 Jan 2022</div>	<div>PCC/Office Manager</div> <div>PCC/Office Manager Chief of Staff Office Manager Office Manager Office Manager Office Manager CFO Office Manager CEO/CFO Head of C&E</div>	<ul style="list-style-type: none">Chief of Staff starting 4 Jan 22; CFO recruitment postponed until April 22 for new CoS to lead; DPCC recruitment issues ongoing as at Dec 21.Deputy CoS role will be offered in Dec 21Need to refresh the matrix and better embed its use in the process of assigning new work		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to deliver commissioned services	SR7	Head of C&P	4	3	12
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			3	3	9
			Mitigated Risk change:		↓
Cause		Impact			
<ul style="list-style-type: none">● Backlogs in Lighthouse (the primary commissioned service)● Lack of robust performance framework around commissioned services● Additional demand on victim support services; particularly DA and SV		<ul style="list-style-type: none">● Failure to support victims particularly vulnerable victims - PCP Priority 1 (SR2)● Loss of public confidence in or awareness of OPCC (SR5)● Relationship with Constabulary and partners● Reduction or withdrawal of victims grant from Government● Failure to devolve further funding/commissioning			
MITIGATION					
Controls	Review date	Owner	Commentary / Controls updates		
<ul style="list-style-type: none">● Commissioning review being undertaken following PCC direction.● Lighthouse victims' service jointly established with the Constabulary: service under joint review.● Maintain a sufficiently resourced and prioritised commissioning team within the OPCC.● Victim Services Provider forum and AWP Partnership Board are regular joint strategic meetings with commissioned services.● Scan and apply for additional funding as available.	Dec 2021 Mar 2022	Head of C&P Head of C&P Head of C&P Head of C&P	<ul style="list-style-type: none">● Review complete with Red recommendations agreed; A&G to follow● Interim position reported to Dec PCB with plans to complete by the end of the financial year.● C&P team at full establishment but with two further maternity cover roles to recruit. <ul style="list-style-type: none">● Additional funding for DA and SV services awarded; as well as micro grants. Additional DA and SV funding has been applied for but grants not yet agreed by MoJ; 'bridging' funding agreed by OPCC so as not to help prevent redundancies.		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to deliver effective and efficient collaborations with other forces	SR8	CEO	4	3	12
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	3	12
			Mitigated Risk change:		↔
Cause		Impact			
<ul style="list-style-type: none">● Ineffective governance and scrutiny over existing collaborations● Failure to agree effective models for collaboration● Increased funding for police means the imperative to collaborate is not so pressing● Ineffective governance and ownership of regional projects and programmes● Tension between local forces and collaborations in terms of competing interests and lack of uniformity of people and processes● Lack of direct influence/control in order to make changes i.e. everything must be done by (multi-force) committee		<ul style="list-style-type: none">● Governance failure as a duty of the PCC (SR1)● Failure to deliver value for money● Failure to deliver specific services provided by existing collaborations● Inefficient compared to other regions/areas● Criticism from HMICFRS● Government scrutiny/intervention● Lack of resilience otherwise provided by a collaboration● Forced to accept others terms from future alliances or mergers			
MITIGATION					
Controls	Review date	Owner	Commentary / Controls updates		
<ul style="list-style-type: none">● South West Regional PCCs are politically aligned and have agreed to collaborate.● Strategic Collaboration Governance● Regional commissioning and programme boards and policy officer● SWAP appointed as Internal Auditor (from April 2019) - working in partnership with other regional forces● Regional ACC has been in place (in line with HMICFRS recommendations)		CoS CoS CFO CFO	<ul style="list-style-type: none">● SW Regional Policy and Research Officer appointed to start in 2022. Drugs will be the first focus of collaboration through Op Scorpion.		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to deliver effective and efficient collaborations or outcomes with other partners	SR9	CEO	4	4	16
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	3	12
			Mitigated Risk change:		↔
Cause		Impact			
<ul style="list-style-type: none">● Lack of control/influence over other criminal justice agencies● Home Office review of PCCs is resulting in changes to the roles and responsibilities (including direction to extend portfolio to Fire & Rescue Services); increased expectations.● Partner funding remains under pressure with financial settlements not keeping pace with inflation and demand. This increases the risk of demand and funding requests moving to the ASC and OPCC● Macro-economic factors could have a detrimental effect on partners, particularly Local Authorities. This financial position could cause partners to withdraw or reduce levels of service to partnerships● Failure to put in place effective governance and ownership of partnership working● Differing priorities and leadership of agencies● Lack of meaningful 'live' information sharing		<ul style="list-style-type: none">● Governance failure as a duty of the PCC (SR1)● Failure to deliver the Police and Crime Plan (SR2)● Failure to deliver a whole systems approach to crime and continue the 'revolving door' of offending and victimisation● Failure to deliver value for money			
MITIGATION					
Controls	Review date	Owner	Commentary / Controls updates		
<ul style="list-style-type: none">● Development of local police and crime plans for each CSP area● PCC will chair LCJB and OPCC continue to be represented at CSPs, Children's Trusts, Health and Wellbeing Boards● Meetings (outside of Boards) with LA chairs/CEOs; CSP Chairs● Criminal Justice Transformation● Resolve Programme (reducing re-offending) now operating at force and regional level● Violence Reduction Units <ul style="list-style-type: none">● PCC applying to sit on Fire Authorities● Information sharing relevant to all partnership working; particularly CJ, reducing reoffending and VRUs	Jan 2022	CoS CEO CEO Senior C&P Officer Senior C&P Officer Senior C&P Officer	<ul style="list-style-type: none">● Planning will commence in January 2022 <ul style="list-style-type: none">● CJ work led by a Senior C&P Officer in the OPCC● Reducing re-offending work led by a Senior C&P Officer in the OPCC and a Regional SRO● HO confirmed A&S funding for 2021/22. Planning to maintain the current model with the same level of devolved funding.● PCC accepted onto D&SFRS; need to attend AFRS Authority meeting to progress.		
	Jan 2022	CEO Respective Strategic Groups			



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

Report of Internal Audit Activity- December 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 copies of the following reports which have been finalised since our last update in July 2021 are submitted with this Quarterly Update:

- Assurance Mapping Position Statement Q3;
- Key Financial Controls;
- Environmental Sustainability;
- Performance Management Follow Up Report;
- Police Officer and Staff Training Follow Up Report; and
- Regional Vetting (Closed item).

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	58%
Work at Draft Report Stage	0%
Fieldwork In Progress	19%
Fieldwork Ready to Start	23%
Scoping	0%
Not Yet Started	0%

Audit Opinion:

We are able to provide **Reasonable** assurance based on work completed to date.

Significant Risks:

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

Follow Ups:

We have completed two of the three Follow Up pieces of work for the year and these are incorporated within our suite of papers for this meeting. The remaining Follow Up audit will be completed in Q4.

Executive Summary

Changes to the 2021/22 Audit Plan


Since the previous meeting of the Committee, it has been agreed that we could use five of the Contingency days to put towards the Criminal Justice audit. This is due to delays and change in scope at the outset of the audit and subsequent complexity of the data analysis undertaken which has warranted further work. As a result, we will provide a verbal update at the meeting and will report on this piece of work in Q4.

Regional Audit Work

At the time of writing, we are anticipating Draft reports to be ready for the Committee meeting for the Fraud Baseline Review and Digital Forensics audit. The audit of Pensions Administration has commenced but we are struggling to obtain some of the information required from the pension providers. This has been raised with the Directors of Finance.

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	Completed	Limited	4	-	3	1
Governance, Fraud & Risk Mgt.	Assurance Mapping	Q1-4	10	In Progress (3/4 Completed)	N/A	-	-	-	-
Managing Offenders, Protecting Vulnerable People	Use of Force	Q2	12	Completed	Reasonable	3	-	2	1
Force-wide Functions, Responding to the Public	Complaints Handling	Q2	12	Completed	Limited	7	-	6	1
Force-wide Functions, Knowledge Management & ICT	Criminal Justice	Q3	12	In Progress	-	-	-	-	-
Force-wide Functions, Finance	Environmental Sustainability	Q3	15	Completed	Reasonable	2	-	2	-
Finance	Key Financial Controls: Accounts Payable, General Ledger & Fixed Assets	Q3	20	Completed	Reasonable	5	-	1	4
Force-wide Functions, Managing Offenders, Protecting Vulnerable People	Clinical Governance within Custody	Q4	10	Fieldwork Ready to Start	-	-	-	-	-
Force-wide Functions, Protecting Vulnerable People	Victim Support Services	Q4	10	Fieldwork Ready to Start	-	-	-	-	-
Governance, Fraud & Risk Mgt.	Risk Management	Q4	12	Fieldwork Ready to Start	-	-	-	-	-
Collaborations	Contribution to Regional Police Audits	Q1-4	5	In Progress	-	-	-	-	-
Governance, Fraud & Risk Mgt.	Follow Up	Q1-4	5	In Progress (2/3 Completed)	N/A	-	-	-	-
Governance, Fraud & Risk Mgt.	Contingency	Q1-4	5	Not Yet Allocated	-	-	-	-	-



SWAP
INTERNAL AUDIT SERVICES
Helping Organisations to Succeed

SWAP work is completed to comply with the International Professional Practices Framework 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.



Item 11b

Audit Objective

To provide an independent update to the Joint Audit Committee and Senior Management on the progress of Avon and Somerset Police's assurance mapping activity.

Audit Background & Scope

SWAP have agreed to provide an advisory review of Avon and Somerset Police's position / progress with regards to their assurance mapping work each quarter. We will also provide those in charge of delivering this work with input, insight, expertise, and best practice where appropriate throughout this review. This Position Statement follows our report to the Joint Audit Committee (JAC) in October 2021 and details the progress made since that update. This update should be read in conjunction with our previous updates to JAC. Our findings have been informed by interviews held with the Performance and Assurance (P&A) Department in charge of delivering this work and a review of evidence provided to support the progress made.

Key Findings



P&A are in the process of defining what the organisation considers to be assurance activity and setting the standards and metrics for how it will assess and rate the effectiveness of assurance to help ensure consistency in the assurance mapping process. This will require consultation and engagement with the wider business including (but not limited to) stakeholders from the Audit and Inspections Team and Risk Management. A proposal / presentation on setting these standards, judgement criteria and metrics to be used for the assurance mapping work will be provided to JAC for consideration and feedback in December 2021.



Avon and Somerset Police's new Corporate Risk Framework / register is now live and will be reviewed by JAC each quarter and shared with the Constabulary Management Board (CMB). The key risks to be included within the framework / register will be informed through monthly discussions with Directorate Leads. A quarterly Risk Management Advisory Group that is chaired by the DCC has been set up to review risk management and strategic risk controls within the organisation to inform the reporting to CMB and JAC. The Force have published their risk management procedural guidance and issued some internal communication messages. P&A will seek to map assurance activity against the risks included within the Corporate Risk Framework as part of their work.



The organisation's assurance map is currently being captured within an Excel spreadsheet. However, the intention is to utilise other software solutions to help analyse and visualise this information. As part of SWAP's contribution to this audit, we have agreed to provide input, insight and expertise where appropriate to do so. SWAP is currently in the process of procuring a new audit management solution. Part of the specifications for this project is to ensure that the new solution is capable of capturing, maintaining and mapping assurance activity against the strategic risks of our Partners (including Avon and Somerset Police). SWAP is still in the process of selecting a preferred solution. However, we endeavour to share the capabilities of the software with Avon and Somerset Police once operational and working effectively.

Next Steps

Once the standards, judgement criteria and metrics to be used for the assurance mapping work are agreed, P&A will be able to start mapping assurance activity against each of the six assurance frameworks. We have no concerns at this stage with regards to progress of this work. However, management and members of the JAC are asked to consider the value of any further independent updates from SWAP in relation to this work in order to help free up P&A resources to deliver the assurance mapping piece. In addition, to consider the inclusion of an assurance audit in relation to this area as part of a future audit plan.

Audit Objective

To provide assurance that the Force has effective key control frameworks in place for accounts payable, general ledger, capital accounting and payroll functions.

Link to SRR

SRR4 - Failure to effectively plan and manage financial resources.

Item 11C

Assurance Opinion	Number of Actions		Audit Assessment of Agreed Themes	
	Priority	Number	Theme	
	Priority 1	0	Leadership & Culture	
	Priority 2	1	Learning	
	Priority 3	4	Diversity & Inclusion	Not Assessed
	Total	5	Please see Appendix 1 for more details.	

Risk Reviewed	Assessment
Accounts Payable: Fraudulent, inaccurate, unauthorised and/or late payments are made.	Low
Main Accounting: Entries into the general ledger are incorrect and/or not authorised.	Medium
Capital Accounting: Capital assets are misrepresented in the Annual Statement of Accounts.	Low
Payroll: Key payroll processing / data handling controls are not adhered.	Low
Risk Management Awareness	Satisfactory

Key Findings



A supplier with an invalid VAT number was identified as part of our review of paid invoices. This was shared with Finance to investigate. Finance found that the supplier's VAT number had changed in July 2021, however, since then, the supplier has been paid around £93k by the Force with VAT being applied to the incorrect VAT number for the supplier. There did not appear to be any change to the VAT rate applicable. An action has been raised to ensure the Force reclaim the VAT paid against the correct VAT number for the supplier.



A sample of 10 individuals with access to SAP were reviewed to ensure their access was appropriate to their role. Some individuals were found to have access permissions not required or appropriate for their role. This is a recognised issue which the Force intends to resolve through the procurement of a new or updated Enterprise Resource System (ERP). An action has been raised to ensure access management is considered appropriately as part of this procurement exercise.



A sample of suspense, control and bank account reconciliations were reviewed. Common issues were identified across a number of reconciliations, which included: no procedural guidance in place on how to perform the reconciliation, items older than 12 months held in accounts (earliest dating back to 2010), and the reviewer / checker of the reconciliation not signing to confirm that the reconciliation was accurate.



Progress made towards the implementation of the three recommendations raised within our Key Financial Controls audit last year was reviewed as part of this audit. One recommendation has been implemented, whilst the other two remain in progress – some of which relate to similar issues identified again as part of this year's review.

Audit Scope

The audit sought to consider the following only for each area:

- **Account Payable:** Segregation of duties in payment processes; creation and amendment to creditor data; supplier reconciliations and exception reporting.
- **Main Accounting:** Suspense, control and bank account reconciliation; journal authorisation; and access to the main accounting system.
- **Capital Accounting:** Reconciliation of the asset register and that asset disposals are properly accounted for.
- **Payroll:** New starter processes; leaver processes; amendments to payroll data; procedures for overpayments; payroll BACS run preparation and approval; and exception reporting.

Summary

Actions have been raised to help improve the overall control framework for the areas reviewed, together with a summary of key findings for management consideration at Appendix 1 below.

Appendix 1

Findings & Action Plan

1. Accounts Payable

1.1	Finding	1.1a	Recommendation
	The VAT numbers of a sample of 21 suppliers who had been paid by the Force for goods and services, with VAT applied to them, were checked against the government’s database to ensure that the supplier was VAT registered. One supplier was found to have an invalid VAT number. This information was shared with Finance to investigate. Finance queried this with the supplier who stated that their VAT number had changed on 1 st July 2021. However, since July approximately £93k has been paid to the supplier with VAT applied against the incorrect VAT number. There did not appear to be any change to the VAT rate applicable, but an action has been raised to ensure the Force reclaim the VAT paid against the correct VAT number for the supplier.		We recommend that the Head of Finance ensures that VAT is correctly reclaimed against supplier 11042609. If VAT has already been reclaimed against the incorrect VAT number, the Force should amend their records accordingly and notify any relevant parties (e.g., HMRC) where appropriate to do so.
			Agreed Action
			The Head of Finance has agreed to ensure that VAT is reclaimed against the correct VAT number for supplier 11042609.
		Priority	3
		SWAP Ref.	46164
		Responsible Officer	Head of Finance
		Timescale	30/11/2021

1.2 Finding
As part of our audit, we sought to review supplier statement reconciliations. Supplier statement reconciliations help ensure that the Force's records agree with those of their suppliers, therefore, mitigating the likelihood of incorrect or missed payments. These reconciliations should be completed each month but were found to have only been performed once this financial year (September 2021). This was discussed with Finance who stated that as a result of resourcing issues, they have been unable to perform them. In addition, the member of staff responsible for checking these reconciliations has recently returned from maternity leave and has had to familiarise themselves with these processes along with other changes over the last year which has also impacted on the completion of these reconciliations. Assurances have been provided by Finance that these will be completed quarterly going forward to ensure a quality reconciliation can be undertaken. As such, no formal action will be raised. The findings have been noted for consideration only.

2. Main Accounting

2.1	Finding	2.1a	Recommendation								
	<p>A sample of 10 individuals with access to SAP were tested with Finance to ensure their access was appropriate to their role. The findings have been summarised below:</p> <ul style="list-style-type: none">In 1/10 cases the individual had access to permissions unrelated or not required to their role.In 1/10 cases the individual did not have access to a role which they should have.In 2/10 cases the individual had access to permissions which are no longer in use and are out of date.In a further two cases, we were unable to verify whether the individual’s access was appropriate as the member of staff we reviewed this access with did not know enough about their roles to confirm whether or not their access was appropriate or required.		<p>We recommend that the Head of Finance ensures how access is granted and managed is appropriately considered as part of the Force’s procurement of a new or updated ERP system.</p> <p>Agreed Action</p> <p>The Head of Finance who sits on the Project Board for the new ERP system has agreed to bring this to their attention and to ensure access is considered as part of the new ERP system’s specifications. The Head of Finance is also currently working with the Establishment Control Team to review role profiles in SAP starting with individuals within Finance.</p> <table><tr><td>Priority</td><td>3</td><td>SWAP Ref.</td><td>46110</td></tr><tr><td>Responsible Officer</td><td colspan="3">Head of Finance</td></tr></table>	Priority	3	SWAP Ref.	46110	Responsible Officer	Head of Finance		
Priority	3	SWAP Ref.	46110								
Responsible Officer	Head of Finance										

Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found at <https://www.swapaudit.co.uk/audit-framework-and-definitions>

When setting up an individual's access to SAP, permissions to perform a number of functions may be grouped together and therefore, it is not always possible to separate out the access which is or is not required. As such, there are instances where individuals will have access to perform certain tasks within the system which they may not require, be aware of or will ever use. This is an issue that the Force already recognises. The Force is currently in the early stages of procuring a new Enterprise Resource System (ERP) which should replace or update the current version of SAP in use. As part of this work, how permissions are granted and managed should be considered. An action has therefore been raised to ensure this is done as part of the procurement specifications for this system.

Timescale

31/01/2022

2.2 Finding

Two consecutive monthly reconciliations performed for the following suspense, control and bank accounts were reviewed as part of our audit:

Type of Account		
<u>Suspense Account</u>	<u>Control Account</u>	<u>Bank Account</u>
99016	92201	HSBC Receipt
	94100	HSBC Creditors
	99004	HSBC Payroll
	99030	
	98509	

We tested whether reconciliations were being performed in accordance with agreed frequencies, balances could be supported, items were being cleared promptly and that these had been prepared and checked by different individuals. Common issues were found across a number of reconciliations reviewed including:

- No instruction sheets / procedural guidance on how to perform the reconciliation for any of the accounts reviewed.
- Items older than 12 months, the earliest dating back to 2010. Items older than 12 months were identified within accounts 99016, 92201, 94100, 99004, 99030, 98509 and HSBC Creditors.
- In all reconciliations reviewed, the checker had not signed and/or dated the reconciliation. As such, we were unable to confirm whether these had been independently reviewed, checked promptly and approved.

2.2a Recommendation

We recommend that the Head of Finance ensures the following for all reconciliations:

- Instruction sheets / procedures are drafted detailing the process for performing a reconciliation to help improve resilience.
- Work is undertaken to clear long standing items within accounts (older than six months).
- The reviewer / checker signs and dates each reconciliation to confirm it has been reviewed and is accurate.

Agreed Action

The Head of Finance has agreed to ensure instruction sheets are produced for all reconciliations that are performed by Finance and to ensure that the checker signs and dates all reconciliations they review. In terms of long outstanding items held in accounts, the Head of Finance will bring these to the attention of all individuals responsible for preparing and checking reconciliations to ensure these are cleared where possible.

Priority	2	SWAP Ref.	46165
Responsible Officer	Head of Finance		
Timescale	31/03/2022		

2.3 Finding

The Force and OPCC's Financial Regulations were reviewed as part of our audit. These were found to have been signed and approved by the previous Chief Constable and Police and Crime Commissioner (PCC) who both left the organisations earlier this year (2021). A new PCC was appointed earlier this year and an interim Chief Constable. These may need to be reviewed and approved by the current PCC and permanent Chief Constable once appointed.

2.3a Recommendation

We recommend that the Interim Chief Finance Officer for the OPCC reviews the Financial Regulations for the Force and OPCC and ensures these are up to date and approved by the current PCC and permanent Chief Constable once appointed.

Agreed Action

The review of the Financial Regulations is part of the wider review of the Scheme of Delegation which is scheduled for the new calendar year.

Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found at <https://www.swapaudit.co.uk/audit-framework-and-definitions>

Priority	3	SWAP Ref.	46166
Responsible Officer	Interim Chief Finance Officer for the OPCC		
Timescale	31/03/2022		

2.4 Findings

A sample of 30 journals posted this financial year (between April and September 2021) were reviewed to ensure that there was adequate explanation for these; that they were approved and posted by an appropriate individual; and that the value of the request matched SAP. In four cases, the original email request to post a journal had not been retained. We were informed by Finance that these may have been filed elsewhere or deleted. However, the form used to detail the request and the rationale for these journals had been kept in the central files held within a shared drive. As such, we were able to confirm the rationale for posting these four journals was reasonable. The Force is moving towards a new portal which will manage the end-to-end process for journals going forward that should also provide a full audit trail for each journal including, the details of the requester and the rationale for the requirement of the journal. As such, no formal action will be raised in relation to the retention of emails to support a journal request.

The process notes for requesting and creating a journal were reviewed. These reference Southwest One which no longer exists and therefore, should be revised. The process detailed however currently remains the same. As such, we suggest that this document is updated to remove any reference to Southwest One and to also reflect the new arrangements through the portal (see above). No formal action has been raised in relation to this given that the new process under the portal is relatively new at the time of reporting.

2.5 Findings

The progress made towards the implementation of recommendations raised within our Key Financial Controls audit last year was reviewed as part of this audit. A total of three priority three recommendations relating to the Main Accounting function were raised as part of that review. One in relation to creating a separate account for monies seized under the Misuse of Drugs Act was found to be complete. Two recommendations are however still in progress. The first relates to the clearing of old items from control accounts 94124 and 98509. We found that the balance of 94124 had been cleared, however, some old items remained within 98509 which was again reviewed this year (see Section 2.2 above). The second recommendation raised was for Finance to ensure procedures to perform reconciliations were drafted for suspense, control and bank accounts. We found that this has not been done (see Section 2.2 above). A recommendation therefore has been raised at 2.2a above to ensure the two outstanding recommendations are implemented (amongst other actions).

We had also agreed to provide an update in relation to the progress made towards the implementation of any recommendations raised by External Audit in relation Key Financial Control processes as part of their 2020/21 report. However, due to the limited time elapsed following the issue of the External Audit report in October 2021 and the completion of our work, the recommendations raised therein would not yet have been implemented. We however have noted recommendations in relation to system access and review of long-standing items held in suspense account 99016 having been raised. In addition, there are also some outstanding recommendations from the previous year noted in External Audit's report. These mirror our findings from this review.

3. Capital Accounting

3.1 Finding

Capital accounting is an area that is heavily reviewed by External Audit each year. However, as part of our audit this year, we agreed to provide independent assurance over the controls in place to ensure asset disposals are accounted for properly. This was the only area of testing pertaining to capital accounting, in order to ensure no duplication of coverage with External Audit.

Finance perform a disposal reconciliations each quarter to ensure assets disposed of are recorded accurately in SAP. The reconciliation performed for Q2 was reviewed as part of our work. Evidence (e.g., screenshots from SAP, system reports, emails etc.) to support the balances provided were found not to be held within the reconciliation spreadsheet itself. However, we were able to confirm

3.1a Recommendation

We recommend that the Head of Finance ensures that evidence to support balances detailed within the Force's disposal reconciliation is retained within the reconciliation itself.

Agreed Action

The Head of Finance has agreed to ensure evidence to support balances detailed within the Force's disposal reconciliation is retained within the reconciliation itself going forward.

Priority	3	SWAP Ref.	46169
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Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found at <https://www.swapaudit.co.uk/audit-framework-and-definitions>

the accuracy of these figures through a review of information held externally of the reconciliation. Evidence to support the balances should ideally be held centrally within the reconciliation itself. A sample of 12 assets sold this financial year were also reviewed. We were able to confirm in all cases that the monies from the sale had been received by the Force and that the asset disposal was recorded correctly on SAP.

Responsible Officer	Head of Finance
Timescale	31/12/2021

4. Payroll

4.1 Findings

A sample of starters, leavers and overpayments made this financial year (2021/22) were reviewed against agreed procedures. The findings have been detailed below with no formal action raised where issues were identified as a result of the rationale provided against each bullet point below. These have been included for management consideration only.

Sample of 15 new starters

- In 3/11 cases where the processing of a new starter was not subject to the automated process for police officers joining the Force under the national uplift, the starter was processed and added into SAP by Payroll after they had already started. Ideally, Payroll should add new starters into the system before they commence employment so that their record is ready for when they begin. However, this may not always be the case where Payroll are informed late, close to the commencement date of the employee and/or are waiting for further information to be able to process them into SAP. Because processing is reliant on Payroll being informed by the line manager, there will always be circumstances where they are informed late or where they are awaiting further information. As such, no action has been raised.
- A new starter is added into SAP by one individual which is then checked by another to ensure the accuracy of the upload which will include checking whether their bank details are correct / match the information provided by the employee. In 11/11 cases requiring a manual upload into SAP (as opposed to an automated upload - see above), processing was reviewed and approved after the individual had already started. In 10/11 cases, these were checked before their first pay therefore mitigating the risk of payment being made to an incorrect bank account. In one instance however, an employee's record had been checked after they had already been paid. However, their record had been processed by an experienced Payroll Officer and therefore, it was less likely that a mistake would have been made in this instance. This was an exception and therefore no action has been raised

Sample of 20 leavers

- In 1/20 cases reviewed, Payroll were notified of the individual leaving after they had already left. However, this did not result in an overpayment as Payroll were able to remove the individual on time before they were paid. As such, no action has been raised.
- In 1/20 cases tested, Payroll had processed the removal of the employee after they had left. Payroll were notified three days before the individual was due to leave and processed this six days after receipt of the instruction (three days after the individual had left). However, this did not result in an overpayment being made as payroll were able to remove the individual before they were paid. As such, no action has been raised.

Sample of three overpayments

The Force has made 17 overpayments in salary totalling £14.4k this financial year. Three of these were reviewed to ensure the control weakness that allowed the overpayment to take place had been rectified and that the Force had / or is in the process of recovering this amount. The findings have been detailed below:

- In 2/3 cases, overpayments were made as a result of a late notification to Payroll. As discussed above, management are responsible for notifying payroll promptly of a leaver and there will be circumstances where payroll are notified too late to prevent an overpayment being made. In some cases, officers and staff within their probation period are only required to give one weeks' notice. Therefore, where there are delays in notification in these instances, overpayments will be a greater risk.
- In 1/3 cases the overpayment was made as a result of the employee misunderstanding what expenses they could claim as part of a move of base during Covid. This was picked up by the line manager and rectified.
- In all cases sampled, the overpayments were being recovered or had already been recovered.

Audit Assessment of Agreed Themes

Theme	RAG	Rationale
Leadership & Culture		Some improvement to policies and procedures which could help direct the key financial control functions reviewed have been highlighted by our audit, such as those for performing reconciliations and the processing of journals. It is management's responsibility to ensure that these are produced and set out the expectations of the Force, are promptly revised in line any changes made to policy, process and/or roles and responsibilities. Furthermore, we identified a number of long-standing items remaining to be cleared from suspense and control accounts, and the independent checking of reconciliations pertaining to these could not be evidenced.
Learning		The RAG rating we have been able to provide over this area has been impacted by the limited progress made towards the implementation of recommendations raised as part of previous internal and external audit reviews.
Diversity & Inclusion	Not assessed	We have been unable to provide an opinion on diversity and inclusion specific to the key financial control processes we have reviewed.

Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found at <https://www.swapaudit.co.uk/audit-framework-and-definitions>

Audit Objective

To provide assurance that the Force and OPCC will set SMART sustainability objectives under its new Sustainability Plan which take into consideration any learning from its previous plan and has effective internal controls in place to monitor and deliver these.

Item 11d

Link to SRR

SRR1 - The loss of legitimacy and public confidence. SRR4 - Failure to effectively plan and manage financial resources. SRR 8 - Failure to deliver the objectives within the Infrastructure Strategy. SR5 - Lack of public confidence in or awareness of OPCC.

Assurance Opinion	Number of Actions		Audit Assessment of Agreed Themes	
	Priority	Number	Theme	
	Priority 1	0	Leadership & Culture	
	Priority 2	2	Learning	
	Priority 3	0	Diversity & Inclusion	
	Total	2	Please see Appendix 1 for more details.	

Risk Reviewed	Assessment
The Force and OPCC fails to deliver its objectives to reduce its impact on the environment resulting in climate change, financial loss, reputational damage and a loss of public confidence in policing.	Medium
Risk Management Awareness	Satisfactory

Key Findings

	No formal closure report which assesses the successes, weaknesses / areas for improvement and any learning from the Force's previous five-year Sustainability Plan (the 'Plan') has been produced following the Plan's expiration earlier this year (2021). It is our view that a closure report should be produced to help inform and develop the new Sustainability Plan, objectives and targets set therein.
	Improvements to the governance and oversight arrangements in place to help monitor performance and support the delivery of the objectives set out under the Force's previous Plan were identified by our audit. We found that performance had been reported on an ad-hoc basis with no strategic board / committee in place to specifically monitor this on a regular basis during the five-year period it was in place. An action has therefore been raised to ensure that the Force puts in place effective governance and oversight arrangements to monitor the delivery of its new Sustainability Plan.
	The Force is still in the process of developing its new sustainability goals, objectives and activities to help achieve these. We have been informed by the lead for this work that the intention is to have the new Sustainability Plan agreed by the end of December 2021. However, given the work that is still required to develop this new plan (see section 1.3 of Appendix 1 below), we believe this target date should be revised and potentially pushed back to help ensure that the new plan is adequately developed with appropriate stakeholder engagements and SMART targets are set.

Audit Scope

The audit considered the following:

- How the Force and OPCC will set its new sustainability objectives; are these SMART; and how have they been informed by the outcomes and any learning from its previous Sustainability Plan. In addition, whether any of the new initiatives related to
 - how buildings together with other assets (e.g., fleet vehicles) are being made more energy efficient including investment in renewable sources of energy;
 - work being done to reduce waste across the organisation; and
 - any greener initiatives encouraging police officers and staff to reduce their carbon footprint whilst exercising their duties.
- The governance and performance management framework in place to help ensure the sustainability objectives are monitored and delivered. Including, the resources available to deliver these.

Summary

The Force set out six objectives under its previous Sustainability Plan. A total of 22 targets and indicators across these objectives were set to help measure delivery. 18 of these targets were achieved including the reduction of carbon emissions from buildings and fleet vehicles, fuel use and waste. Although the Force's new Plan is still in development, we are supportive of the potential goals to be taken forward and the proposed activity to help achieve them which include initiatives related to how the Force will make its buildings more energy efficient, reduce waste and encourage its workforce to be greener. However, some improvement is required to the overall control framework including the requirement for greater oversight and monitoring of performance against the new goals once agreed as well as opportunities to learn from the delivery of the previous Plan. These have been detailed at Appendix 1 below.

Appendix 1

Findings & Action Plan

1.1	Finding	1.1a	Recommendation											
	<p>The Force’s previous Sustainability Plan (the ‘Plan’) expired earlier this year (2021). The Plan contained six core objectives to be achieved over a five-year period which have been outlined below:</p> <ol style="list-style-type: none">1) Reduce energy and water use in our buildings.2) Reduce fuel used by our fleet and business travel.3) Improve our environmental management performance against our peers.4) Reduce waste and recycle more.5) Use our purchasing power to drive added value from our suppliers.6) Integrate sustainability thinking into organisational decision making. <p>A total of 22 targets and indicators across the six objectives were set to help measure delivery. We sought to confirm whether the six objectives had been achieved through a review of the targets and indicators used to measure success. Of the 22 targets and indicators, four were found not to have been achieved and a further three relating to objective five could not be evidenced as a result of a change of arrangements following their inception in 2015. Performance against targets set out under the previous Plan have been detailed within Appendix 2 below which contains an infographic produced by the Force.</p> <p>Although the Force has achieved the majority of its targets* originally set out in 2015/16, we found that no formal closure report had been produced, reviewed and scrutinised by a corporate / strategic board / committee (or equivalent). It is our view that a formal closure report which assesses the successes, weaknesses / areas for improvement and any learning from the Force’s previous five-year Sustainability Plan should help inform and develop its new Sustainability Plan and the objectives and targets set within it.</p> <p><i>*NB: The audit did not assess whether the achievement of these targets were the result of factors outside of the Force and/or OPCC’s control and/or which the Force and/or OPCC will have had limited or no influence / control over. For example, central government environmental policy, legislation and regulation changes during the five-year period that the Sustainability Plan was in place which may have assisted the Force and OPCC in achieving their targets or if these targets were achieved as a direct result of efforts pursued by the two organisations themselves. In addition, it should also be noted that the Force has assessed performance against targets set out under its Sustainability Plan in 2020/21 against a 2015/16 baseline (see Appendix 2 below). Therefore, some targets may have been achieved as a result of the coronavirus pandemic which, for example, will have led to an increase in staff working from home which will have reduced carbon emissions produced from buildings, energy consumption, waste etc.</i></p>	<p>We recommend that the Head of Business Services produces a formal closure report for the Force’s previous Sustainability Plan which outlines the key successes, areas for improvement and any learning identified throughout the delivery of the objectives and targets set. This should be reviewed and scrutinised by an appropriate strategic board / committee and the findings used to help inform the Force’s new Sustainability Plan and its accompanying objectives and targets.</p> <p>Agreed Action</p> <p>The next version of the Constabulary’s Sustainability Plan, to be presented to Constabulary Management Board on 23rd December 2021, will summarise the carbon emissions realised during the previous plan and, more specifically, performance against our Key Sustainability Performance Indicators in this area. As such, the new plan will constitute a closure report which assesses the success of the previous plan. Learning and areas for improvement from the previous plan and approach are also drawn through in the new version.</p> <table><tr><th>Priority</th><th>2</th><th>SWAP Ref.</th><th>46282</th></tr><tr><th>Responsible Officer</th><td colspan="3">Head of Business Services</td></tr><tr><th>Timescale</th><td colspan="3">23/12/2021</td></tr></table>	Priority	2	SWAP Ref.	46282	Responsible Officer	Head of Business Services			Timescale	23/12/2021		
Priority	2	SWAP Ref.	46282											
Responsible Officer	Head of Business Services													
Timescale	23/12/2021													

1.2	Finding	1.2a	Recommendation		
	<p>The governance and oversight arrangements in place to monitor performance and to help support the delivery of the objectives set out under the Force’s previous Sustainability Plan (the ‘Plan’) were reviewed as part of our audit. We found that performance had been reported on an ad-hoc basis with no strategic board / committee in place to specifically monitor performance on a regular basis. Evidence was provided by the Head of Business Services to support that a report was produced for the Constabulary Management Board (CMB) in 2018 detailing the progress made towards the delivering the objectives. Finance and Asset Committee were also provided with a verbal update in June this year (2021). However, neither CMB nor the Finance and Asset Committee were formally responsible for this task. Performance reporting was done at the discretion of the Head of Business Services responsible for the Sustainability Plan. Moving forward, the Force should ensure that effective governance and oversight arrangements are put in place to support the delivery of the Force’s new Sustainability Plan.</p>		<p>We recommend that the Chief Officer – Finance, Resources and Innovation ensures that effective governance and oversight arrangements are in place to regularly monitor the delivery of the Force’s new sustainability objectives once they have been agreed.</p>		
		<p>Agreed Action</p> <p>From 2022, Sustainability Performance will be reported, as a minimum, twice yearly to the Finance and Assets Committee and follow a 12-month cycle thereafter. A first iteration of that performance data will be considered and reviewed by the Estates Asset Management Board in February 2022.</p>			
		<p>Priority</p>	<p>2</p>	<p>SWAP Ref.</p>	<p>46283</p>
		<p>Responsible Officer</p>		<p>Chief Officer – Finance, Resources and Innovation</p>	
		<p>Timescale</p>		<p>30/11/2022</p>	

1.3 Finding
<p>The development of the Force's new sustainability objectives were reviewed as part of our audit to assess whether these were SMART (specific, measurable, achievable, relevant / realistic and time based). The core team responsible for developing these objectives comprises of the Head of Business Services (who is responsible for the Force's estate and fleet departments); representatives from Corporate Communications and front line / operational services as well as external support from a Bristol UWE MSc student. These individuals are responsible for setting the overarching sustainability goals.</p> <p>The intention is currently to have a five-year iterative Sustainability Plan which will be based on some of the United Nations 17 Sustainability Development Goals (SDGs) that are designed to be a <i>"blueprint to achieve a better and more sustainable future for all"</i>. At the time of writing this report, the core team had shortlisted the following SDGs to potentially take forward:</p> <ul style="list-style-type: none"> Quality Education (SDG 4) Affordable and clean energy (SDG 7) Sustainable cities and communities (SDG 11) Responsible consumption and production (SDG 12) Climate action (SDG 13) Partnership for the goals (SDG 17) <p>Once the goals have been agreed by the core team, the Head of Business Services will engage with the wider organisation and OPCC who will help set the targets and indicators to measure success towards their achievement. However, at the time of our review, this has not yet occurred and therefore, we were unable to provide an opinion on whether or not the new objectives and targets were SMART. At the time of testing, the core team had conducted two workshops to shortlist potential SDGs to take forward (discussed above) as well as activities to help achieve these. We reviewed the proposed activities and found that they broadly included initiatives related to how buildings together with other assets (e.g., fleet vehicles) will be made more energy efficient including investment in renewable sources of energy; work to reduce waste across the organisation; and greener initiatives encouraging police officers and staff to reduce their carbon footprint whilst exercising their duties. The activities reviewed however were not an exhaustive list nor had they been formally agreed.</p> <p>The Head of Business Services informed us that the goals together with the targets / activities to achieve them should be set and the new Sustainability Plan agreed by the end of December 2021. Given the work still required to develop the new Sustainability Plan which should include the implementation of the actions detailed above as well as wider engagement with stakeholders across the Force and OPCC to set and agree the targets and activities however, we believe this timescale may not be realistic and should be revised and potentially pushed back to a later date. This should help ensure that the Sustainability Plan is adequately developed with appropriate stakeholder engagements and SMART targets are set to achieve the objectives. Given that the new Sustainability Plan was still being developed at the time of the audit, no formal action will be raised to ensure that the above is done but the findings have been included for consideration.</p>

Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found at <https://www.swapaudit.co.uk/audit-framework-and-definitions>

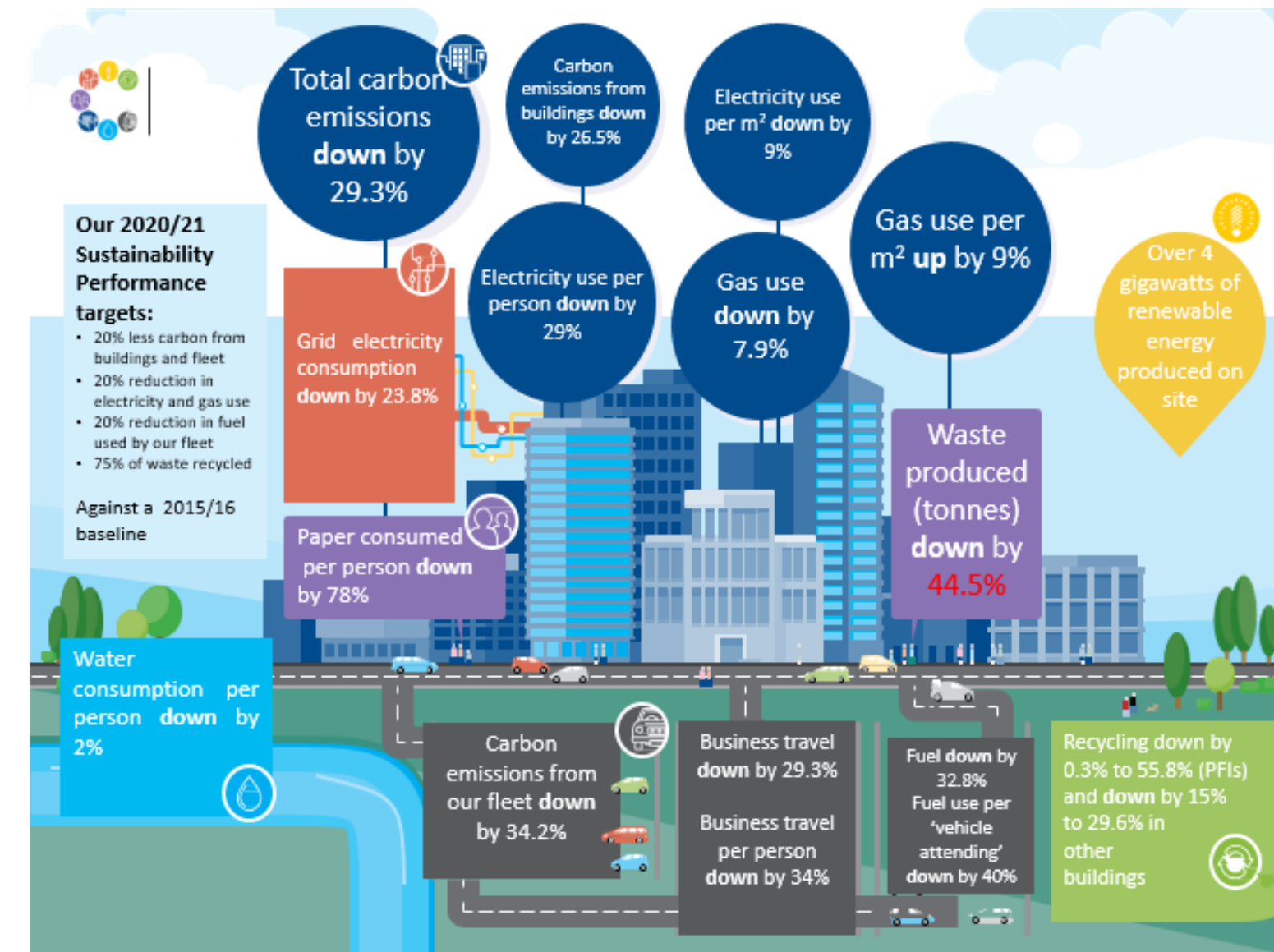
Audit Assessment of Agreed Themes

Theme	RAG	Rationale
Leadership & Culture		Improvements to the governance and oversight arrangements in place to monitor performance against the Force's sustainability objectives were identified as part of our audit. This has impacted on the RAG rating we have been able to apply.
Learning		An action has been raised to ensure learning from the Force's previous Sustainability Plan is considered as part of the development of its new Sustainability Plan.
Diversity & Inclusion		The Force plans to adopt some of the UN's SDGs and has outlined proposed activities that will help achieve these. These were reviewed as part of our audit and we found that they included initiatives that should improve diversity and inclusion if implemented correctly. Namely, activities set out under SDG 11 (Sustainable cities and communities) and SDG 17 (Partnership for the goals).

Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found at <https://www.swapaudit.co.uk/audit-framework-and-definitions>

Appendix 2

Sustainability Infographic – Performance against targets set out under the Force's previous Sustainability Plan



Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found at <https://www.swapaudit.co.uk/audit-framework-and-definitions>

Follow Up Audit Objective

To provide assurance that the agreed actions to mitigate against the risk exposure identified within the 2020/21 Limited opinion audit of Performance Management have been implemented.

Item 11e

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

Follow Up Assessment

The original audit of Performance Management was completed in April 2021 and received a Limited assurance opinion. The objective of the original audit was to provide assurance over the Force's controls to manage police officer and staff performance.

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



Two recommendations in relation to the recording and monitoring of learning captured as part of the complaints handling process remain in progress. This area was reviewed again as part of our Complaints Handling audit completed in October 2021 and a number of actions were raised and agreed to help improve the recording and monitoring of learning as a result of that work. As such, these recommendations are considered to still be in progress and are planned to be implemented by the end of January 2022.



A recommendation was raised as part of our original audit to ensure training performance and completion data for the Leadership Academy was captured within Chronicle. At the time of this follow up review, the Leadership Academy had not yet launched and therefore, no training under the programme has been completed. The plan is still to resource and manage this training through Chronicle when the programme launches later in Autumn 2021. Therefore, the recommendation remains in progress until the Leadership Academy has launched and has had time to embed.



Work to improve the Force's Individual Performance Review (IPR) system and compliance with objective setting within IPRs is still on-going. The Force conducted a review of how IPRs are currently being viewed and used across the organisation in June 2021. A number of recommendations were raised following this review to help improve the user experience; encourage regular conversations between line managers and their employees; and to help improve the organisation's culture around why IPRs and objective setting are important. Work to implement these improvements will be progressed throughout the rest of this financial year and into the new financial year / new IPR year.

Conclusion

Four recommendations were raised as part of our original audit. All four recommendations are still in progress. Two of which remain outstanding as a result of further findings following our Complaints Handling audit completed in October 2021. Another recommendation relating to the recording of training completion rates for the Leadership Academy also remains in progress as the programme has yet to launch. Assurances from the Head of Learning have been provided that, once the programme is launched in Autumn 2021, it will be resourced and managed through Chronicle. Work is underway to help improve the Force's IPR and objective setting processes. This will continue throughout the rest of this financial year (2021/22) and into the new financial year / IPR year. The originally agreed actions together with our follow up assessment have been detailed at Appendix 1 below.

1.1a Recommendation

We recommend that the Head of Professional Standards together with the Head of Learning ensures that appropriate procedures are in place to implement any learning identified as part of complaint or conduct matters investigated and that systems are in place to record, monitor and report on progress of the actions.

(SWAP Ref. 45019)

Agreed Action				Follow Up Assessment		In Progress	
The Head of Professional Standards has agreed to ensure, together with the Head of Learning, that appropriate procedures are in place to implement any learning identified as part of complaint or conduct matters investigated and that systems are in place to record, monitor and report on progress of the actions, recognising more could be done to achieve a holistic, sustained and coordinated, organisation-wide approach to OL. The system used in PSD to record these matters is Centurion but not everything is captured here. A meeting will be organised to discuss how best to design and embed a process to capture identified organisational learning from PSD matters where actions could be captured and progressed monitored. The department will use the existing CPD structure to upskill and remind investigators of the need to record individual and organisational learning identified in their investigation reports onto the Centurion learning tabs. The monthly performance dashboard will record formal organisational and individual learning to ensure accountability in this area going forward.				This area was reviewed and tested as part of our Complaints Handling audit finalised in October 2021. Our sample testing of resolved complaints, conduct and performance matters from that review identified cases where learning highlighted following an investigation was not being recorded on Centurion. Improvements to strengthen recording and monitoring of learning were recommended and agreed as a result of these findings and a target implementation date in Q4 of 2021/22 was provided by the Head of Professional Standards Department. As such, this recommendation is considered still to be in progress.			
Priority	2	Timescale	30/09/2021	Responsible Officer	Head of PSD	Revised Timescale	31/01/2022

1.1b Recommendation

We recommend that the Head of Professional Standards looks to complete:

- Regular trend analysis of learning data held within Centurion to help inform improvements.
- Exception reporting to identify non-compliance with data recording requirements within Centurion. This information should be used to target awareness and training in areas considered to be performing poorly (e.g., specific Directorate(s) or Individual(s)).

(SWAP Ref. 45020)

Agreed Action				Follow Up Assessment		In Progress	
The Head of Professional Standards has agreed to consider the value of: <ul style="list-style-type: none"> • Regular trend analysis of learning data held within Centurion to help inform improvements. • Exception reporting to identify non-compliance with data recording requirements within Centurion. This information should be used to target awareness and training in areas considered to be performing poorly (e.g., specific Directorate(s) or Individual(s)). The Head of Professional Standards also noted that the Force is now in a much better position to identify themes which could be reviewed and used to target awareness and training, following an upgrade to Centurion in December 2020. This enabled the capture of 'reflective practice' and created a separate tab for practice requires improvement as part of the formal conduct regulations in Reflective Practice Review Process. PSD have a bi-monthly TTCG which could incorporate this area going forward.				We reviewed compliance with the regulatory framework surrounding complaints, conduct and performance matters as part of our Complaints Handling audit finalised in October 2021. From a review of a sample of cases tested as part of that work, we highlighted a number of common issues around recording of information pertaining to an investigation as well as improvements to how the Force communicates with those involved in the complaints process. As a result of these findings, a number of actions were raised to improve performance monitoring and reporting over this area. This included utilising data analytics and regular dip sampling in order to identify areas of poor performance. These were agreed and a target date in Q4 of 2021/22 was provided by the Head of Professional Standards Department. As such, this action is considered still to be in progress.			
Priority	2	Timescale	30/09/2021	Responsible Officer	Head of PSD	Revised Timescale	31/01/2022



1.2a Recommendation

We recommend that the Head of Learning ensures controls are in place to effectively capture, record, manage and monitor training completion data in relation to the Leadership Academy programme. This should include mechanisms to identify all individuals with line management responsibilities who ought to complete training and to ensure that this is done.
(SWAP Ref. 45018)

Agreed Action

The Head of Learning has agreed to ensure controls are in place to effectively capture, record, manage and monitor training completion data in relation to the Leadership Academy programme. This will include mechanisms to identify all individuals with line management responsibilities who ought to complete training and to ensure that this is done.

Follow Up Assessment

The Leadership Academy is due to launch Autumn of 2021. Any training undertaken as part of this programme is planned to be resourced and managed through Chronicle. At the time of testing, the Leadership Academy had not yet been launched and therefore, no training data has yet been captured on Chronicle. As such, the recommendation is considered to be in progress until the Leadership Academy has been embedded. The Head of Learning has provided a revised date of the end of the calendar year to implement this recommendation.

In Progress

Priority

2

Timescale

30/09/2021

Responsible Officer

Head of Learning

Revised Timescale

31/12/2021

1.3a Recommendation

We recommend that the Head of OD works with all Directors and Chief Superintendents to ensure objectives are set for all officers and staff they are responsible for within the IPR system. The management information within Qlik should be utilised to help increase and maintain performance in this area.
(SWAP Ref. 45017)

Agreed Action

The Head of OD has agreed to work with all Directors and Chief Superintendents to ensure objectives are set for all officers and staff they are responsible for within the IPR system. The management information within Qlik should be utilised to help increase and maintain performance in this area.

Follow Up Assessment

Work to improve the Force's Individual Performance Review (IPR) system and compliance with objective setting within IPRs is still on-going. A Spotlight Report was conducted in the summer of 2021 by the Performance and Insight Team on how IPRs are currently being viewed and used by the Force. A number of recommendations were raised as part of this report to improve the user experience when completing IPR; encourage regular conversations between line managers and their employees; and to help improve the organisation's culture around why IPRs and objective setting are important. Following the Spotlight Report, the Organisational Development Team have been working on creating guides and developing links between the IPR process, Leadership Academy and promotions which has been supported by communications surrounding the importance of regular 1-2-1s and how to record them. The Organisational Development Team plan to dip sample the quality of IPR completion and compliance at the end of November 2021 following the roll out of the new guides in October. Work to encourage and improve compliance with IPRs and objective setting will be on-going throughout the rest of the financial year (2021/22) and into new IPR year (next financial year). This recommendation will therefore remain in progress as some level of resetting to the organisation's culture will be required to embed the importance of completing IPRs and setting objectives which will require some time to implement.

In Progress

Priority

2

Timescale

31/07/2021

Responsible Officer

Head of OD

Revised Timescale

31/03/2022

Follow Up Audit Objective

To provide assurance that the agreed actions to mitigate against the risk exposure identified within the 2020/21 Limited opinion audit of Police Officer and Staff Training have been implemented.

Item 11f

Follow Up Progress Summary

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

Follow Up Assessment

The original Police Officer and Staff Training was completed in February 2020 and received a Limited assurance opinion. The original objective of the audit was to provide assurance over the Force's controls to in relation to its initial training and development programme for police officers and staff. 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



Work to improve the Force's Individual Performance Review (IPR) system and compliance with IPR processes is still on-going. The Force conducted a review of how IPRs are currently being viewed and used across the organisation in June 2021. A number of recommendations were raised following this review to help improve the user experience; encourage regular conversations between line managers and their employees; and to help improve the organisation's culture around why IPRs are important. Work to implement these improvements will be progressed throughout the rest of this financial year and into the new financial year / new IPR year.



We reviewed a sample of 10 police staff appointments against compliance with the Force's probation procedures as part of our original audit. We were unable to confirm the existence of a Probation Report for five of these individuals. A Probation Report is completed by a line manager and helps demonstrate an employee's suitability for the post and organisation, their performance, attendance and conduct during their probationary period. A recommendation was raised for HR Advisory to investigate these exceptions to ensure that these appointments were satisfactory. These were investigated in November 2021 and HR Advisory have confirmed that the appointments were satisfactory. We were also informed that delays in receiving the joining instructions of new starters at the time of our original audit may have impacted on the tracking and monitoring of probationary procedures for individuals (including some of the five individuals that we identified in our original audit). This process is planned to be automated through Oleo (the Force's e-recruitment system) which should ensure probation periods are tracked and monitored more effectively going forward.

Conclusion

Two recommendations were raised as part of our original audit. One is considered complete and another still in progress. Work is still underway to help improve the Force's IPR processes. This will continue throughout the rest of this financial year (2021/22) and into the new financial year / IPR year. The originally agreed actions together with our follow up assessment have been detailed at Appendix 1 below.



1.1a Recommendation

We recommend that the Head of OD undertakes a review to understand the reasons why IPR records are not being uploaded and maintained on the Force's IPR system and whether IPR procedures are being adhered to (albeit at a local level). The findings from this review should be used to inform necessary changes required to ensure IPRs are completed.

(SWAP Ref. 45021)

Agreed Action

It has been agreed that the Head of OD will undertake a review of the data identified with the Directorates to understand the reasons why IPR records are not being uploaded and maintained on the Force's IPR system and will put forward recommendations to improve recording. The Head of OD and team are currently working with Directorates to ensure that the right ongoing conversations are being held throughout the year and recorded within in

the IPR system. Within the Staff new starter induction journey IPR is highlighted to both Line Manager and new starter to have conversations about what this process is and the important of objective setting and regular conversations with in the first week of joining. As the new IPR year starts in April 2021, there will be a strong focus throughout March and April to get the year started with objectives set via conversations with Line Managers that include not only performance but also wellbeing and learning journey. This will also be highlighted through the Leadership Academy as recording and having ongoing IPR conversations is one of the priorities of the Leadership Academy. Greater emphasis and accountability to completed good IPR's will be part of the Academy when it soft Launches at the end of March 2021. There will be a new IPR module to support career and development conversations, this is currently being built into the software.

Follow Up Assessment

Work to improve the Force's Individual Performance Review (IPR) system and compliance with IPR processes is still on-going. A Spotlight Report was conducted in the summer of 2021 by the Performance and Insight Team on how IPRs are currently being viewed and used by the Force. A number of recommendations were raised as part of this report to improve the user experience when completing IPRs; encourage regular conversations between line managers and their employees; and to help improve the organisation's culture around why IPRs are important. Following the Spotlight Report, the Organisational Development Team have been working on creating guides and developing links between the IPR process, Leadership Academy and promotions which has been supported by communications surrounding the importance of regular 1-2-1s and how to record them. The Organisational Development Team plan to dip sample the quality of IPR completion and compliance at the end of November 2021 following the roll out of the new guides in October. Work to encourage and improve compliance with IPRs will be on-going throughout the rest of the financial year (2021/22) and into new IPR year (next financial year). This recommendation will therefore remain in progress as some level of resetting to the organisation's culture will be required to embed the importance of completing IPRs and setting objectives which will require some time to implement.

In Progress

Priority

2

Timescale

31/07/2021

Responsible Officer

Head of OD

Revised Timescale

31/03/2022

1.2a Recommendation

We recommend that the Head of HR Operations ensures the following:

- adequate policies and procedures are in place to ensure probationary periods for police staff are satisfied before a permanent appointment is confirmed;
- a review is conducted into the five exceptions noted within our report to ensure these appointments are satisfactory;
- review of the policy and procedures regarding probationary periods;
- review the information given to managers;
- looking at how a reminder to line managers could be automated for new starters that are coming to the end of their probationary period;
- dip sampling; and
- exploring reporting options.

(SWAP Ref. 45022)



Agreed Action				Follow Up Assessment	Complete
<p>It has been agreed that the Head of HR Operations will ensure the following: Adequate procedures are in place to ensure probationary periods for police staff are satisfied before a permanent appointment is confirmed.</p> <ul style="list-style-type: none"> ▪ A review into the five exceptions noted within our report to ensure these appointments are satisfactory. Furthermore, the Chief Officer, People and OD has confirmed that the following action will also be taken: ▪ review of the policy and procedures regarding probationary periods; ▪ review the information given to managers; ▪ looking at how the Force can automate a reminder to line managers for new starters that are coming to the end of their probationary period; ▪ dip sampling; and ▪ exploring reporting options. 				<p>HR Advisory have conducted a review into the five exceptions noted in our original report. In 4/5 of the cases, a Probation Report was found confirming that the appointment was satisfactory. In one instance, HR Advisory were unable to locate a copy of the Probation Report. The individual is currently being supported by HR around performance and their appointment has been confirmed to be satisfactory. We were informed as part of our follow testing that delays in receiving the joining instructions of new starters at the time of our original audit may have impacted on the tracking and monitoring of probationary procedures for individuals (including some of the five we identified). The Force's e-recruitment system (Oleeo) that was implemented earlier this year will be programmed to automatically send through joining instructions to HR Advisory once a new starter is confirmed on the system. This should help ensure probation periods are tracked and monitored more effectively going forward. We have been advised that this process is due to go live shortly (by the end of the calendar year). To help direct and improve compliance, the Force have updated their Probation Policy and have sent email reminders outlining the requirements and expectations of managers before an employee's probation ends.</p>	
Priority	2	Timescale	30/06/2021		