

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

2020-21

January 2022



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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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
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified.
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified.
Financial sustainability	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 reserve. 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, but 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 organisation and the introduction of the Integrated Performance and Quality Report.



Opinion on the financial statements

We issued an unqualified opinion on the Group & PCC and Chief Constable financial statements following the Joint Audit and Standards 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



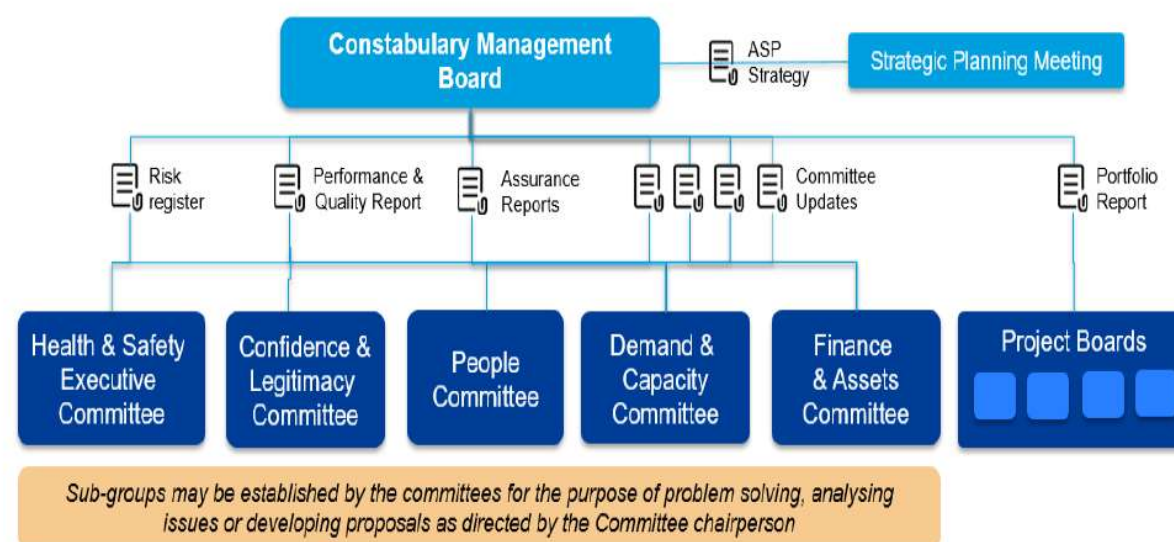
We considered how the PCC and the CC:

- 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. An improvement recommendation has 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 show 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.

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 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 annual budget setting and Medium Term Financial Planning processes are aligned. An excel template is provided to all Department Heads and they are asked to complete their budget for submission back to the central finance team for the next financial year, as well as projecting their costs forward for the following three years. The template is sufficiently detailed to provide a robust annual budget and this is compiled by the central finance team. During compilation they ensure that the budget balances overall and is in line with the financial strategy and organisational priorities. Further detail is required in commentary tabs of the submission which is then used to develop the Medium Term Financial Plan, including what training, equipment and savings etc will be needed and achieved over the next three years.

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.

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 reports is inline 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.

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 since then are 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 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.

Within the Office of the Police and Crime Commissioner, weekly meetings are held which the Senior Leadership Team attend, including the Chief Finance Officer, Chief Executive and the Police and Crime Commissioner as well as any 'expert leads' if decisions are required in a certain area. Decisions made in these meetings will be escalated to the Police and Crime Board if the criteria for this are met.

Monitoring and Compliance with standards

There are various policies and procedures across both the Office of the Police and Crime Commissioner and the Constabulary which monitor and ensure compliance with legislation and regulatory standards. These include the Joint Scheme of Governance, Police Officer Standards of Behaviour, Police Staff Standards of Professional Behaviour, Whistleblowing Policy, Financial Regulations and Gifts and Hospitality policies. In addition to this the Police and Crime Commissioner and the Constabulary are active participants within national bodies and through these roles, legal and regulatory changes are highlighted and actioned locally. We have noted that the gifts and hospitality policy is out of date and therefore recommend that management review policies to ensure these are kept up to date. Please see our recommendation on page 12.

There is no evidence to suggest that there has been a breach of legislative or regulatory requirements and no serious data breach has been recorded. No compromise agreements have been made and declarations of interest are made via the Centurion system, ensuring that any conflicts can be logged and monitored.

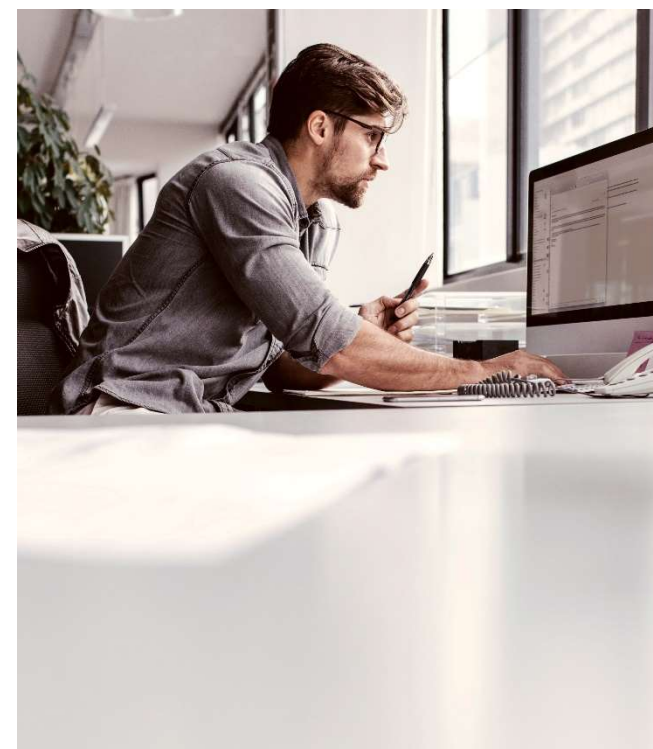
Covid-19 arrangements

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 remain relevant and up to date. We would further recommend that management implement a process to ensure that all policies and procedures are subject to review at appropriate intervals to ensure that they remain appropriate and in line with latest guidance and requirements.
Why/impact	Key policies like the whistleblowing policy should be subject to regular review at appropriate intervals 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

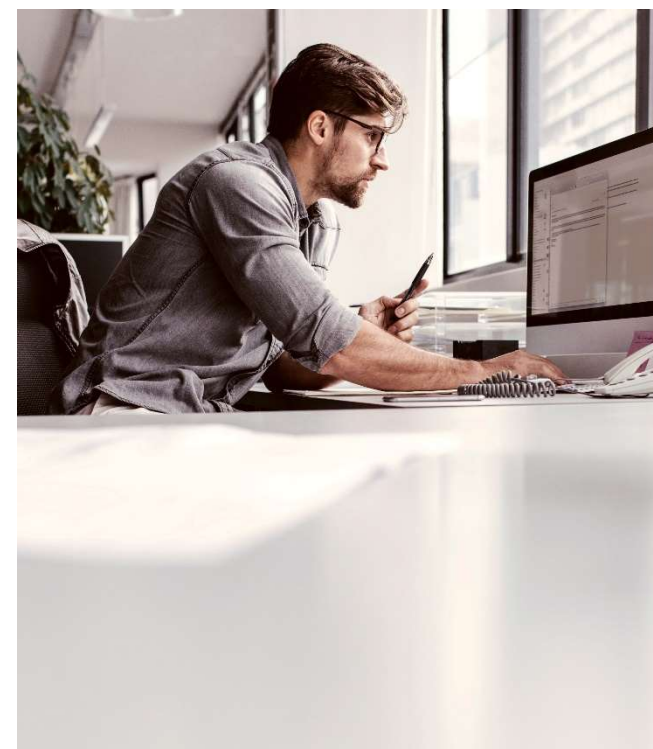


The range of recommendations that external auditors can make is explained in Appendix C.

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

The Avon and Somerset Police and Crime Plan for 2021-25 details how crucial effective collaboration and partnership working is in order to deliver a successful police service. The Plan sets out the four priorities of the Police and Crime Commissioner, with the second priority being "Engaging, supporting and working with communities, victims and partner organisations" showing the importance that the Commissioner place on Partnership working. The work of partnerships is fed back through the governance and delivery structure.

The Constabulary continue to operate in a number of operational partnerships and collaborations, each of which have their own governance structures and related aims. Performance of these collaborations is monitored to ensure that they deliver the intended benefits.

Commissioning and procurement

The Police and Crime Commissioner procures all services and goods on behalf of the Chief Constable. During the year ended 31 March 2021, only a draft procurement strategy was in place due to the transition between leaving the South West One Partnership and Covid-19 delaying the formalisation of the strategy. Since May 2021 however, a formal strategy is in place as Avon and Somerset became part of the South West Regional Procurement Department. There is no evidence that the PCC has failed to operate a fair and appropriate procurement service throughout the year.

Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified audit opinion on 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.

