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Date : 12th July 2022

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 in the **Somerset Room, Police HQ** at **11:00** on **19th July 2022** – **please note that there will be a lunch break between 12:30 and 13:00 and lunch will be provided.**

The agenda for the meeting is set out overleaf.

Yours sincerely

Alaina Davies
Office of the Police and Crime Commissioner

Police and Crime Commissioner for Avon & Somerset
Police Headquarters, Valley Road, Portishead, Bristol BS20 8JJ
Website: www.avonandsomerset-pcc.gov.uk Tel: 01278 646188 email: pcc@avonandsomerset.pnn.police.uk

INFORMATION ABOUT THIS MEETING

(i) Car Parking Provision

Visitor vehicular access is via the south gate using the left hand lane. Signage will direct visitors to a dedicated parking area in the south car park where there is ample visitor parking, including three disabled visitor bays.

Once on site, signage will direct visitors to proceed to main reception to sign in, obtain a visitor's lanyard and to be met by their host.

(ii) Wheelchair Access

Please contact the meeting host in advance if the disabled spaces allocated in visitor parking are unsuitable so that alternative arrangements can be made.

The Meeting Room has access for wheelchair users. A ramp will give you access to reception, a lift is available to the 1st floor.

(iii) Emergency Evacuation Procedure

The attention of Members, Officers and the public is drawn to the emergency evacuation procedure:

- Leave the building by the nearest exit
- Close all doors behind you
- Do not use lifts
- Do not stop to collect personal belonging
- Use the directional signage around the site to locate the nearest assembly point
- Do not re-enter the building until you are told to do so

(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

19th July 2022, 11:00 – 14:00

Lunch Break 12:30 – 13:00

Somerset Room, Police HQ

Timings are listed below as a rough guide only

1. Apologies for Absence

2. Emergency Evacuation Procedure

The Chair will draw attention to the emergency evacuation procedure in the Information About This Meeting above.

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 16th March 2022
(Report 5) 11:00**

6. Annual Accounts and Governance Statement (Report 6) 11:05

a) Draft Annual Accounts and Governance Statement

b) Joint Audit Committee Member Questions and Answers (verbal update. A full set of JAC Member Questions and Answers will be published at a later date)

7. External Audit (Report 7) 11:30

a) Progress Report

b) Joint Audit Plan 2021-22

**8. Office of the Police and Crime Commissioner Strategic Risk Register
(Report 8) 11:45**

9. Constabulary Strategic Risk Register (Report 9) 12:00

10. Business from the Chair (Report 10) 12:15 (lunch break at 12:30)

a) Governance and Scrutiny Board (Verbal Update)

- b) Update on IOPC Investigations (Verbal Update)
 - c) Joint Audit Committee Annual Report
11. Internal Audit (Report 11)
- a) SWAP Quarterly Update 13:00
 - b) Internal Audit Annual Opinion and Report 2021/22 13:05
 - c) IT Service Desk 13:25
 - d) Representative Workforce 13:35
12. Audit Progress Review from Finance and Assets Committee (Report 12)
13:45

Part 2

Items for consideration without the press and public present

13. Exempt Minutes of the Joint Audit Committee Meeting held on 16th March 2022 (Report 13) 13:55
14. Internal Audit:
- a. Regional Digital Forensics
 - b. Management of Evidential Property

MINUTES OF THE JOINT AUDIT COMMITTEE (JAC) MEETING HELD ON WEDNESDAY 16TH MARCH 2022 AT 11:00. MEETING HELD VIA TEAMS.

Members in Attendance

Jude Ferguson (Chair)
David Daw
Zoe Rice
Martin Speller

Officers of the Constabulary in Attendance

Nikki Watson, Deputy Chief Constable
Nick Adams, Constabulary CFO
Dan Wood, Chief Officer – People and Organisational Development (part of the meeting)
Michael Flay, Governance and Risk Manager

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

Alice Ripley, OPCC Chief of Staff (part of the meeting)
Paul Butler, OPCC Interim CFO
Ben Valentine, OPCC Strategic Planning and Performance Officer
Alaina Davies, OPCC Resources Officer

Also in Attendance

Mark Shelford, Police and Crime Commissioner
Jackson Murray, Grant Thornton
George Amos, Grant Thornton
David Hill, SWAP
Juber Rahman, SWAP
Cllr Jonathan Hucker, Police & Crime Panel Member (observing)

1. Apologies for Absence

Sarah Crew, Chief Constable

2. Emergency Evacuation Procedure

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

3. Declarations of Interest / Gifts / Offers of Hospitality

None.

4. Public Access

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

5. Minutes of the Joint Audit Committee Meeting held on 15th December 2021 (Report 5)

RESOLVED THAT the minutes of the meeting held on 15th December 2021 were confirmed as a correct record and will be signed by the Chair when physically possible:

Action update:

- | | |
|-----------------------|---|
| Minute 43 | Arrangements for running a South West JAC event have been on hold due to the Covid pandemic and the opinion that this event would be better held face to face. As we move into new ways of working following the lifting of restrictions the External Auditors will begin looking at arranging an event. |
| Minute 48e | The demonstration on the Qlik app for JAC Members has been added to the list of pre-meets to be arranged. Close action |
| Minute 8b | Payments to Staff – Absence Management Follow Up was on the agenda for this meeting. Close action |
| Minute 19(ii) | The Constabulary are working on what a summary of the annual accounts will look like based on the template that was appended to the Redmond Review. This will be a draft looking at the 2020/21 accounts to be shared with Members and then a meeting arranged to discuss feedback. |
| Minute 32b(ii) | The Constabulary reported that access has been tightened in response to the recommendations around IT user access to the extent thought sustainable. The external auditors have begun follow up work but it was noted that action taken by Constabulary would have been in early 2021/22. Discussions will be needed with the external auditors around practicalities before they report their formal response at the next JAC. |
| Minute 32c(i) | The Audit Plan 2021/22 will be reported to the JAC on 19 th July 2022. |
| Minute 35c | The final version of the JAC Annual Report is included in the agenda for this meeting. Close action |

Minute 36e	Identifying where equality and inclusion is particularly relevant has been included in the planning for the Internal Audit Plan. Close action
Minute 46	A summary of the risk has been included in the Corporate Risk Register along with a short summary of the mitigating activity. Close action
Minute 48b(i)	The focus of the JAC Member pre-meet today was assurance mapping. Close action
Minute 48b(ii)	See above action update. Close action
Minute 48d	The Head of Business Services will share Apr-Mar environmental sustainability data. In addition Members asked if they could have a presentation on this at their 19 th July 2022 pre-meet.

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

Strategic Risk (SR)1 (Governance Failure) – the mitigating activity in relation to this risk was discussed although the risk has not yet decreased. Since the last meeting of the JAC the OPCC Chief of Staff and Deputy Chief of Staff have both taken up post and the Deputy Police and Crime Commissioner (DPCC) is due to start shortly. Part 2 of the PCC Review was noted and the risk of additional work this creates, a couple of things were highlighted in the report.

SR2 (Failure to deliver the Police and Crime Plan) – the new Police and Crime Plan has been confirmed and published. A new digital plan is being worked on. The Constabulary have done an initial assessment of where they are at in terms of delivering the plan which was discussed at the last Police and Crime Board (PCB).

SR3 (Financial incapability or ineffectiveness) – the mitigated risk has reduced from 16 to 12 as a reflection of the three year funding settlement, the maximum precept increase for 2022/23 having been agreed and smaller deficits across the Medium Term Financial Plan (MTFP) than previously forecast. Savings plans are progressing and the OPCC are invited to the Strategic Planning Meetings (SPM) to be a part of the discussions and ensuring collaborative working. It was noted that global events will have an effect on this risk.

SR4 (Failure to engage with the public and other stakeholders) – this risk has not changed. The PCC wishes to maintain high levels of engagement and the new DPCC will further support this. Resilience of the OPCC Communications Team, who support engagement, is a concern due to vacancies.

SR5 (Lack of public confidence in or awareness of the OPCC) – the latest precept survey included a question on confidence in the PCC which resulted in just over a third saying they had confidence. Members were informed that there is no historical data to compare to regarding confidence in the PCC but that this question will be included in the telephone survey going forward to provide comparisons.

The risk to confidence from potential delays in Misconduct Hearings was highlighted. Legal challenges pose a risk to Legal Qualified Chairs willingness to take these on. It was noted that this is being driven by the Home Office. JAC Members made some suggestions for consideration on ways forward e.g. using magistrates courts with lay Chairs supported with legal advice.

SR6 (Lack of capacity, capability or poor wellbeing within the OPCC) – it was noted that the wording of the title of this risk has been tweaked to include wellbeing. The recent OPCC recruitments were highlighted and the OPCC CFO interviews due to be held next week. The gaps in the OPCC Communications Team were again highlighted as a risk as well as the HR Support Officer whose secondment has now come to an end with a replacement yet to be appointed.

The OPCC Chief of Staff was asked by the PCC to conduct a review of the OPCC structure. Discussion continue with the OPCC Senior Leadership Team (SLT) and wider team. Gaps have already been identified in the OPCC Communications Team and in regard to HR Support – these will be filled on a temporary basis in the short term. Risks in relation to maternity leave gaps have been mitigated through appointments with minimal gaps in between. It has been agreed that any new work streams will be paused during quarter one while the review takes place (where these are not areas that the OPCC is required to respond to e.g. PCC review part 2). Hybrid working will be rolled out in the coming months. The OPCC Chief of Staff will give a further update at the JAC meeting in July once the review has been complete and actions are being taken forward.

SR8 (Failure to deliver effective and efficient collaboration with other forces) – the South West PCCs are working well together. The JAC Chair reiterated the importance of ensuring that effective audit processes are agreed in advance across organisations when entering into collaboration.

SR9 (Failure to deliver effective and efficient collaboration or outcomes with other partners) – local Police and Crime Plans (Community Safety Plans) are being drafted working with Community Safety Partnership leads and Constabulary. The challenge around these will be ensuring effective governance and delivery.

7. Constabulary Strategic Risk Register (Report 7)

This is the first iteration of how the Constabulary risk register will be presented going forward. The Governance and Risk Manager is still to meet with some

of the directorate leaders and include their risks. The six corporate risks were highlighted:

- Corporate Risk 1 (Governance) – mitigated score of 8
- Corporate Risk 2 (Financial) – mitigated score of 12
- Corporate Risk 3 (Service Delivery) mitigated score of 12
- Corporate Risk 4 (People) – mitigated score of 15
- Corporate Risk 5 (Digital and Data) – mitigated score of 20
- Corporate Risk 6 (Infrastructure and Assets) – mitigated score of 10

The OPCC CFO asked if likelihood and magnitude could be included. The system does not bring this out as part of the structured report but the Constabulary will look to do this manually if it is not too resource intensive.

Members noted the good progress that has been made over the last ten months, this product gives more confidence.

Members raised concerns regarding the Digital and Data risk score and asked what plan is in place to mitigate the risk and what the timescale is. The Data Strategy has been produced over the past six months but there is not yet a plan to take this forward – the Constabulary CFO will provide a timeframe for this.

Members asked if the titles could be made clearer to ensure they sufficiently describe the risk and if labelling could be added to figure 3 of the heat map.

The JAC Chair stated that the JAC would be happy for Leapwise to assess the JAC in terms of effectiveness and how it fits into the governance structure.

RESOLVED THAT

- i. the Constabulary will report back on the timescales for putting in place an action plan to take forward the Data Strategy; and
- ii. the risk titles be made clearer to ensure they sufficiently describe the risk and labelling should be added to figure 3 of the heat map.

8. Appointment of External Auditors (Report 8)

The JAC noted the recommendation in the paper, which has been approved and confirmed to the Public Sector Audit Appointments (PSAA) within the deadline, to opt into the PSAA sector led option for the appointment of external auditors to police bodies for five financial years from 1 April 2023.

9. Business from the Chair (Report 9):

The JAC Chair intends to move to in person/ hybrid meetings for JAC meetings as soon as this can be arranged. It is recognised that virtual meetings are a good use of time but it would be appropriate to move to new ways of working now.

a) Police and Crime Board (PCB) Update

Members have received the minutes of the Police and Crime Board meetings held on the 1st December 2021, 5th January 2022 and 2nd February 2022. The OPCC CFO gave a summary of the discussions at the Police and Crime Board on 2nd March 2022:

- The Chief Constable's update centred around risks relating to potential community tensions resulting from events in eastern Europe, Uplift implementation dip and culture and confidence.
- Under the performance agenda item the reduction in neighbourhood crime was discussed as well as unallocated Rape and Serious Sexual Assault (RASSO) cases. Developing a method to define and measure prevention was also discussed.
- The focus of the assurance report was Hate Crime.
- Decision Notices were approved in relation to the Sexual Assault Referral Centre (SARC) procurement outcome and the Treasury Management Strategy 2022/23 was approved.
- A presentation was given on the Leadership Academy and three officers were invited to share their personal experiences which were very positive.

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

There are 17 investigations with the IOPC with the oldest of these being 18 months old. Most of the cases relate to IOPC thematic.

c) Final Joint Audit Committee (JAC) Annual Report

The Joint Audit Committee annual report has now been endorsed. The next report will need further consideration in terms of some of the CIPFA recommendations which don't sit comfortably in the JAC Terms of Reference and existing governance arrangements. Clarity and update on governance structures are necessary to inform the review of the JAC Terms of Reference.

10. Internal Audit Reports (Report 10):

The JAC Chair provided some context to the percentage of limited reports coming to the JAC. A deliberate decision has been made to focus on areas of high risk and scoping highlights where the risks are. It was noted that this is likely to affect the audit opinion going forward.

a) 2022/23 Proposed Internal Audit Plan

The Internal Auditors highlighted how the 2022/23 Internal Audit Plan was put together and it was noted that local, regional and national issues were considered when drafting the plan. The number of audit days was highlighted and the 5 contingency days in the plan – Members queried whether this was enough and were assured on the thinking around this.

The proposed audit around firearms licensing was discussed and it was noted that whilst the 5 regional forces are in different places at the moment it is

expected that they will all look to complete audits over the coming 18 months so comparisons can be made.

The JAC approved the proposed Internal Audit Plan as presented in the papers and the Internal Audit Charter at Appendix 2.

RESOLVED THAT the proposed Internal Audit Plan as presented in the papers and the Internal Audit Charter at Appendix 2 was approved.

b) Quarterly Update

The Clinical Governance within Custody and Criminal Justice reports are now final and were circulated to Members in advance of this meeting. 93% of the plan is complete and the internal auditors are anticipating providing a reasonable assurance opinion. Regional reports to come in July include Digital Forensics and Pensions Administration.

c) Criminal Justice

This report looked at processes for responding to action plans/ no further action (NFA) responses to cases from the Crown Prosecution Service (CPS). Actions raised relate to improving processes in place for responding to action plans from the CPS and controls to reduce the number of action plans received. The Constabulary commented that the findings were really insightful and were in keeping with the Constabulary's own Criminal Justice review.

Members were informed this report is being shared at this meeting as a first step and the next steps will be to share this with partners with a view to it eventually being discussed at the Criminal Justice Board (CJB).

Members raised concerns regarding the number of cases which are returned to Avon and Somerset by the CPS in comparison to other force areas and sought assurance on the reasons for this. A number of factors were highlighted which included:

- Higher volume of cases than other forces the CPS branch works with.
- Change in the way data was managed from October 2021.

It was noted that a review of the performance framework has just been completed – this will enable scrutiny at a force level and against neighbouring forces. The Constabulary will continue to work with partners to drive improvement.

Members queried the way forward with the action around Niche being update to include a specific section to capture whether an officer has challenged an action plan. The Constabulary are working through what the options might be.

Members asked what types of cases are usually subject to action plans. Very often it is cases that involve a victim but no other lines of enquiry and some cases involve a high level of digital scrutiny. The new Qlik app should help the Constabulary understand the picture better.

It was noted that the action plans provide learning opportunities and the Constabulary is looking at how this applies to organisational learning – the new Assurance Board will be helpful in this.

Members were informed that there is no set timescale for cases or review of cases, other than certain cases which must be brought to prosecution within six months, although it was noted that the CPS will close cases on their system if inactive for three months. Members asked if there is a case for introducing timeframes in order to drive efficiencies.

Members requested a Follow Up report in 12 months which should include numbers as well as percentages.

RESOLVED THAT a Criminal Justice Follow Up report should be presented to Members in 12 months – this should include numbers as well as percentages.

d) Clinical Governance within Custody

It was noted that the Healthcare in Custody contract went out to tender and a sophisticated commissioning process was run – the result of this is due to be announced soon. This is a regional process and contract.

One of the actions relates to first aid training and Members sought assurance on how this would be followed up. The Chief Officer for People and Organisational Development followed this up with the Learning Team today. There should not be anomalies between Chronicle (central recording system) and local recording systems.

Members noted the availability of Naloxone in custody and queried whether the force is looking to pilot its use beyond custody setting as other forces are doing. It was confirmed that this is under review but no decision has been taken yet.

e) Victim Support Services

This report looked at whether victims are being provided with appropriate levels of support. A limited assurance opinion was given and 6 actions raised. One of the key findings highlighted was the need for greater reporting around repeat victims.

f) Risk Management

A Risk Management Follow Up report has been included in quarter 4 of the Internal Audit Plan for next year. Four actions were raised to: create a Road Map including milestones and target dates; reflect risk management responsibilities in Chief Officer role profiles and include this in the Risk Management procedure; and ensure risk discussion at Constabulary Management Board (CMB) and other Constabulary Boards are captured in the

minutes. The approach to risk management at meetings was discussed at the Confidence and Legitimacy Committee last week.

g) Record Retention Follow Up

All five recommendations from the report in February 2021 have now been completed. Difficulties around an autograder to trigger reviews were flagged and a technical solution is needed as part of the Data Strategy. Compliance has improved but it is recognised that there is further work to be done. Members were told that the Qlik solution should be available in Spring 2022 but that the Constabulary is being told 12 months for the national work.

h) Payments to Staff – Absence Management Follow Up

Two actions were raised in the report in February 2021 on Payments to Staff – Absence Management. It was noted that one of the actions was outstanding at the time of completing the Follow Up report but this has now been completed meaning there are no outstanding actions. An additional benchmarking report is due to be finalised soon.

11. External Audit (Report 11):

a) Progress Report

The external auditors, OPCC and Constabulary have discussed the actions resulting from the 2020/21 audit in detail and will be reporting this to the JAC.

The 2021/22 audit timescale was set out:

- Draft Statement of Accounts should be published by 31st July 2022 so the public inspection period no later than 1st August 2022.
- Publication of the final Statement of Accounts is moving from 30th September to 30th November 2022.

The Audit Plan was due to be presented at this JAC meeting but is on hold awaiting the outcome of the emergency CIPFA Code consultation in case changes are required to the plan as a result. It was noted that as the key regulator the FRC need to be comfortable with any proposed changes.

With the final accounts audit due to begin in August concerns were raised regarding the resource pressure during the peak holiday season. It was agreed that the JAC meeting scheduled for 1st September 2022 will need to be pushed back to accommodate the timescales set out above.

RESOLVED THAT the Joint Audit Committee meeting scheduled for 1st September 2022 should be pushed back to the end of September 2022 to accommodate the timescales for auditing the accounts.

b) Informing Risk Assessments

Members have received the questions (and management responses) that need to be asked of managers and those charged with governance as required by auditing standards. As the JAC forms part of the governance they have received this for informational purposes. These are key documents in the planning process.

Part 2

Items for consideration without the press and public present

- 12. Exempt Minutes of the Joint Audit Committee Meeting held on 15th December 2021 (Report 12)**
- 13. Regional Internal Audit Work: Regional Baseline Assessment of Fraud (Report 13)**

SEE EXEMPT MINUTES

The meeting concluded at 14:00

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 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> <p>16th March 2022: Draft to be shared with JAC Members and then a meeting to be arranged to discuss Member feedback.</p>	Constabulary CFO	Update 19 th July 2022
Minute 32b(ii) Joint Audit Findings 20th October 2021	<p>The Constabulary should update Members on the recommendation around IT user access.</p> <p>16th March 2022: The Constabulary reported the actions taken and the external auditors will report their finding of the follow up work at the next JAC.</p>	Grant Thornton	Update 19 th July 2022
Minute 32c(i) Informing Audit Assessment 2020/21 20th October 2021	<p>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.</p>	Grant Thornton	19 th July 2022
Minute 48d Internal Audit Reports: Environmental Sustainability 15th December 2021	<p>JAC Members should receive the data on the KPIs and how they were achieved against the previous plan.</p> <p>16th March 2022: Noted that the Apr 21 – Mar 22 data will be forwarded. Members also request that there be a presentation on this at their pre-meet on 19th July 2022.</p>	Head of Business Services	19 th July 2022

Minute 49 Audit Progress Update 15th December 2021	A summary should be included in future where there are areas of concern and recommendations are overdue.	Supt Ben Moseley	16 th March 2022
Minute 7(i) Constabulary Strategic Risk Register 16th March 2022	The Constabulary will report back on the timescales for putting in place an action plan to take forward the Data Strategy	OCC CFO	Immediate
Minute 7(ii) Constabulary Strategic Risk Register 16th March 2022	The risk titles be made clearer to ensure they sufficiently describe the risk and labelling should be added to figure 3 of the heat map	Governance and Risk Manager	19 th July 2022
Minute 10c Internal Audit Report: Criminal Justice 16th March 2022	A Criminal Justice Follow Up report should be presented to Members in 12 months – this should include numbers as well as percentages	SWAP	15 th March 2023
Minute 11a External Audit: Progress Report 16th March 2022	The Joint Audit Committee meeting scheduled for 1 st September 2022 should be pushed back to the end of September 2022 to accommodate the timescales for auditing the accounts.	OPCC CFO	Immediate

MEETING: Joint Audit Committee	Date: 19th July 2022	Agenda No
DEPARTMENT: Finance and Business Services	AUTHOR: Emma Snailham, Corporate Business Partner – Financial Accounting	6a
NAME OF PAPER: 2021/22 Draft Statement of Accounts		

1. PURPOSE OF REPORT

The report presents the 2021/22 draft statement of accounts for both the Chief Constable, as well as the PCC (which incorporates the group position).

Members of the Joint Audit Committee (JAC) are asked to review and discuss these accounts, prior to the audit by our external auditors Grant Thornton.

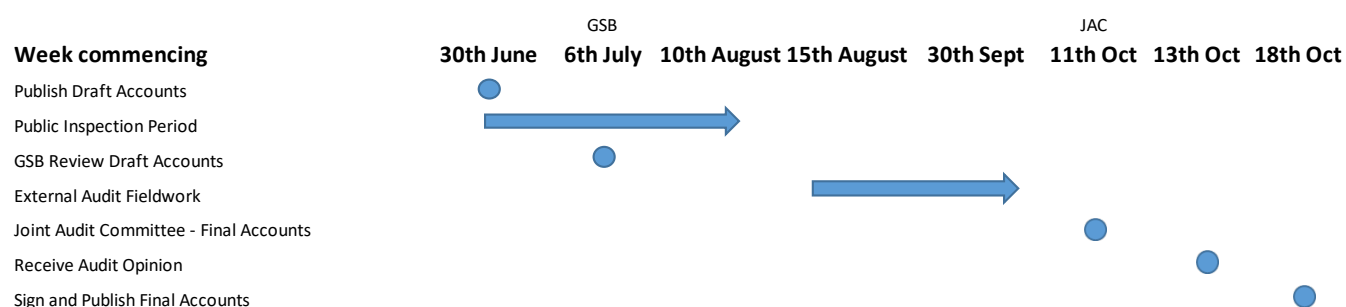
2. BACKGROUND

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

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

Due to the continuing effect of Covid-19, the Department for Levelling Up, Housing and Communities (DLUHC) (Previously known as Ministry for Housing, Communities and Local Government (MHCLG)) has extended the statutory audit deadline for 2021/22 for all local authorities, including police forces. The publication date for audited accounts has moved from 31 July to 30 November 2022.

With the above deadline in mind, we are planning to complete our own accounts and audit activity by 18th October 2022. The table below sets out the timeline for key events to achieve completion by this date :-



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

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

- A Cash Flow Statement.

In addition to these primary statements the accounts include narrative statements providing context and explanations, and a series of notes providing further detail to the primary statements. The Annual Governance Statement (AGS) also accompanies the accounts. The AGS sets out the management's view of its governance arrangements, issues to be addressed and actions to be completed.

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

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

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

3. PRESENTATION OF THE STATEMENT OF ACCOUNTS

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

Another consideration for going concern is our financial sustainability, and our ongoing ability to live within our financial means. This is annually assessed in the preparation and scrutiny of our Medium Term Financial Plan (MTFP), which sets out our 5 year revenue and capital forecasts, incorporating considerations of reserves and risks within this. Savings are required over the medium term in order for the PCC and Chief Constable to continue to be able to set a balanced budget. Our planning work continues to identify savings and efficiencies that will be developed further so that these can be discussed and agreed as part of our new financial plans.

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

We have considered our application of the requirements of substance over form when preparing our 2021/22 accounts. The outcome of this review, in addition to there not be any material changes to accounting or statutory regulations, concluded that the presentation of last year's financial statements remains appropriate.

Therefore the accounts as presented contain the following:-

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

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

The Chartered Institute for Public Finance Accounting (CIPFA) have decided to [defer the implementation of International Financial Reporting Standard \(IFRS\) 16](#), which relates to how leases are accounted for, until 1 April 2024. This decision has been made in recognition of severe delays in the publication of audited local authority financial statements in England, reflecting wider challenges within the audit market as highlighted in the [Redmond Review](#). IFRS 16 will now be included in the 2024/25 code. Early adoption as of 1 April 2022 or 1 April 2023 is permitted.

4. 2021/22 REVENUE AND CAPITAL FINANCIAL PERFORMANCE

The 2021/22 financial performance across both the revenue budget and the capital plan has been the subject of a detailed paper presented to GSB at its meeting on 1st June 2022.

In summary we reported an under spend against revenue budget of £6.8m/2.0% (2020/21 £14.1m/4.3%), which was entirely accounted for through provisions and reserve adjustments. During the year we also spent £10.5m (2020/21 £8.3m) on capital projects, and are carrying forward £2.3m (2020/21 £2.1m) into 2022/23 in support of ongoing projects.

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

	£'000
21/22 Budget/Outturn (per management accounts)	340,879
Less Budget Support Reserve release	(1,000)
Less Tax income Guarantee Grant	(177)
Plus Council Tax Adjustment (for Collection Fund movements)	1,438
Plus Capital Grant received	305
Adjusted Total Taxation and non-specific Grant Income (per Group CIES on page 25 of Group Accounts)	341,445

Please see Appendix C for further reconciliation between net cost of services and outturn

5. USEABLE RESERVES AND PROVISIONS

The movement on reserves statement (as detailed at page 30 of the group accounts) identifies a net increase of £3.2m/5% (2020/21 increase £8.1m/17%) in useable reserves. The table below summarises the position on our useable reserves:-

Details	General Fund Reserve	Earmarked Revenue Reserves	Capital Receipts Reserve	TOTAL
	£'000	£'000	£'000	£'000
Balance as at 1 April 2021	12,000	39,455	5,602	57,057
Net Increase/(Decrease)	0	2,413	773	3,186
Balance at 31 March 2022	12,000	41,869	6,375	60,243

The General fund balance is set by the risk assessment carried out by the PCC CFO in conjunction with the Chief Constables CFO. The General fund balance has remained the same as 2020/21.

Our earmarked reserves (which were included in the outturn report presented to GSB in June, and which are explained in more detail on pages 73-75 of the group accounts) can broadly be broken down into three distinct areas:-

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

The earmarked revenue reserves have increased by £2.4m during the year. This is the net result of a number of movements, including:-

- a £0.7m increase to our non-discretionary reserves, as a result of:-
 - Increase of £1.0m to our Victims and Commissioning Reserve;
 - Increase of £0.1m to our Proceeds of Crime Reserve;
 - A new reserve of £0.1m, ring-fencing funds received to manage the costs relating to the Pension Remedy for McCloud;
 - Offset by reductions in several reserves including Regional Programme Reserve (£0.7m), and SWROCU (£0.1m).
- a £2.7m decrease to our discretionary reserves, as a result of:-
 - The release of the Budget support reserve (£1.0m) as planned for within our MTFP;
 - The release of the Covid-19 Enforcement Reserve (£1.0m) no longer required; and
 - Our carry forward reserves have decreased from last year by £0.4m.
- The earmarked capital reserves have increased by £4.4m during the year, reflecting our long-term capital funding plans.

In addition to reserves, we have also made a number of provisions as at 31st March 2022, which reflect known liabilities of uncertain value and/or timing (note 25 of the group accounts, page 70). The accounting for provisions is reliant upon the exercise of professional judgement, and as such it is important that the assumptions made here are transparently explained. Our provisions include:-

- **Self-Insurance provision** £7.3m (2020/21 £9.9m) – this provision reflects the potential discounted liability for all claims against the PCC or Chief Constable up to the level we are insured for (known as our “deductible”). The value of the provision is set annually after consideration of all known outstanding claims which are independently reviewed;
- **Legal services** £0.4m (2020/21 £0.2m) – this provision reflects the assessed value of our legal costs associated with all outstanding claims;
- **Pensions claims** – this provision has been released in full in 2021/22 (2020/21 £0.9m), in light of the Government providing the funding for the Leigh Day settlement. This provision was in regards to the claims from those police officers who are claiming injury to feelings arising from the transition to the 2015 pension scheme, which has been found to have been discriminatory. The Leigh Day claims have been settled, the Federation claims are still under consideration;
- **Ill-health and termination benefits** £1.3m (2020/21 £0.6m) – this provision reflects the costs associated with the ill health retirement of police officers who at the 31st March have an agreed medical retirement date which falls in the 2022/23 financial year; and
- **Overtime liability** £3.2m (2020/21 £2.8m) – this provision reflects the potential value of historic claims relating to undercover work and overtime by officers. The value of this provision remains under review by a group overseen by the Deputy Chief Constable, with the support of the Director of Legal and Compliance Services and the Head of Finance.

6. PENSIONS ACCOUNTING

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

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

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

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

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

As at 31 March 2022 the pension fund liability (deficit) identified by our actuaries is £4.33bn (2020/21 - £4.38bn). Of this £3.93bn relates to Police Officers (2020/21 - £3.94bn), and £394m to Police Staff (2020/21 - £438m).

The Police Officers scheme is the responsibility of the Home Office, and the Chief Constable (as employer during the course of 2021/22) is responsible for making employer contributions towards this pension. The Police Staff scheme (which is Somerset County Councils Local Government Pensions Scheme [LGPS]) is the responsibility of the PCC and Chief Constable, and the PCC CFO represents the PCC at the Somerset County Council Pension Committee.

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

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

7. PFI ACCOUNTING

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

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

The financial implications of this contract will see the PCC commit to an annual unitary charge across the 25 year life of the contract, being £9.8m in 2021/22 (£9.5m 2020/21), and £248.1m over the 25 years. The UK Government (Home Office) has committed to provide £187m capital funding ("PFI Credits") in the form of annual grants over 25 years.

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

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

8. OTHER CONSIDERATIONS

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

- Asset valuations – In accordance with our policy for the valuation of our assets a desk top valuation was carried out by our in-house surveyor as at 31st March 2022. The properties have been valued in accordance with the current RICS valuation standards and took into account the potential future impact of COVID-19 and as such were reported on the basis of material valuation / market uncertainty principles. The results of this valuation have been captured within the financial statements presented;
- Related Parties – We have written to the members of the Joint Audit Committee, the PCC and his executive officers, and to the Chief Officers of the Constabulary to ascertain whether there were

any financial transactions requiring disclosure. The result of this review is presented at note 13 (page 57) of the Group accounts and note 11 (page 48) of the Chief Constable's accounts;

- SWROCU and Regional Collaboration reserves – In accordance with recommendations from external auditors we have adjusted these reserves to reflect Avon & Somerset's share only, resulting in a reduction to the reserve value;
- Contingent Liabilities – In accordance with the requirements of the accounting standards we have considered whether there are any liabilities which have not been financially provided for because they are remote or cannot be accurately valued. The note includes reference to the following:
 - McCloud/Sargeant Judgment regarding the discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015;
 - The Federation compensation claims from the McCloud discrimination for hurt feelings, and
 - Goodwin and O'Brien cases regarding other forms of discrimination within Pension scheme

The results of this review are presented at note 26 (page 71-72) of the Group accounts, and note 19 (page 57-58) of the Chief Constables Accounts.

9. EQUALITY ANALYSIS

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

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

10. SUSTAINABILITY

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

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

11. CONCLUSIONS AND RECOMMENDATIONS

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

The Joint Audit Committee is therefore invited to discuss the 2021/22 Draft Statements of Accounts.

Appendix A – Draft 2021/22 Group and PCC Financial Statements

Appendix B – Draft 2021/22 Chief Constable Financial Statements

Appendix C – Reconciliation of Outturn to Statement of Accounts

Appendix C**Reconciliation between Net cost of police services in SOA and Outturn**

	£000's
Net cost of police services in Statement of Accounts	451,430
Financial and investment income & Other operating expenditure	
External interest payable	5,876
Gain/loss on disposal of non-current assets	(101)
Interest and investment income	(260)
Included in net cost of police services in SOA but not in Outturn	
MOJ Commissioning Grant	2,042
Tax Income Guarantee Grant	(178)
Transfers to reserve included in Outturn	
Transfers to reserve	4,281
Adjustments between accounting & funding basis under regulations:	
Amortisation of intangible assets	(115)
Depreciation of fixed assets	(13,491)
Revaluation Loss	1,911
Holiday pay accrual adjustment	(686)
Net IAS 19 charge for retirement benefits	(179,439) Note
Minimum Revenue Provision	3,612
Revenue contribution to finance capital	7,770
IAS 19 employers contributions payable	58,228
Outturn	340,881
<i>Check</i>	340,879
<i>Difference</i>	2 (Outturn roundings)

*Note: figure showing in movement in reserves statement is £266,300k.
Difference is net interest on pensions (£86,861K) not included in net cost of police services in SOA but included in financial investment and income and expenditure*

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 to 30 April 2021
Sally Fox	Interim Chief Executive and Monitoring Officer to the Police & Crime Commissioner for Avon & Somerset from 1 May 2021 to 3 January 2022
Alice Ripley	Chief of Staff and Monitoring Officer to the Police & Crime Commissioner for Avon & Somerset from 4 January 2022 Phone: 01278 646188
Paul Butler	Interim Chief Finance Officer to Police & Crime Commissioner for Avon & Somerset to 30 June 2022 Chief Finance Officer to Police & Crime Commissioner for Avon & Somerset from 1 July 2022 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 to 25 November 2021 Chief Constable from 26 November 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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Police & Crime Commissioner for Avon & Somerset

Chief Finance Officer's Narrative Report

This section highlights and explains some of the more relevant areas of finance, financial strategy and other key issues that are reported in the accounts and provides commentary on the key issues that have had a major effect on the finances now and 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 Introduction

The Statement of Accounts summarises the financial year for 2021/2022. The income and expenditure, assets, liabilities, and reserves which are recognised in the accounts of the Police and Crime Commissioner (PCC) 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.

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 2022** - 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.

2 Presentation of the Statement of Accounts

This Statement of Accounts is prepared in accordance with Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom (referred to hereafter as the CIPFA Code).

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.

Both the PCC and OCC are Schedule 2 bodies under the Local Audit and Accountability Act 2014 and are both required to publish a statement of accounts and be subject to audit.

3 COVID-19

Throughout the entirety of 2020/2021 we have continued to live and work through the COVID-19 global pandemic. This has continued to present challenges, requiring us to continue with different ways of working so that we played our part in keeping people safe and protecting 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 continued throughout 2021/2022. Through this structure we managed all aspects of both our operational and organisational response to the pandemic:-

3.1 COVID-19 Operational Response

By the start of the 2021/2022 financial year, the COVID-19 pandemic had been ongoing for over a year. Whilst some enforcement of COVID-19 rules was still required, particularly in the earlier parts of the year, this dropped away from the level seen in earlier lockdowns and our policing of these rules largely focussed on engagement, explanation and encouragement meaning that little enforcement action was required.

Whilst during the 2020/2021 financial year we saw significant reductions in demand on the Constabulary, by 2021/2022 the demand levels largely returned to normal and in fact in some areas showed an increase on pre-pandemic levels. One such example was in demand in the number of 999 calls received by the force, which increased by 36% compared to 2020/2021 (and by 20% compared to 2019/20). Despite this increase we were able to manage this demand with minimal impact on our performance. This was possible as we stood up our secondary communications centre, and split our call handling and despatch teams across both locations. In this way we were able to reinforce social distancing in the workplace, and minimise the potential for disruption arising from infection and self-isolation requirements.

We have continued to enjoy the support of a large number of our specials and volunteers. Throughout the year our specials have provided us with over 80,000 hours of service, the equivalent of an additional 38 full time officers. During the year there has been a focus from the Special Constabulary on supporting us through a range of value-added activities, with particular focus on early evening patrols to help reduce anti-social behaviour.

At the time these financial statements are being prepared the restrictions under which we have been living on and off for the past two years have all been lifted. As the public have embraced the lifting of restrictions, so we have seen an increase in our demand. This increase is now coinciding with our expected seasonal uplift in demand through spring and into summer; demand which we know will be heightened with the return of public events across our force area. We have forecast this increase in demand and have been preparing our resourcing and plans through the oversight of our Demand and Capacity committee chaired by an Assistant Chief Constable

3.2 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. At the outset of the pandemic in 2020/2021, 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).

Supporting and enabling this many staff to work in different ways and from different locations ensured that those who continued to work from our police stations, offices and other workplaces could do so in a safe and compliant environment. We stood up the provision of personal protective equipment (PPE), utilising the national distributions channels established across all policing. We also continued enhanced cleaning across our estate, as well as other measures to support safe working practices.

During the year we have established a re-setting project to oversee the planning of our post pandemic ways of working. Through this work we have sought to build on the learning and advantages we saw during the pandemic. Through this project we have introduced hybrid

working as a permanent feature of our new ways of working. This involved us reviewing all role profiles across the Constabulary and confirming nearly 1,800 individuals could continue to work for the majority of their time from a non-police location as a permanent change to their way of working. A consultation was undertaken, with 1,600 individuals accepting a contractual variation to work permanently in a hybrid way, with the remainder opting to continue to work from a police location. As of April 2022 we have begun the process of moving to this new permanent way of working, enabling us to unlock the longer-term benefits from this.

4 Operational Performance

During the course of the year the Constabulary has continued to mature its performance reporting and management through the monthly integrated performance and quality report (IPQR). Building on this foundation the Constabulary has introduced a new Performance Control Strategy approach, which identifies key performance issues requiring targeted improvement activity, which are monitored and discussed in detail at the monthly Constabulary Management Board as well as at the PCC's Police and Crime Board. A set of 16 Key Performance Questions (K PQs) have been established to seek to harmonise and assess progress against a range of local and national outcome frameworks, including:-

- The PCC's priorities as set out in the Police and Crime Plan;
- The Home Office's national policing outcomes(as part of the Beating Crime Plan);
- The key lines of enquiry used by HMICFRS when conducting their Police Efficiency, Effectiveness, and Legitimacy (PEEL) reviews; and
- Other national frameworks that are in development (i.e. Violence against Women and Girls national performance framework).

The above framework ensures we are able to assess where we are doing well and where improvements are needed.

In common with the national picture, our local context continues to provide a number of opportunities and challenges, characterised by:-

- Our officer numbers are increasing as we deliver our share of the Governments uplift programme, but the volume of police officer recruitment to achieve this means we have a large number of student officers to support through abstraction to college and through on the job tutoring;
- Our officer experience and profile means that we have some acute skills challenges, particularly in the number of accredited detectives within force. This results in a sub-optimal allocation of crime demand across our operational teams; and
- Our demand picture continues to evolve, with some significant increases in more complex crime types as detailed below.

Overall police recorded crime levels have increased by 14.7% since last year. This largely reflects crime patterns now returning to pre-COVID-19 levels. Throughout the COVID-19 period, key theft based and volume crime types such as theft, burglary and vehicle offences saw large reductions due to lockdown restrictions.

As theft based crimes levels have begun to return to pre-COVID-19, the force have continued to see significant increases in reported sexual offences (+37%), stalking and harassment (+26.3%), hate crime (+24.2%) and domestic abuse (+12.5%). These increases have been driven by improving victim confidence to report along with significant improvement activity we have put in place in recording crime more accurately.

Recording crime accurately is a key priority to us. A crime data integrity task force was established and has coordinated extensive improvement activity over the last 12 months. The outcome of this is that we have introduced new processes that have recorded approximately 12,000 additional crimes this year that otherwise would not have been recorded correctly (the equivalent to more than 8% of the total crime for the previous year). This step change is significant, and has contributed to crime types such as harassment, stalking, assaults and public order offence increases.

We have been a pathfinder in reviewing our end-to-end approach to investigating rape alongside independent academic experts as part of project Bluestone. The approach we have taken has

brought national focus and has been led by our Chief Constable Sarah Crew who is the national lead for Rape and Serious Sexual Offences. Following extensive independent research and analysis, a wide range of change and improvement activities has seen the force reconfigure its approach to how it investigates rape. Whilst we are still implementing these changes, we have already seen strong indicators on the impact of this new approach. We have seen almost a 50% increase in the volume of rape charges this year compared to the previous year. Against a backdrop of a +32% increase in recorded rapes this year, our rape charge rate has risen from 3.9% to nearly 6%. Clearly there is more to do, but we are encouraged by the impact already being seen.

The performance in the Control Room, which has been recognised by HMICFRS as outstanding, has performed strongly against a backdrop of unprecedentedly high 999/emergency call volumes that has been raised as a national risk for all emergency services. The force have experienced a 36% increase in 999 calls this year compared to the previous year with the call volumes being the highest ever recorded. Despite the significant increases in 999 calls, the call abandonment rate for 999 calls has remained low at 0.2%. This is exceptional given the increased demands and comparisons to other similar forces who have seen much higher abandoned rates. As a result of protecting the 999 call abandonment rate, the 101 non-emergency call abandonment rate rose to an average of 7.2% (up from 2.3% the previous year). The victim satisfaction rate for initial contact with the police remained strong at 92.4%.

Public confidence, as measured by the crime survey for England and Wales, has remained paused following the COVID period, so recent data comparing Avon and Somerset police against other forces is not available. The latest national results from March 2020 placed the force at 78.6% (+0.4% on the previous year) which put Avon & Somerset at 8th when ranked nationally. Our own local public confidence survey, which captures a wider and more representative sample, shows overall public confidence at 73% for the last 12 months (-7.2% on previous year). With no recent available national survey to benchmark against, it remains challenging to assess the extent to which national / macro factors may have affected our recent local results versus specific local issues.

Overall victim satisfaction to reports of volume crime stands at 73.1% (-3.3% on previous year), with victims of anti-social behaviour reporting satisfaction rates of 71.6%, victims of burglary 68.9% (dwelling burglary victims 76.1%), victims of hate crime 73.4% and victims of violent crime 81.0%. Overall victim satisfaction with the way victims are treated remains strong at 90.5%.

Our most recent staff survey results showed us that 70% of staff feel happy at work, which compares well to 56% over a four-year period. Staff reporting that they felt the Constabulary respects difference was 75.3%, which has increased from 58% over the same four-year period.

Despite our successes we recognise that there remain areas for improvement. Our file quality compliance rates against the new Directors Guidance Assessment show us at 38.2% against a national rate of 54.4%. This will be a key performance focus for the coming year.

Our response timeliness for immediate and priority incidents has remained below where we would want it to be. Progress and challenge here links strongly to the level of officer inexperience and skill level from large volumes of new police officers students under tutorship. This will improve over time, and will remain an ongoing area of focus for us.

Our positive outcome rate, which is the measure of sanctioned detection outcomes or a restorative justice outcome as a percentage of crimes recorded, is 11.5%. This outcome rate places us in the bottom quartile nationally; a position we recognise is not where we want to be. Whilst the large improvements made in recording more crime will play a factor here, 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.

HMICFRS last inspected the Constabulary under their PEEL framework during 2019/2020, with a further inspection not now expected later in 2022/2023. 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.

5 Financial Performance

5.1 The Revenue Budget

The budget supports the policing requirement for the Avon and Somerset policing area which 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.

In February 2021 the then PCC approved a total 2021/2022 net revenue budget of £340.9m, an increase of £21.0m (6.6%) on the previous year. This budget was funded through a combination of Government grants (£203.1m/59.6%), local council tax (£136.7m/40.1%), and use of reserves (£1.0m/0.3%). In total £335.6m 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 £18.9m (6.0%).

In order to manage ongoing inflationary and other cost pressures the Constabulary needed to identify and deliver savings of £7.3m, which when combined with the increase in funding enabled us to deliver a balanced budget. This took our cumulative savings since 2010/2011 to nearly £90m.

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 Group's underlying net revenue expenditure in 2021/2022 was £334.1m. When compared to budget this means we have underspent by £6.8m (2.0%), prior to adjustments for provisions and for transfers to earmarked reserves. Once these adjustments were made this underspend was fully accounted for.

The primary factors underlying the underspend related to underspends on pay along with higher than budgeted income. The challenges of estimating pay whilst undertaking a significant programme to increase officer numbers were exacerbated by increased numbers of leavers compared to last year, along with some departmental restructuring and challenging and competitive recruitment environments.

Income was higher than anticipated due in part to mutual aid activity provided in relation to the G7 and COP26 summits. The budget also incorrectly understated the level of grant income by £2.0m, and this is reflected in the final figures.

A full account of the financial performance report for 2021/2022 was reported to the PCC at the Governance and Scrutiny Board in June 2021, and can be found published on the PCC's website.

6 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 2022, covers the five-year period from 2022/2023 through until 2026/2027. The below provides the headlines from this forecast, however we acknowledged that since the publication of this report there are already a number of factors which will further impact on this. We are therefore expecting to begin the update of these forecasts over the summer to inform our forward planning.

6.1 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.

	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000
Budget requirement	358,707	370,838	381,993	392,914	402,500
Less total funding	-356,364	-365,479	-377,006	-383,978	-390,925
Surplus(-)/deficit before savings	2,343	5,359	4,987	8,936	11,575
Savings	-3,000	-3,179	-3,245	-3,312	-3,379
Planned use of reserves	657				
Surplus(-)/deficit after savings	0	2,180	1,742	5,624	8,196

The key assumptions that underpin this forecast position are:

- Our funding is forecast to grow by £51.0m/15.0% by 2026/2027, driven by increases to both grant funding (+£18.2m/9.0% by 2026/2027) and increases to council tax funding (+£32.8m/24.0% by 2026/2027);
- Our budget requirement is forecast to increase by £58.2m/17.1% p.a. by 2026/2027, driven by a large number of factors, including:
 - inflationary adjustments to officer and staff pay in line with nationally agreed assumptions for the first three years, with a local assumption for the final two years – increasing costs by £32.0m p.a. by 2026/2027;
 - increases to budgets in support of delivering and sustaining the uplift in officer numbers in line with the target headcount of 3,291 to be achieved by March 2023 – generating budget growth of £11.5m by 2026/2027;
 - increases to national insurance costs to provide for the uplift in employer national insurance rates that took effect from April 2022 to support the Government's social care levy – an increase in costs of £1.9m;
 - 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 £6.5m p.a. by 2026/2027;
 - inflationary increases to general and specific (e.g. fuel, utilities, etc.) non-pay costs are assumed to add £6.1m p.a. by 2026/2027;
 - investment and growth across the Constabulary, predominantly focused on continued investment into digital tools and capabilities to support frontline efficiency and effectiveness – an increase of £3.4m p.a. by 2026/2027;
 - increases to our share in the cost of partnerships, reflecting the pay and other inflationary assumptions within these collaborations, as well as the investment into the South West Regional Organised Crime Unit as they pick up their share of officer uplift – an increase of £3.3m p.a. by 2026/2027;
 - increases to the ring-fenced uplift grant funding by £0.8m effective from 2022/2023, which we expect to be maintained throughout our forecast in order to support our ability to maintain new officer numbers; and
 - realisation of new planned and targeted revenue savings of £3.0m p.a. from 2022/2023, rising to £3.4m by 2026/2027.

6.2 Policing Precept

In December 2021, the Policing Minister announced flexibility for PCCs to raise the policing precept by up to £10 p.a. in each of the next three years 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 4.1%. Following review, the Police and Crime Panel endorsed this proposal, enabling the PCC to confirm his approval of this increase and the underlying budget.

6.3 Capital Programme

The MTFP includes a capital programme of £88.3m over the next five years, with identified capital funding at the time this programme was presented of £84.0m, resulting in a capital funding deficit of £4.3m.

The capital programme includes forecast investment into ICT, Estate, Fleet and other assets – both to support ongoing maintenance and renewal of existing capabilities as well as to support new investment. While the plan outlines the expected areas of spend, many of the individual areas for investment will still need to present a business case for approval in order 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 or refurbished police stations for Yeovil, Minehead, Williton, Wincanton, Bristol East and Bristol South.

Our approach to accounting for the revenue underspend reported above has reflected on the deficit in funding across the five year programme, and sought to address this through the ring-fencing of some of the underspend into ring-fenced capital reserve.

6.4 Approach to Future Challenges and Funding

The Spending Review announced in the autumn of 2021 (SR21), provided clarity around the medium term financial commitment the Government was making to both deliver and sustain on its ambitions to growth police officer numbers by March 2023. While only indicative, we have now been provided with some certainty as to the total funding that will be available not just in 2022/2023, but also in 2023/2024 and 2024/2025.

Based on this and a number of assumptions made, we are forecasting a relatively stable financial position until 2024/2025, which includes those savings we have already identified and planned. While a small deficit is currently forecast on these years, we recognise that at this stage it provides a manageable position.

Beyond 2024/2025 the position is less certain, particularly as we will be entering into a new SR period. Our MTFP recognised key areas of uncertainty, including the cost of pensions which are expected to rise, as well as pressures which will result from a maturing workforce profile as more and more of our officers become experienced and therefore progress through the pay scales gradually increasing to the average cost of a police officer.

The MTFP published in February 2022 represents our best estimate based on all of the information available to us at that time. However, we recognise that there have already been changes to our context (e.g. inflation) which may well impact on our assumptions requiring us to review and further refine these. We continue to keep our assumptions under review, and expect to commence the process of forecasting our new MTFP over the summer and into the autumn so as to inform our planning.

Our ambition remains to be an innovative force, focussed on releasing capacity to ensure we continue to remain both efficient and effective in providing policing services to our communities. Continuing to invest in capabilities that unlock and release capacity is therefore a key area of focus for us over the coming years. Through this focus we aim to not only respond to the emerging and changing financial context within which we will be asked to operate, but also to release capacity that enables reinvestment into 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.

7 Commissioning and Grants

A range of services and community safety projects have been allocated over £5.5 million by the PCC in 2021-2022 to support the delivery of the Police and Crime Plan. These have included services commissioned such as victim support services including advocacy, support related to abuse and exploitation, restorative justice; services related to mental health, police custody and reducing reoffending; as well as local community safety initiatives.

In addition to the above, 2021/2022 was the third year the PCC successfully secured £1.16 million in additional grant funding for Violence Reduction Units (VRUs). This funding is devolved to the five Community Safety Partnership areas but these local VRUs continued to be overseen through a Strategic Governance Group. As well as the core VRU funding two additional grants were secured. The first was for school inclusion approaches, ensuring that young people at risk of exclusion are given the support to stay in education. The second was to scale up and roll out trauma-informed training across the network of VRU partners.

During the last year work was undertaken to set up new funding opportunities for crime prevention. This culminated in the launch of the Commissioner's Crime Prevention Fund in April 2022. This will support community projects and activities across Avon and Somerset that help to reduce crime and anti-social behaviour. There is £200,000 available in the first year and community groups and charities can apply for grants of £1,000 to £5,000. The PCC wanted to make this new process as efficient and effective as possible and recognised the expertise and reach of Community Foundations which help get funding to people and causes that need it. This new fund will be administered by Somerset Community Foundation and Quartet Community Foundation (for the other four local authority areas).

8 Procurement

Our strategic procurement service is now provided by the South West Police Procurement Service (SWPPS), following a transfer of our team into this existing collaboration during the year. This service, which is hosted by Devon and Cornwall Constabulary on behalf of the five south west forces, ensures compliant delivery of contracted procurement with our suppliers.

During the course of 2021/2022 we have identified and delivered £1.8m in savings through procurement and ongoing contract management. The delivery of procurement savings is an important component of demonstrating how we achieve value for money.

9 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 £0.5bn are taken into account. More details are disclosed in notes 16 to 18. The liability has no impact on the reported outturn and the usable reserves.

10 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 ongoing challenges created as we manage the immediate and ongoing demand pressures at the same time as both delivering officer uplift and maturing our workforce models that means it will take some time before we are able to fully achieve our target operating model. Our forward plans will help us navigate this period of growth and uncertainty, emerging from this with greater service strength which when coupled with our effective operational processes, tools and capabilities will ensure we are well placed to realise our vision and deliver the outcomes our communities rightly expect of us.

Paul Butler

Chief Finance Officer to PCC

Police & Crime Commissioner for Avon & Somerset

Statement of Responsibilities

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

1 Police and Crime Commissioner's Responsibilities

The Police and Crime Commissioner is required to:

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

2 The Chief Finance Officer's Responsibilities

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

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

- chosen suitable accounting policies and then applied them consistently;
- made reasonable and prudent judgements and estimates;
- complied with the CIPFA Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud, including preparing an audit and risk-management strategy; and
- made sure that the internal control systems are effective – pages 14 to 27 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 2022 and its income and expenditure for the year ended 31 March 2022.

Mark Shelford
Police and Crime Commissioner

Paul Butler
Chief Finance Officer to PCC

Auditor's Report

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

Report on the Audit of the Financial Statements

To be added

Police & Crime Commissioner for Avon & Somerset

Annual Governance Statement

1 Introduction

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. It fundamentally changed people's personal and work lives. 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. This impact continued into the second year (2021/2022), albeit to a lesser extent.

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.

From a policing point of view there was less need for enforcement of COVID-19 regulations in the last year while normal crime and demand started to increase.

This last year was also significant for a number of other reasons. On 6 May 2021 elections took place, across England and Wales, for Police and Crime Commissioners (PCC). In Avon and Somerset a new PCC, Mark Shelford, was elected. He is only the second person to hold this office.

In November 2021 the new PCC also appointed a new Chief Constable, Sarah Crew. Sarah was formerly the Deputy Chief Constable and had been the Temporary Chief Constable for five months while the recruitment process took place.

In December 2021 a new Avon and Somerset Police and Crime Plan was finalised and later published

2 Scope of Responsibilities

The (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 a joint governance framework which is published on the website at www.avonandsomerset-pcc.org.uk¹.

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,

¹ www.avonandsomerset-pcc.gov.uk/reports-publications/policies-procedures/joint-governance-framework/

and in so doing the PCC is ensuring a sound system of internal control is maintained throughout the year, including appropriate arrangements for the management of risk.

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

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

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

3 The Governance Framework

The governance framework in place throughout the 2021/2022 financial year covers the period from 1 April 2021 to 31 March 2022 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 organisation that will deliver the Police and Crime Plan.

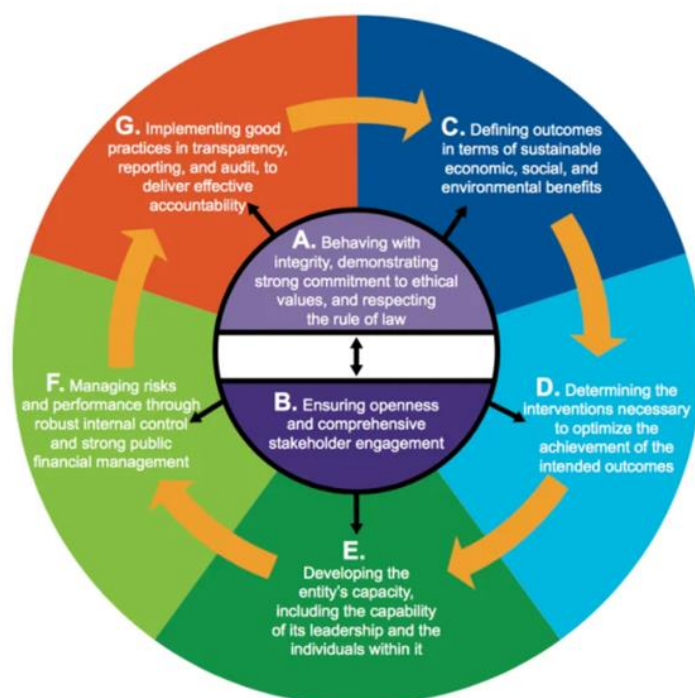


Figure 1: CIPFA Principles of Good Governance

3.1 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.

The OPCC has also defined a set of organisational values which all employees are expected to embody and demonstrate in the way they work:

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

The PCC maintains scrutiny of the Constabulary's Professional Standards Department and 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 has been done informally through meetings and updates with or from senior officers as well as a formal quarterly review at the Police and Crime Board.

Significant changes were made to the police complaints regulations from February 2020 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 2021 the OPCC dealt with 251 complaint reviews.

Another important system of redress, that the PCC has responsibility for, relates to police officer misconduct. A panel led by an independent 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, there were eight misconduct hearings.

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 2021/2022 there were two appeals but no oral hearings; 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.

3.2 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. Since taking office the PCC has wanted to ensure a strong focus on engagement, with two days a week spent on engagement.

3.2.1 Public

Shortly after being elected the PCC launched a public consultation about the draft priorities and objectives for the Avon and Somerset Police and Crime Plan he was developing. This consultation was conducted as an online survey and a stratified, randomised, postal survey. The consultation was open for twelve weeks and resulted in over 4,100 responses. The consultation provided significant support for the draft objectives proposed.

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 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. The Government set the maximum precept amount PCCs could ask for at £10. 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 stratified, randomised, postal survey. In just seven weeks these surveys resulted in 5,605 responses and was the biggest survey ever conducted by the office. The results of which supported the precept increase proposed to, and approved by, the Police and Crime Panel (see below).

The PCC has 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 Scrutiny of Police Complaints Panel** – formerly the 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 2021/2022 the panel met quarterly as planned in June, September, December 2021 and March 2022.
- **Independent 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 2021/2022 the panel met five times: in April, June, September and December 2021 as well as March 2022. 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).
- **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 2021/2022 the panel met quarterly as planned in June, September, and December 2021 and March 2022.

3.2.2 Constabulary

This was another area where the new PCC was keen to see engagement. The PCC has often spent a day each week meeting with the police workforce both through formal and informal meetings.

Even with the change in PCC, Chief Constable, and other senior leaders, 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 Strategic Planning Meetings, the

Constabulary Management Board and the Committees which sit under this. The Constabulary have also maintained their attendance at the PCC's weekly SLT meeting.

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 improve financial forecasting and deliver more consistent reporting.

3.2.3 Partners and other local stakeholders

The new PCC has been clear about the need to engage with other elected officials across Avon and Somerset. When undertaking engagement days the PCC will often do this with councillors and MPs. The PCC and Chief of Staff 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. The PCC also provides a Police and Crime Grant to CSPs (through the local authorities) which is used to achieve joint outcomes. In quarter four of the year the OPCC further started to work with CSPs to develop Local Police and Crime Plans / Community Safety Plans. These local plans are due to be published in the summer of 2022.

The PCC has taken on the Chair of the Local Criminal Justice Board in order to engage with partners such as CPS, courts and probation.

The 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.

Violence Reduction Units discussed below are a further example of key stakeholder engagement.

3.2.4 Regional Representation

There are a number of significant regional collaborations, including the Regional Organised Crime Unit (ROCU), Counter Terrorism Policing, Forensics, Major Crime Investigation Teams, firearms training, and the South West Police Procurement Department.

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/Chief of Staff level.

The new PCC is keen to build stronger regional working across the five forces and this has been led by closer working relationships between the five PCCs. The priorities for this regional working include drugs and serious organised crime. In March 2022 the region collaborated on Operation Scorpion which tackled cross border drugs supply activities.

3.2.5 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 the national lead for the Economic and Cyber Crime portfolio. In addition the OPCC are part of the Association of Policing and Crime Chief Executives (APACE) network which is a group for OPCCs that share information and best practice. The CFO is 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.

3.3 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 2021-2025. This was developed with significant consultation as discussed above. There are four priorities each underpinned by six areas of focus:

- Priority 1. Preventing and fighting crime.
- Priority 2. Engaging, supporting, and working with communities, victims, and partner organisation.
- Priority 3. Leading the police to be efficient and effective.
- Priority 4. Increasing the legitimacy of, and public confidence in, the police and criminal justice system.

The full plan can be accessed on the website at www.avonandsomerset-pcc.gov.uk.²

The outcomes are defined in the plan's objectives which are:

1. Reduce crime and anti-social behaviour (ASB)
2. Increase the proportion of crimes reported to the police
3. Increase positive outcomes from reported crime and ASB
4. Fewer people to be killed and seriously injured on the roads
5. Increase engagement with and from communities
6. Increase victim satisfaction
7. Increase feelings of safety
8. Increase the morale of the police workforce
9. Increase the capability of the police workforce to deliver against local and national priorities
10. Reduce the negative environmental impact whilst maintaining operational efficiency
11. Increase satisfaction with the service provided by the police
12. Increase confidence in the police

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

About 98% of the funding that the PCC receives is delegated to the Chief Constable to manage. Of the remaining budget, directly controlled by the PCC, a significant amount is used to commission victim support services from third party organisations. These services operate through a grant agreement following a competitive commissioning process. New contracts started from 1st April 2019.

As mentioned above, the PCC also provides Police and Crime Grants to the five CSPs across Avon and Somerset; the total grant is approximately £740,000. The application of this grant is overseen by the OPCC and must be used on services which help deliver against the Police and Crime Plan.

In recent years, serious violence has increasingly been recognised as a national problem. As part of the Home Office Serious Violence Strategy, the PCC has successfully secured £1.16 million in additional grant funding, for each of the years from 2019/2020 through to 2021/2022. This grant was to set-up and then maintain Violence Reduction Units (VRUs). The funding is divided between the five CSP areas based on population and levels of serious violence. All VRUs continued to be overseen through a Strategic Governance Group which includes a Chief Officer from Avon and Somerset Police, Local Authority leaders and representatives from other partners. In 2021/2022 areas continued to deliver against their response strategies. The mandatory products were also delivered: the Strategic Needs Assessment and Annual Report

² www.avonandsomerset-pcc.gov.uk/wp-content/uploads/2022/03/AS-Police-Crime-Plan-2021-2025-HR-Spreads.pdf

which can be accessed on the website at www.avonandsomerset-pcc.gov.uk³. In addition to the core funding two additional grants were secured. The first was for school inclusion approaches, ensuring that young people at risk of exclusion were given the support to stay in education. The second was to scale up and roll out trauma-informed training across the network of VRU partners.

The PCC has successfully secured VRU funding for the next three years, from 2022/2023, at an increased level: £2.04 million, £1.53 million, and £1.51 million.

PCCs have a statutory duty to deliver an Independent Custody Visitors (ICV) Scheme. This scheme involves volunteers from the community visiting 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 delivers 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.uk⁴.

Last year's report discussed the Lammy Review Group and the work being done to tackle disproportionality. The culmination of several years' work was the publication and launch of *Identifying Disproportionality in the Avon and Somerset Criminal Justice System*⁵ in quarter four of 2021/2022. This report contains 83 recommendations for different agencies across the five workstreams; stop and search; youth justice; out of court disposals; prisons; and HR. Avon and Somerset Police have the most recommendations and implementation of these will be overseen by the PCC through the Performance and Accountability Board (see 3.7 below). The Local Criminal Justice Board has established a sub-group to oversee implementation of all recommendations and this will be chaired by the Chief Constable.

The new Chief of Staff is leading a review of the OPCC. Part of this review will include the production of a set of organisational aims and objectives supported by a business plan. This plan will help set a strategic direction for the work of the OPCC, ensuring it is efficient and effective, and that its work is appropriately aligned to delivery of the Police and Crime Plan. The outcome of this review is due to be published later in quarter one of 2022/2023 with a phased delivery of the findings thereafter.

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

The former Chief Constable had decided not to apply to re-new their contract and it expired shortly after the new PCC took office. The PCC temporarily promoted the Deputy Chief Constable to undertake the role while a full recruitment process could be run for the permanent Chief Constable. They were appointed to the permanent position in November 2021.

During the last year the PCC and OPCC also made a number of appointments to maintain or increase the organisation's collective capacity and capability all of which help deliver against the Police and Crime Plan.

- **Chief of Staff (CoS)** – was appointed in January 2022, taking over from the Interim Chief Executive Officer. Although the job title changed the fundamental responsibilities remained: the CoS is the head of the paid office and the Monitoring Officer.
- **Deputy Chief of Staff** – the former Interim Chief Executive Officer was successful through a recruitment process and appointed in January 2022 on a year's fixed term contract. This is a new role and was put in place by the PCC to help ensure continuity of leadership in the OPCC and support the CoS. This additional support was needed for a number of reasons. There had already been significant changes within the OPCC; to

³ www.avonandsomerset-pcc.gov.uk/working-for-you/partnerships/violence-reduction-units/

⁴ www.avonandsomerset-pcc.gov.uk/reports-publications/independent-custody-visiting-schemes-annual-reports/

⁵ www.avonandsomerset-pcc.gov.uk/wp-content/uploads/2022/01/Identifying-Disproportionality-Report.pdf

allow the CoS the capacity to conduct a review of the OPCC; and the recognition that the CoS did not have direct experience of working for a PCC.

- **Deputy PCC (DPCC)** – was appointed in March 2022. The DPCC will have a focus on engagement and partnership working and will take a lead in particular portfolios of work e.g. male violence against women and girls and serious violence. The DPCC also provides resilience to the role of the PCC.
- **Chief Finance Officer** – the interim CFO was successful through a recruitment process and was confirmed as permanent in April 2022.
- **Contacts and Conduct** – the temporary Contacts and Conduct Officer was made permanent to support the continued demand in this area.

Despite these many important appointments there have been a number of challenges with staffing. Three members of the Commissioning and Partnerships team went on maternity leave which resulted in a loss of experience and new employees to induct and train.

A member of the Communications and Engagement team left and although the role was recruited to, the new member of the team also left after a few months. The position has been vacant from October and still is at the time of writing. This has left a significant resource gap (given it is only a team of three) which came at a time of increased demand with the new PCC. At the time of writing two new temporary roles are attempting to be filled.

In addition to this, the temporarily seconded HR Assistant left in quarter four and, at the point of writing, the OPCC have been unable to recruit a replacement.

These highlight the fragile nature of the resource model in the OPCC and the lack of resilience and a number of single points of failure. The scope of the OPCC Review, led by the Chief of Staff, includes staffing and team structures and will look to address some of these issues. The outcome of the review is due to be published later in quarter one of 2022/2023 with a phased delivery of the findings thereafter.

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

During 2021/2022 the most senior meeting in the PCC's and Chief Constable's governance structure continued to be the Police and Crime Board (PCB). This is where necessary, high-level, decisions were signed off and was the formal holding to account of the Chief Constable. This had standing agenda items for performance, assurance and for both organisations to bring forward risks and issues for discussions and questions which formed an important part of the risk management process. Over the last year this meeting has continued to operate successfully with meetings held every month (except the election month of May) with relevant papers included, minutes and actions taken and responded to and followed up. The minutes continued to be published on the PCC website (www.avonandsomerset-pcc.gov.uk⁶).

3.6.1 Risk management

Risk is maintained under constant review and is summarised in the Strategic Risk Register of the PCC and the Constabulary's Corporate Risk Reports. The OPCC register is formally reviewed, internally, at the OPCC Management Board. Both registers/reports are also scrutinised by the Joint Audit Committee (JAC) (see 3.7.2 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 Corporate Risk Reports. 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.

⁶ www.avonandsomerset-pcc.gov.uk/reports-publications/police-crime-board-reports/

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).

3.6.2 Performance

The OPCC and OCC joint performance framework that had been in place for the previous two years ceased to operate in 2021/2022. It was recognised that a new approach needed to be developed to reflect both the new Avon and Somerset Police and Crime Plan and the new national policing priorities (see 3.7 below).

A set of key performance indicators have been developed to report on the Police and Crime Plan. At the time of writing a joint dashboard is available with development still ongoing for some of the measures. In addition to this, a process has been agreed for reporting against the local and national policing priorities together in on report (see 3.7 below)

The above is the top, public facing, layer of performance reporting and other structures sit under this. One of the other key mechanisms of performance oversight is the Constabulary's Integrated Performance Quality Framework. Reporting on this framework is structured around performance priorities, good performance, where improvements are needed and emerging risks, issues and opportunities. The report has continued to be discussed at the Constabulary Management Board (CMB) and also scrutinised at PCB throughout the last year.

Another of the most powerful tools in performance management in Avon and Somerset are our data analytics and data visualisation capabilities. These have 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 the Chief Constable to account.

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 2021/2022. The underlying performance showed a £6.8m/2.0% underspend, of which £6.6m relates to performance against Constabulary managed budgets and £0.2m 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, and now loss of, the capital grant received from the Government.

The outlook in the current MTFP shows smaller deficits than the plan published at the point of writing this statement last year. This has been helped by the announcement of a three year funding settlement from the Government (until 2024/2025). This included notice that PCCs could ask for a £10 precept increase (for the average Band D household) in each of these years.

There continues to be great uncertainty caused by as yet unknown pay increases for police officers and staff, significant inflation, and the ongoing global impact of COVID-19 recovery and Russia's war against Ukraine.

3.7 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.

A significant new addition to the published reports relates to the requirements under the Specified Information Order. This order was amended in May 2021 and the PCC now has a duty to publish a quarterly report showing the contribution of the Constabulary in achieving improvements against the national policing priorities. This duty became active at the point the PCC publicised their Police and Crime Plan – December 2021 – and three iterations of this report have been published. From quarter four of 2021/2022 the report combined reporting on the local and national position. The reports are available to review through the PCC's website www.avonandsomerset-pcc.gov.uk⁷.

The new PCC is also keen to ensure greater transparency around the accountability arrangements between him and the Chief Constable. With this in mind a new meeting structure has been designed through the year and first implemented on 5th May 2022. This new structure has two parts:

- Governance and Scrutiny Board – similar to the former PCB – formal decision making by the PCC and PCC scrutiny of the work, performance, key projects and budget of the Constabulary. Matters will be referred to the GSB in accordance with the joint Scheme of Governance.
- Performance and Accountability Board – the PCC will hold the Chief Constable to account for delivering efficient and effective policing but with a focus on delivery against the Police and Crime Plan and the national policing priorities and other areas as appropriate. This meeting will be broadcast live and available to watch online later; this is in order to increase public confidence, transparency, and engagement.

3.7.1 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 third year. At the time of writing SWAP have completed the substantive audit schedule as proposed and were just finishing a regional audit.

3.7.2 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.uk⁸. The four meetings of the JAC for the financial year took place as scheduled in July, October, and December 2021 as well as March 2022.

⁷ www.avonandsomerset-pcc.gov.uk/reports-publications/performance/

⁸ www.avonandsomerset-pcc.gov.uk/reports-publications/joint-audit-committee-reports/

The current Chair's term was extended by a year but their term comes to an end in December 2022; therefore in the coming year a new Chair will need to be appointed.

3.7.3 Police and Crime Panel

The Police and Crime Panel were established as part of the statutory governance structure when the role of PCCs were introduced. The Panel consists of elected Local Authority members from across Avon and Somerset as well as members of the public. The Panel scrutinises, challenges and maintains a regular check and balance on the performance and activities of the PCC. The Panel are therefore a key stakeholder of the PCC and OPCC.

In the last year the Panel has continued to meet, on at least a quarterly basis, to fulfil its duties. In addition to this it has again scrutinised the PCC's proposed precept increase as well as the appointments of the Chief Constable, Chief of Staff, DPCC, and CFO.

As discussed in last year's statement, the relationship between the Panel and the former PCC had become challenging. The new PCC was keen to re-set this relationship. The Panel also saw a number of new members join, including a change of Chair, in this last year. The Panel and the new PCC have a better relationship and this has been supported by inclusion of Panel members to oversee other aspects of business e.g. development of the Police and Crime Plan and attendance at JAC, along with observer roles for key appointments.

4 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 2021/2022 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 2021/2022 financial outturn position that delivered a balanced position; and
- the planning and development of the MTFP for the next five years.

On the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Avon and Somerset PCC 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.

Notwithstanding this assessment, a full review of the Joint Governance Framework is underway at the point of writing. It was necessary to undertake this review with a new PCC and Chief Constable but was appropriate to wait for the appointment of the permanent OPCC CoS and CFO. This review provides the opportunity to clarify some aspects of the delegated budgets and when items need to be approved by the PCC.

4.1 Internal Audit

Throughout 2021/2022 the Internal Audit function completed nine substantive audits, two advisory reviews, and one follow-up review, as well as contributing towards regional advisory work and conducting follow-up work on previous audits. The nine substantive audits were:

- Organisational Learning from COVID-19
- Remote Working – Cyber/Data Security
- Use of Force
- Complaints Handling

- Criminal Justice
- Environmental Sustainability
- Key Financial Controls: Accounts Payable, General Ledger & Fixed Assets
- Clinical Governance within Custody
- Victim Support Services

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

Four of the audits resulted in a reasonable assurance opinion and five 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 34 recommendations during 2021/2022, of which:-

- 14 were identified as findings that require attention, the lowest grading;
- 23 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.

4.2 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 was 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 OCC, in both the delivery of the Police and Crime Plan and the realisation of the Constabulary's vision.

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.

The Constabulary will be inspected and assessed again under PEEL during 2022/2023 so by the time we write this statement next year we should have been informed of the new grades.

4.3 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>Although overall crime and demand in 2021/2022 had not quite returned to pre-pandemic levels, it was significantly higher than in the previous year. There are particular areas where demand is higher than before the pandemic such as 999 calls and recorded rape offences.</p> <p>The new plan was finalised in December 2021. It is a very broad and ambitious plan with prevention being a key focus. Prevention cannot be achieved in isolation by the police, and requires partnership working.</p> <p>Despite the increasing officer numbers through Uplift there remain significant challenges in terms of the scale of recruitment and the inexperience of the workforce with so many new officers. The number of accredited detectives and recruiting into Investigations are particular challenges in addition to this.</p> <p>The Constabulary acknowledges these issues and are in a phase – which will likely continue for the next year – called the “implementation dip”. This means that while there is significant organisational growth and change underway – which will provide benefits in the medium term – in the short term, performance is not likely to improve much.</p> <p>The pandemic exacerbated delays in the criminal justice system with large Crown Court backlogs remaining. Although outside the control of local agencies, this clearly has a negative impact on the delivery of the police and crime plan.</p> <p>There remain other challenges to police legitimacy and public confidence in the police. These are things at a national and local level such as male violence against women and girls as well as disproportionality, particularly experienced by Black, Asian, Mixed, and minoritised communities. Although there are plans in place to address these issues it may be some time before tangible outcomes are realised.</p>
Financial incapability or ineffectiveness (SR3)	<p>The outlook in the current MTFP shows smaller deficits than the plan published at the point of writing this statement.</p> <p>However there continues to be great uncertainty caused by as yet unknown pay increases for police officers and staff, significant inflation, and the ongoing global impact of COVID-19 recovery and Russia’s war against Ukraine.</p>
Lack of capacity/capability within the OPCC (SR6)	<p>With a new PCC and Police and Crime Plan there has been significant new demand on the OPCC. The team have felt overwhelmed at points. The OPCC is currently set up to deliver against the former plan and priorities of the former PCC.</p> <p>The primary mitigation against this is the OPCC review led by the CoS which is due to be completed in quarter one of 2022/2023.</p>

5 Conclusion

No system of internal control can provide absolute assurance. However, on the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Avon and Somerset PCC 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

Alice Ripley
Chief of Staff to the PCC

Police & Crime Commissioner for Avon & Somerset

Group Comprehensive Income and Expenditure Statement

for the year ended 31 March 2022

Gross Expenditure £'000	Gross Income £'000	Total 2020/2021 £'000	Comprehensive Income and Expenditure Statement - Group	Gross Expenditure £'000	Gross Income £'000	Total 2021/2022 £'000
Expenditure						
413,924	-45,124	368,800	Police Services - OCC	491,711	-46,347	445,364
1,553	0	1,553	OPCC	1,828	-27	1,801
6,938	-5,383	1,555	Commissioning costs	8,509	-4,244	4,265
422,415	-50,507	371,908	Net cost of police services	502,048	-50,618	451,430
		-125	Gain on disposal of non-current assets			-101
		-125	Other operating expenditure			-101
		5,993	External interest payable			5,876
		-406	Interest and investment income			-260
		80,821	Net interest on pensions			86,681
			Financial and investment income and expenditure			92,297
		86,408				
		-114,113	Police - revenue grant			-121,928
		-60,654	Ex-DCLG formula funding			-63,856
		-310	Capital grant and contributions			-304
		-3,331	Council tax freeze grant			-3,331
		-11,378	Council tax support and transition grant			-11,378
		-414	Council tax income guarantee grant			-211
		0	Local council tax support grant			-2,266
53,418	-53,418	0	Police pension top-up grant (note 17)	52,775	-52,775	0
		-129,140	Council tax - local authorities (note 12)			-138,171
		-319,340	Taxation and non-specific grant income			-341,445
		138,851	Deficit on provision of services			202,181
			Re-measurement of pension assets and liabilities (note 15)			-234,574
		842,337	Return on pensions assets (note 15)			-26,150
		-89,556	Gain on revaluation			-16,976
		-4,613				
			Other comprehensive income and expenditure			-277,700
		748,168				
		887,019	Total comprehensive income and expenditure			-75,519

Police & Crime Commissioner for Avon & Somerset

PCC Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

PCC Expenditure £'000	PCC Income £'000	Total 2020/2021 £'000	Comprehensive Income and Expenditure Statement - PCC	PCC Expenditure £'000	PCC Income £'000	Total 2021/2022 £'000
Expenditure						
1,553	0	1,553	OPCC	1,828	-27	1,801
6,938	-5,383	1,555	Commissioning costs	8,509	-4,244	4,265
8,491	-5,383	3,108	Net cost of police services before funding	10,337	-4,271	6,066
413,924	-45,124	368,800	Intragroup adjustment	491,711	-46,347	445,364
422,415	-50,507	371,908	Net cost of police services	502,048	-50,618	451,430
	-125		Gain on disposal of non-current assets			-101
	-125		Other operating expenditure			-101
	5,993		External interest payable			5,876
	-406		Interest and investment income			-260
80,821		80,821	Intragroup adjustment (pension interest cost)	86,681		86,681
			Financial and investment income and expenditure			92,297
	-114,113		Police - revenue grant			-121,928
	-60,654		Ex-DCLG formula funding			-63,856
	-310		Capital grant and contributions			-304
	-3,331		Council tax freeze grant			-3,331
	-11,378		Council tax support and transition grant			-11,378
	-414		Council tax income guarantee grant			-211
	0		Local council tax support grant			-2,266
	-53,418		Police pension top-up grant (note 17)			-52,775
			Intragroup adjustment			
53,418		53,418	(Police pension top-up grant)	52,775		52,775
	-129,140		Council tax - local authorities (note 12)			-138,171
752,781		752,781	Intragroup adjustment (Re-measurement of pension assets and liabilities)	-260,724		-260,724
		433,441	Taxation and non-specific grant income			-602,169
		891,632	Deficit on provision of services			-58,543
	-4,613		Gain on revaluation			-16,976
			Other comprehensive income and expenditure			-16,976
		887,019	Total comprehensive income and expenditure			-75,519

Police & Crime Commissioner for Avon & Somerset

Group Movement in Reserves Statement 2020/2021 and 2021/2022

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

Movement in reserves statement 2021/2022					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2021	51,455	5,602	57,057	-4,285,268	-4,228,211
Total comprehensive income and expenditure	-202,181	0	-202,181	277,700	75,519
Adjustments between accounting & funding basis under regulations	204,594	773	205,367	-205,367	0
Increase/decrease(-) in 2021/2022	2,413	773	3,186	72,333	75,519
Balance as at 31 March 2022	53,868	6,375	60,243	-4,212,935	-4,152,692

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

Police & Crime Commissioner for Avon & Somerset

PCC Movement in Reserves Statement 2020/2021 and 2021/2022

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

Movement in reserves statement 2021/2022					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2021	51,455	5,602	57,057	-4,285,268	-4,228,211
Total comprehensive income and expenditure	58,543	0	58,543	16,976	75,519
Adjustments between accounting & funding basis under regulations	-56,130	773	-55,357	55,357	0
Increase/decrease(-) in 2021/2022	2,413	773	3,186	72,333	75,519
Balance as at 31 March 2022	53,868	6,375	60,243	-4,212,935	-4,152,692

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 2022

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

OCC £'000	PCC £'000	Group 2021 £'000	Balance Sheet	OCC £'000	PCC £'000	Group 2022 £'000	Notes
			Property, plant and equipment				19
0	188,209	188,209	Land and buildings	0	201,507	201,507	
0	14,208	14,208	Vehicles, plant and equipment	0	16,224	16,224	
0	507	507	Assets under construction	0	544	544	
0	0	0	Surplus Assets	0	250	250	
0	606	606	Intangible fixed assets	0	490	490	
			Long term assets				
0	3,102	3,102	Prepayments	0	1,311	1,311	
4,378,171	0	0	Long Term Liability - intragroup adjustment	4,325,494	0	0	
442,774	0	442,774	Police staff pension assets	488,920	0	488,920	18
4,820,945	206,632	649,406	Total non-current assets	4,814,414	220,326	709,246	
0	1,102	1,102	Inventories (stock)	0	1,127	1,127	
0	24,000	24,000	Short term investments	0	23,000	23,000	
0	32,746	32,746	Debtors and payments in advance	0	39,855	39,855	21
0	37,799	37,799	Cash and cash equivalents	0	37,744	37,744	22
0	1,098	1,098	Assets held for sale	0	519	519	
15,222	0	0	Intragroup debtor	15,709	0	0	
15,222	96,745	96,745	Total current assets	15,709	102,245	102,245	
0	-1,509	-1,509	Bank overdraft	0	-2,185	-2,185	
0	-1,923	-1,923	Short term borrowing	0	-3,647	-3,647	23
-10,912	-26,948	-37,860	Creditors and receipts in advance	-11,280	-28,311	-39,591	24
0	-15,222	0	Intragroup creditor	0	-15,709	0	
-4,310	-238	-4,548	Short term provisions	-4,429	-374	-4,803	25
0	-1,766	-1,766	Short term PFI Lease liability	0	-1,877	-1,877	20
-15,222	-47,606	-47,606	Total current liabilities	-15,709	-52,103	-52,103	
0	-44,309	-44,309	Long term borrowing	0	-40,662	-40,662	23
-50	-9,932	-9,982	Provisions	-25	-7,311	-7,336	25
0	-51,570	-51,570	PFI liability	0	-49,693	-49,693	20
0	-4,378,171	0	Pensions - intragroup adjustment	0	-4,325,494	0	
-4,820,895	0	-4,820,895	Pension liability	-4,814,389	0	-4,814,389	
-4,820,945	-4,483,982	-4,926,756	Total long term liabilities	-4,814,414	-4,423,160	-4,912,080	
0	-4,228,211	-4,228,211	Net assets	0	-4,152,692	-4,152,692	
0	57,057	57,057	Total usable reserves	0	60,243	60,243	7
0	-4,285,268	-4,285,268	Total unusable reserves	0	-4,212,935	-4,212,935	7
0	-4,228,211	-4,228,211	Total reserves	0	-4,152,692	-4,152,692	

Paul Butler
Chief Finance Officer to PCC

Police & Crime Commissioner for Avon & Somerset

Group Cash Flow Statement

OCC £'000	PCC £'000	Group 2020/2021 £'000	Cash Flow Statement	OCC £'000	PCC £'000	Group 2021/2022 £'000
-752,781	891,632	138,851	Net surplus(-)/deficit on the provision of services	260,724	-58,543	202,181
0	-19,496	-19,496	Depreciation and impairment of property, plant and equipment	0	-11,579	-11,579
0	-654	-654	Amortisation of intangible assets	0	-115	-115
-1,684	-865	-2,549	Increase(-)/decrease in provision charged back to service	867	1,545	2,412
752,781	-884,926	-132,145	Charges for retirement benefits in accordance with IAS 19	-260,724	52,652	-208,072
0	-1,495	-1,495	Carrying amounts of non-current assets sold	0	-672	-672
0	58	58	Other	0	-48	-48
4,445	-974	3,471	Increase/decrease(-) in long and short term debtors	-499	5,849	5,350
-2,761	4,272	1,511	Increase(-)/decrease in long and short term creditors	-368	-1,522	-1,890
0	194	194	Increase/decrease(-) in stock/WIP	0	25	25
752,781	-903,886	-151,105	Adjust net surplus or deficit on the provision of services for non-cash movements	-260,724	46,134	-214,590
0	1,620	1,620	Proceeds from the sale of property, plant and equipment	0	773	773
0	310	310	Capital grants credited to the surplus or deficit on the provision of service	0	304	304
0	256	256	Interest received	0	207	207
0	-5,857	-5,857	Interest paid	0	-5,761	-5,761
0	-3,671	-3,671	Adjust net surplus or deficit on the provision of services that are investing or financing activities	0	-4,477	-4,477
0	-15,925	-15,925	Net cash flows from operating activities	0	-16,885	-16,886
0	7,973	7,973	Purchase of property, plant and equipment	0	10,452	10,452
0	-1,620	-1,620	Capital receipts	0	-773	-773
0	-310	-310	Capital grant/contribution income due for the year	0	-304	-304
0	1,000	1,000	Purchase of short & long term investments	0	-1,000	-1,000
0	-256	-256	Interest received	0	-207	-207
0	6,787	6,787	Net cash flow from investing activities	0	8,168	8,168
0	-886	-886	Bank overdraft	0	-677	-677
0	-1,485	-1,485	New long term loans raised	0	0	0
0	1,296	1,296	Repayment of long term loans	0	1,923	1,923
0	1,615	1,615	Repayment of PFI liability	0	1,766	1,766
0	5,857	5,857	Interest paid	0	5,761	5,761
0	6,397	6,397	Net cash flow from financing activities	0	8,773	8,773
0	-2,741	-2,741	Net increase(-)/decrease in cash and cash equivalents	0	56	56
0	-35,058	-35,058	Cash and cash equivalents at the beginning of the reporting period	0	-37,799	-37,799
0	-37,799	-37,799	Cash and cash equivalents at the end of the reporting period	0	-37,743	-37,743

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 2020/2021 and 2021/2022.

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

Employee benefits that are due to be settled wholly within 12 months of the year end are recognised as an expense for services in the year which the employees rendered services for the Chief Constable. These include: salaries; annual leave; sick leave; bonuses; and non-monetary benefits (cars).

An accrual is made for the cost of holiday entitlements earned by employees but not taken before year end which employees can carry forward in to the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves statement to the accumulated absences account so that the holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

1.7.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the group to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. These benefits are charged on an accruals basis to the appropriate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

1.7.3 Post-Employment Benefits

Employees of the Chief Constable are members of four separate pension schemes:

- The Police Officer 1987 scheme (PPS);
- The Police Officer 2006 scheme (NPPS);
- The Police Officer 2015 scheme (CARE);
- The Local Government Pension scheme (CARE).

1.7.3.1 Police Officers Pension Scheme

All police officers pension schemes are accounted for as defined benefits schemes.

The liabilities of the police officers pension scheme are included in the balanced sheet on an actuarial basis using the projected unit method. The projected unit method is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projected earnings for current employees.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of all police schemes. These estimated cashflows are then used to derive a single equivalent discount rate (SEDR). The discount rate derived is such that the net present value of the notional cashflow, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA-rated corporate bond yield curve.

1.7.3.2 Local government pension scheme

All police staff and PCSOs are members of the Local Government Pension Scheme which is accounted for as a defined benefits scheme.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of all police schemes. These estimated cashflows are then used to derive a single equivalent discount rate (SEDR). The discount rate derived is such that the net present value of the notional cashflow, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA-rated corporate bond yield curve.

The assets of the Somerset County Council pension fund attributable to the group are included in the balance sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property securities – current bid price
- Property – market value

1.7.3.3 Net Pensions Liability

The change in the net pensions liability for the pension scheme is analysed into the following components:

Service cost comprising:

- Current service cost – this is the increase in liabilities as a result of years of service earned this year which is allocated in the CIES to the services for which the employees worked;
- Past service cost – this is the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the CIES;
- Net interest on the net defined benefit liability or asset – this is the change during the period in the net defined benefit liability or asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset at the beginning of the period and taking into account any changes in the net defined liability or asset during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on plan assets excludes the amounts included in the net interest on the net defined benefit liability or asset which is charged to the pensions reserve as Other Comprehensive Income and Expenditure. This is only applicable to the Local Government Pension Scheme.
- Actuarial gains and losses are changes in the net pension's liability that arise because events have not coincided with assumptions made at the last valuation or because the actuaries have updated their assumptions. These changes are charged to the pensions reserve as Other Comprehensive Income and Expenditure.

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 has been completed or when the asset has been delivered. The latest valuation was undertaken on 31 March 2022 by our internal Chartered Valuation Surveyor.

1.9.1 Recognition

Expenditure on the acquisition, creation, or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the group and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

1.9.2 Measurement

Assets are initially measured at cost comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to operate in the manner it was intended.

Assets are then carried in the balance sheet using the following bases:

- Properties have been valued in accordance with IFRSs and with the current RICS valuation – Global standards UK national supplement, 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 seller at 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

1.9.3 Revaluation

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 are recognised on the balance sheet when the group becomes a party to the contractual provisions of a financial instrument. The liabilities are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying value of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the group has, this means that the amount presented in the balance sheet is the outstanding principle repayable, plus accrued interest; and interest charged to the CIES is the amount payable for the year according to the loan agreement.

1.15.3 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The group holds financial assets measured at:

- Amortised cost;
- Fair value through profit and loss (FVPL)

The group's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principle and interest.

1.15.3.1 Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the balance sheet when the group becomes a party to the contractual provisions of a financial instrument and the financial assets are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financial and investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the assets multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the group, this means that the amount presented in the balance sheet is the outstanding principle receivable plus accrued interest, and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income expenditure line in the CIES.

1.15.3.2 Financial assets measured at fair value through profit or loss

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the balance sheet when the group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the surplus or deficit on the provision of services.

1.15.3.3 Fair value measurement of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value of the financial assets are provided by the group's treasury advisors.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the CIES.

1.16 Provisions

Provisions are made where an event has taken place that gives the 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 as an expense to the appropriate line in the comprehensive income and expenditure statement when the group has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the balance sheet and estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service.

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. It remains the expectation that the Home Office will ultimately provide the funding to cover the police pension liability as this crystallises over time. However, should the Home Office not provide this long-term funding, the PCC would be required to settle these liabilities. 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 LASAAC have decided to defer the implementation of IFRS 16 until 1 April 2024 due to severe delays in the publication of audited local authority financial statements in England. IFRS 16 will now be included in the 2024/25 code. Early adoption as of 1 April 2022 or 1 April 2023 is permitted.

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	3,859,563	3,931,493	4,004,932
Projected service cost	93,536	97,003	100,584
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,940,197	3,931,493	3,922,843
Projected service cost	97,056	97,003	96,950
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,995,655	3,931,493	3,868,626
Projected service cost	100,551	97,003	93,565
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	4,118,672	3,931,493	3,753,227
Projected service cost	101,039	97,003	93,108

Police Staff Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	860,297	882,422	905,139
Projected service cost	44,099	45,828	47,619
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	884,878	882,422	879,991
Projected service cost	45,853	45,828	45,803
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	902,538	882,422	862,823
Projected service cost	47,605	45,828	44,110
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	917,718	882,422	848,542
Projected service cost	47,679	45,828	44,042

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 £39m as at 31st March 2022 (£31m as at 31st March 2021). As stipulated by IAS19, the market value of the assets has been used to value the assets at the accounting date.

4.3 Short and Long Term Provisions

In determining the provisions set aside at 31 March 2022 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 2022 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.

Net expenditure chargeable to general fund	2020/2021 Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E	Group Expenditure and Funding Analysis	Net expenditure chargeable to general fund	2021/2022 Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E
£'000	£'000	£'000		£'000	£'000	£'000
310,599	58,201	368,800	Police Services - OCC	331,224	114,139	445,363
1,553	0	1,553	OPCC	1,801	0	1,801
1,555	0	1,555	Commissioning costs	4,265	0	4,265
313,707	58,201	371,908	Net cost of police services	337,290	114,139	451,429
0	-125	-125	Gain on disposal of non-current assets	0	-101	-101
0	-125	-125	Other operating expenditure	0	-101	-101
0	5,993	5,993	External interest payable	0	5,876	5,876
0	-406	-406	Interest and investment income	0	-260	-260
0	80,821	80,821	Net interest on pensions	0	86,681	86,680
0	86,408	86,408	Financial and investment income and expenditure	0	92,297	92,297
-114,113	0	-114,113	Police - revenue grant	-121,928	0	-121,928
-60,654	0	-60,654	Ex-DCLG formula funding	-63,856	0	-63,856
0	-310	-310	Capital grant and contributions	0	-304	-304
-3,331	0	-3,331	Council tax freeze grant	-3,331	0	-3,331
			Council tax support and transition grant			
-11,378	0	-11,378		-11,378	0	-11,378
-414	0	-414	Council tax income guarantee grant	-211	0	-211
-130,304	1,164	-129,140	Council tax - local authorities	-136,733	-1,437	-138,170
0	0	0	Local council tax support grant	-2,266	0	-2,266
-320,194	854	-319,340	Taxation and non-specific grant income	-339,703	-1,741	-341,444
-320,194	87,137	-233,057		-339,703	90,455	-249,248
-6,487	145,338	138,851	Surplus(-)/deficit on provision of services	-2,413	204,594	202,181
44,968			Opening balance of general fund	51,455		
6,487			Transfers to reserves made in year	2,413		
51,455			Closing balance of general fund	53,868		

Capital Purposes £'000	2020/2021			Group Expenditure and Funding Analysis Adjustment between accounting & funding basis	Capital Purposes £'000	2021/2022		
	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000			Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000
9,911	51,324	-3,034	58,201	Police Services - OCC	-2,322	121,391	-4,929	114,140
9,911	51,324	-3,034	58,201	Net cost of police services	-2,322	121,391	-4,929	114,140
-125	0	0	-125	Gain on disposal of non-current assets	-101	0	0	-101
-125	0	0	-125	Other operating expenditure	-101	0	0	-101
0	0	5,993	5,993	External interest payable	0	0	5,876	5,876
0	0	-406	-406	Interest and investment income	0	0	-260	-260
0	80,821	0	80,821	Net interest on pensions	0	86,681	0	86,681
0	80,821	5,587	86,408	Financial and investment income and expenditure	0	86,681	5,616	92,297
-310	0	0	-310	Capital grant and contributions	-304	0	0	-304
0	0	1,164	1,164	Council tax - local authorities	0	0	-1,437	-1,437
-310	0	1,164	854	Taxation and non-specific grant income	-304	0	-1,437	-1,741
-435	80,821	6,751	87,137		-405	86,681	4,179	90,455
9,476	132,145	3,717	145,338	Total adjustment between accounting and funding basis	-2,727	208,072	-750	204,595

7 Notes to the Movement in Reserves Statement

These notes support the movement in reserves statement shown on page 30.

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 19)	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

Group Movement in Reserves Statement 2021/2022	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 2021	51,455	5,602	57,057	-1,235	70,402	-4,378,121	-9,710	33,396	-4,285,268
Total comprehensive income and expenditure	-202,181	0	-202,181	0	16,976	260,724	0	0	277,700
Adjustments between accounting & funding basis under regulations									
Reversal of items included to I&E									
Amortisation of intangible assets	115	0	115	0	0	0	0	-115	-115
Depreciation of non-current assets (note 19)	13,491	0	13,491	0	0	0	0	-13,491	-13,491
Revaluation Gain	-1,911	0	-1,911	0	0	0	0	1,911	1,911
Capital grants and contributions	-304	0	-304	0	0	0	0	304	304
Council tax collection fund adjustment	-1,437	0	-1,437	1,437	0	0	0	0	1,437
Gain(-)/loss on disposal of non-current assets	-101	773	672	0	-176	0	0	-496	-672
Holiday pay accrual adjustment	686	0	686	0	0	0	-686	0	-686
Net IAS 19 charge for retirement benefits	266,300	0	266,300	0	0	-266,300	0	0	-266,300
Insert amounts excluded in I&E									
Minimum revenue provision	-3,612	0	-3,612	0	0	0	0	3,612	3,612
Revenue contribution to finance capital	-7,770	0	-7,770	0	0	0	0	7,770	7,770
IAS 19 employers contributions payable	-58,228	0	-58,228	0	0	58,228	0	0	58,228
Other adjustments include:									
Reserves used to finance capital	-2,635	0	-2,635	0	0	0	0	2,635	2,635
Increase/decrease(-) in 2021/2022	2,413	773	3,186	1,437	16,800	52,652	-686	2,130	72,333
Balance as at 31 March 2022	53,868	6,375	60,243	202	87,202	-4,325,469	-10,396	35,526	-4,212,935

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 19)	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
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 2021/2022	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 2021	51,455	5,602	57,057	-1,235	70,402	-4,378,121	-9,710	33,396	-4,285,268
Total comprehensive income and expenditure	58,543	0	58,543	0	16,976	0	0	0	16,976
Adjustments between accounting & funding basis under regulations									
Reversal of items included to I&E									
Amortisation of intangible assets	115	0	115	0	0	0	0	-115	-115
Depreciation of non-current assets (note 19)	13,491	0	13,491	0	0	0	0	-13,491	-13,491
Revaluation Gain	-1,911	0	-1,911	0	0	0	0	1,911	1,911
Capital grants and contributions	-304	0	-304	0	0	0	0	304	304
Council tax collection fund adjustment	-1,437	0	-1,437	1,437	0	0	0	0	1,437
Gain(-)/loss on disposal of non-current assets	-101	773	672	0	-176	0	0	-496	-672
Holiday pay accrual Inter group adjustment	686	0	686	0	0	0	-686	0	-686
Net IAS 19 charge for retirement benefits	266,300	0	266,300	0	0	-266,300	0	0	-266,300
Net IAS 19 charge Inter group adjustment	-260,724	0	-260,724	0	0	260,724	0	0	260,724
Insert amounts excluded in I&E									
Minimum revenue provision	-3,612	0	-3,612	0	0	0	0	3,612	3,612
Revenue contribution to finance capital	-7,770	0	-7,770	0	0	0	0	7,770	7,770
IAS 19 employers contributions payable	-58,228	0	-58,228	0	0	58,228	0	0	58,228
Other adjustments include:									
Reserves used to finance capital	-2,635	0	-2,635	0	0	0	0	2,635	2,635
Increase/decrease(-) in 2021/2022	2,413	773	3,186	1,437	16,800	52,652	-686	2,130	72,333
Balance as at 31 March 2022	53,868	6,375	60,243	202	87,202	-4,325,469	-10,396	35,526	-4,212,935

8 Income and Expenditure analysed by nature

2020/2021			Income and Expenditure analysed by nature	2021/2022		
OCC £'000	PCC £'000	Group £'000		OCC £'000	PCC £'000	Group £'000
258,652	1,234	259,886	Employee costs	276,705	1,456	278,161
15,327	0	15,327	Premises costs	14,508	0	14,508
4,135	1	4,136	Transport costs	5,017	5	5,022
33,807	197	34,004	Supplies & services	31,498	233	31,731
14,836	121	14,957	Partnership costs	16,140	136	16,276
13,140	0	13,140	Misc, central, & grants	14,070	0	14,070
0	6,938	6,938	Commissioning	0	8,508	8,508
20,150	0	20,150	Depreciation, amortisation, & impairment	11,695	0	11,695
53,877	0	53,877	Employee benefit expenses	122,077	0	122,077
80,821	0	80,821	Net interest on pensions	86,681	0	86,681
53,418	0	53,418	Police pension top up grant	52,775	0	52,775
0	5,993	5,993	Interest payments	0	5,876	5,876
0	-125	-125	Gain on disposal of fixed assets	0	-101	-101
-1,247,526	1,247,526	0	Intragroup adjustment	-317,667	317,667	0
-699,363	1,261,885	562,522	Total expenditure	313,499	333,780	647,279
-15,787	-703	-16,490	Sales, rent, fees, & charges	-16,712	-833	-17,545
-1,606	0	-1,606	Seconded officers	-1,383	0	-1,383
0	-2,753	-2,753	Commissioning of victim support services	0	-3,509	-3,509
-10,074	0	-10,074	Counter terrorism policing grant	-11,499	0	-11,499
-1,124	-1,312	-2,436	Serious Violence grant	-774	-1,954	-2,728
-3,843	0	-3,843	Uplift grant	-2,474	0	-2,474
-2,828	0	-2,828	Officer pensions grant	-2,828	0	-2,828
-9,862	-615	-10,477	Other specific grants	-8,653	0	-8,653
0	-406	-406	Interest and investment income	0	-260	-260
0	-114,113	-114,113	Police - revenue grant	0	-121,928	-121,928
0	-60,654	-60,654	Ex-DCLG formula funding	0	-63,856	-63,856
0	-310	-310	Capital grant and contributions	0	-304	-304
0	-3,331	-3,331	Council tax freeze grant	0	-3,331	-3,331
0	-11,378	-11,378	CT Support & transition grant	0	-11,378	-11,378
0	-414	-414	Council tax income guarantee grant	0	-211	-211
0	0	0	Local council tax support grant	0	-2,266	-2,266
0	-129,140	-129,140	CT- local authorities	0	-138,170	-138,170
0	-53,418	-53,418	Police pension Top up grant	0	-52,775	-52,775
-8,294	8,294	0	Intragroup adjustment	-8,452	8,452	0
-53,418	-370,253	-423,671	Total income	-52,775	-392,323	-445,098
-752,781	891,632	138,851	Surplus/deficit on provision of services	260,724	-58,543	202,181

9 Paying Staff

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 2021/2022						
Post Holder Information (post title and name)	Note	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2021/2022	Pension Contributions	Total Remuneration Including Pension Contributions 2021/2022
		£	£	£	£	£
PCC - S Mountstevens	1	10,022	0	10,022	1,634	11,655
PCC - M Shelford	1	76,678	0	76,678	12,498	89,177
Chief Constable - A Marsh	2	46,064	2,388	48,452	0	48,452
Chief Constable - S Crew	2	125,105	5,297	130,402	38,782	169,184
		257,868	7,685	265,553	52,914	318,468

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

Disclosure of Remuneration for Senior Employees 2021/2022

Post Holder Information (post title)	Note	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2021/2022	Pension Contributions	Total Remuneration Including Pension Contributions 2021/2022
		£	£	£	£	£
PCC Employees						
Chief Finance Officer to the PCC	3	70,243	0	70,243	11,450	81,692
Temporary Chief Executive to the PCC	4	6,693	0	6,693	1,091	7,784
Interim Chief Executive to the PCC	5	57,683	0	57,683	9,417	67,100
Chief of Staff and Monitoring Officer to the PCC	6	24,462	0	24,462	3,987	28,450
OCC Employees						
Deputy Chief Constable	7	34,426	2,670	37,096	10,672	47,768
Temporary Deputy Chief Constable	8	111,411	0	111,411	0	111,411
ACC - Investigations & Operational Support		33,331	0	33,331	0	33,331
Temporary ACC - Investigations & Operational Support	9	84,521	0	84,521	24,464	108,985
ACC - Neighbourhoods, Partnerships & Response	10	2,372	0	2,372	719	3,090
ACC - Neighbourhoods, Partnerships & Response	10	125,546	0	125,546	36,594	162,140
Chief Officer - Finance, Resources and Innovation		119,220	12,677	131,897	19,433	151,330
Chief Officer - People and Organisational Development		118,576	6,229	124,805	18,564	143,368
Force Medical Officer - D Bulpitt		154,884	0	154,884	25,246	180,130
		943,368	21,576	964,944	161,636	1,126,580

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 role 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.

Notes to Remuneration for 2021/2022

- Note 1: S Mountstevens stood down at the PCC elections in May 2021, and M Shelford was elected as the new PCC for Avon and Somerset. He commenced on 13/05/2021. The annualised salary is £86,700.
- Note 2: A Marsh retired from the role of Chief Constable with effect from 01/07/2021, and S Crew was appointed as Temporary Chief Constable with effect from 02/07/2021, before being made permanent in the role on 26/11/2021. The annualised salary is £166,911.
- Note 3: The Chief Finance Officer to the PCC works 30 hours per week. The full time equivalent salary is £98,089.
- Note 4: The temporary Chief Executive to the PCC worked 29.6 hours per week, until 30/04/2021. The full time equivalent annualised salary was £99,056.
- Note 5: An interim Chief Executive to the PCC was appointed on 01/05/2021 and left the role on 03/01/2022. The annualised salary is £85,000.
- Note 6: The new Chief of Staff and Monitoring Officer to the PCC commenced on 04/01/2022. The annualised salary is £100,000.
- Note 7: The Deputy Chief Constable replaced the Chief Constable on a temporary basis with effect from 02/07/2021.
- Note 8: The ACC Investigations & Operational Support became the temporary Deputy Chief Constable with effect from 02/07/2021; this became permanent with effect from 27/01/2022. The annualised salary is £137,703.
- Note 9: A temporary ACC Investigations & Operational Support was appointed on 02/07/2021. The annualised salary is £105,600.
- Note 10: The ACC – Neighbourhoods, Partnerships, & Response retired on 07/04/2021, with the new ACC in the role having been appointed on 22/02/2021. 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 2020/2021 Number	Pay Range	OCC Number	PCC Number	Total 2021/2022 Number
239	1	240	£50,000 - £54,999	278	1	279
147	0	147	£55,000 - £59,999	210	1	211
60	1	61	£60,000 - £64,999	67	1	68
7	0	7	£65,000 - £69,999	19	0	19
10	0	10	£70,000 - £74,999	12	1	13
5	0	5	£75,000 - £79,999	6	1	7
6	1	7	£80,000 - £84,999	6	1	7
8	1	9	£85,000 - £89,999	5	0	5
5	0	5	£90,000 - £94,999	6	0	6
0	0	0	£95,000 - £99,999	0	0	0
0	0	0	£100,000 - £104,999	0	0	0
0	0	0	£105,000 - £109,999	1	0	1
1	0	1	£110,000 - £114,999	0	0	0
1	0	1	£115,000 - £119,999	0	0	0
0	0	0	£120,000 - £124,999	1	0	1
3	0	3	£125,000 - £129,999	1	0	1
0	0	0	£130,000 - £134,999	1	0	1
0	0	0	£135,000 - £139,999	0	0	0
1	0	1	£140,000 - £144,999	1	0	1
0	0	0	£145,000 - £149,999	0	0	0
1	0	1	£150,000 - £154,999	0	0	0
0	0	0	£160,000 - £164,999	0	0	0
0	0	0	£165,000 - £169,999	1	0	1
1	0	1	£180,000 - £184,999	0	0	0
495	4	499		615	6	621

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

10 Exit Packages – OCC

The costs for fourteen staff redundancies were recognised during the 2021/2022 year, the details of which are presented in the table below. This follows eight redundancies in 2020/2021.

Compulsory & Voluntary Redundancies 2020/2021		Exit Packages	Compulsory & Voluntary Redundancies 2021/2022	
Number	£'000	Banding	Number	£'000
3	36	£0 - £19,999	7	82
3	80	£20,000 - £39,999	6	155
1	44	£40,000 - £59,999	1	44
1	65	£60,000 - £79,999	0	0
8	225		14	281

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.

2020/2021 £'000	External Audit Costs	2021/2022 £'000
	Police and Crime Commissioner:	
44	Fees for external audit services paid to Grant Thornton	49
	Chief Constable:	
14	Fees for external audit services paid to Grant Thornton	20
<u>58</u>		<u>69</u>

As part of the Government's response to the Redmond Review, the Department for Levelling Up, Housing, and Communities (DLUHC) provided a grant of £21,873 (PCC £14,430, CC £7,443) in 2021/2022 to assist with the anticipated rise in fees, driven by new requirements on auditors, including new burdens relating to the implementation of the Redmond Recommendations and the National Audit Office's Code of Audit Practice 2020. Fees paid by the PCC in 2021/2022 were based on the scale fee, with an additional £18,400 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.

2020/2021 £'000	Council Tax	2021/2022 £'000
9,598	Mendip District Council	10,142
9,455	Sedgemoor District Council	10,192
12,728	Somerset West and Taunton Council	13,761
13,724	South Somerset District Council	14,957
15,188	Bath and North East Somerset Council	16,300
28,892	Bristol City Council	30,122
21,887	South Gloucestershire Council	23,730
17,668	North Somerset Council	18,967
<u>129,140</u>		<u>138,171</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 2021/2022 (£nil in 2020/2021).

13.2 Other Related Parties

The Home Office and the DLUHC 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 £20,355 in 2021/2022 (£338,176 in 2020/2021). Payments were also made to the Avon and Somerset Constabulary Force Club in 2021/2022 of £7,045 (£11,562 in 2020/2021).

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:

2020/2021 Expenditure £'000	Joint Operations	2021/2022 Expenditure £'000
3,361	South West Regional Organised Crime Unit	3,153
1,339	Firearms Training	1,410
518	Counter Terrorism Specialist Firearms Officers	587
5,074	Major Crime Investigation (Brunel)	5,451
7,158	South West Forensic Services	7,547
1,135	South West Region - Special Branch	1,094
45	Regional ACC	53
26	Disaster Victim Identification / Casualty Bureau	27
402	Other Regional Programmes	326
19,058	Total	19,648

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 30.7% share of net expenditure. Other partners are Devon and Cornwall (31.8%), Dorset (13.5%), Gloucestershire (12.1%) and Wiltshire (11.9%). The total net cost of the operation, after government grants and sundry income, was £10,277,501 in 2021/2022 (£10,362,943 in 2020/2021).

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 2021/2022 was 41.8% for Avon and Somerset, 32.7% for Gloucestershire, and 25.5% for Wiltshire. The total cost of the operation was £3,181,816 in 2021/2022 (£3,009,167 in 2020/2021).

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 £1,095,186 in 2021/2022 (£966,040 in 2020/2021). 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 £8,517,449 in 2021/2022 (£7,927,695 in 2020/2021).

14.5 South West Forensic Services

South West Forensic Services is a collaboration between Avon and Somerset (36.6%), Devon and Cornwall (30.5%), Dorset (18.7%) and Wiltshire (14.2%) to provide forensic services. The total cost of the operation was £21,016,000 in 2021/2022 (£19,890,400 in 2020/2021).

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 £3,850,500 in 2021/2022 (£3,996,900 in 2020/2021).

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 (30.7%), Gloucestershire (11.9%), Devon and Cornwall (31.8%), Dorset (13.5%) and Wiltshire (12.1%). The total cost for the ACC was £172,085 in 2021/2022 (£138,973 in 2020/2021).

14.8 Disaster Victim Identification / Casualty Bureau

This is a collaboration between Avon and Somerset (30.7%), Gloucestershire (11.9%), Devon and Cornwall (31.8%), Dorset (13.5%) and Wiltshire (12.1%) to provide two posts to assist with officer deployment across the South West. The total cost of the operation was £89,300 in 2021/2022 (£83,800 in 2020/2021).

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 £1,063,877 in 2021/2022 (£1,238,320 in 2020/2021).

15 Rent for Operational Leases

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

2020/2021 £'000	Leased Land and Buildings	2021/2022 £'000
	The future minimum lease payments due under non-cancellable leases in future years are:	
1,071	Not later than one year	1,012
3,559	Later than one year and not later than five years	3,455
4,575	Later than five years	3,790
9,205		8,257

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	
	2020/2021	2021/2022	2020/2021	2021/2022
	£'000	£'000	£'000	£'000
Comprehensive income and expenditure statement				
Cost of services:				
Current service cost	28,980	51,604	76,630	127,680
Administration expenses	182	208	0	0
Past service cost including curtailments	34	127	0	0
Financing and investment income and expenditure:				
Net interest cost	6,180	8,809	74,641	77,872
Total post employment benefits charged to the comprehensive income and expenditure statement	35,376	60,748	151,271	205,552
Other post employment benefits charged to the comprehensive income and expenditure statement				
Return on plan assets	89,556	26,150	0	0
Changes in demographic assumptions	6,434	0	51,203	0
Changes in financial assumptions	-250,881	63,171	-755,449	126,996
Experience gain/loss(-) on defined benefit obligations	6,708	-1,731	45,429	-5,891
Other actuarial gain/loss(-)	0	0	54,219	52,029
Total other comprehensive income	-148,183	87,590	-604,598	173,134
Movement in reserves statement				
Reversal of net charges made for retirement benefits in accordance with the code	-35,376	-60,478	-151,271	-205,552
Actual amount charged against the general fund balance for pensions in the year				
		0		0
Employer's contribution to scheme	16,102	17,416	31,690	33,459
Retirement benefits payable to pensioners	105	107	6,605	7,246

2021	IAS 19 Pension Liabilities	2022
£'000		£'000
-3,939,780	Police officers	-3,222,206
-438,341	Police staff	-393,976
-4,378,121		-3,616,182

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 £34,198,000 in financial year 2022/2023. 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.

2020/2021 £'000	Cost of Injury and Ill-Health Benefits - Police Officers	2021/2022 £'000
6,605	Payments to pensioners	7,246

2020/2021 £'000	Pensions Account	2021/2022 £'000
100,063	Benefits paid to officers	102,332
-46,645	Less contributions received from officers	-49,557
53,418	Balance met from PCC Group	52,775

A full valuation of the pension scheme liabilities was undertaken for 31 March 2021. This work has been updated for the 2021/2022 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. 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	2021/2022	2020/2021
Current pensioners		
Males	21.1	21.1
Females	23.4	23.3
Retiring in 20 years		
Males	22.4	22.3
Females	24.9	24.8

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

2020/2021 %		2021/2022 %
2.00	Discount rate	2.60
3.85	Rate of increase in salaries	4.30
2.85	Rate of increase in pensions in payment	3.30
3.25	Change in Retail Price Index (RPI)	3.45
2.85	Change in Consumer Price Index (CPI)	3.30

The movement in the present value of scheme liabilities for the year to 31 March 2022 is as follows:

2020/2021 £'000	Present Value of Police Pension Scheme Liabilities	2021/2022 £'000
-3,222,206	Present value of schemes liability as at 1 April	-3,939,780
	Movements in the year	
-76,630	Current service cost	-127,680
0	Past service cost	0
106,262	Estimated benefits paid (net of transfers in)	107,156
-13,748	Contributions by scheme participants	-14,422
-74,641	Interest costs	-77,872
-755,449	Change in financial assumptions	126,996
51,203	Change in demographic assumptions	0
45,429	Experience gain/loss on defined benefit obligations	-5,891
-3,939,780	Present value of schemes liability as at 31 March	-3,931,493

The movement in the fair value of scheme assets for the year to 31 March 2022 is as follows:

2020/2021 £'000	Fair Value of Police Pensions Scheme Assets	2021/2022 £'000
0	Present value of schemes assets as at 1 April	0
	Movements in the year	
54,219	Other actuarial gain/loss(-)	52,029
38,295	Contributions by employer	40,705
13,748	Contributions by scheme participants	14,422
-106,262	Estimated benefits paid (net of transfers in)	-107,156
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.

2020/2021		Pension Costs - Police Staff	2021/2022	
Payments	Percentage		Payments	Percentage
£'000	of Employees' Contributions		£'000	of Employees' Contributions
16,301	130-296	PCC's contribution	17,478	130-296

During 2021/2022 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 £17,412,000 in financial year 2022/2023

Since April 2021 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 2021/2022 was £2,340,000; the amount due in 2022/2023 is £2,420,000.

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 2021/2022 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		2021/2022	2020/2021
Current pensioners			
	Males	23.1	23.1
	Females	24.7	24.6
Retiring in 20 years			
	Males	24.4	24.4
	Females	26.1	26.0

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

2020/2021		2021/2022
%		%
2.05	Discount rate	2.60
3.85	Rate of increase in salaries	4.15
2.85	Rate of increase in pensions in payment	3.15
3.15	Change in Retail Price Index (RPI)	3.45
2.85	Change in Consumer Price Index (CPI)	3.15

The return on the pension fund assets on a bid value basis for the year to 31 March 2022 is estimated to be 8.39% (2020/2021 28.69%). The estimated value of the PCC's share of the fund's assets is £488,920,000 on a bid value basis (2020/2021 £442,774,000). The assets are made up of the following:

2020/2021		Assets	2021/2022	
£'000	%		£'000	%
		Equities		
0	0.0	UK - Quoted	0	0.0
1,769	0.4	Overseas - Quoted	0	0.0
77,302	17.5	UK - Unquoted	88,006	18.0
227,837	51.5	Overseas - Unquoted	252,381	51.6
11,498	2.6	Private equity	14,641	3.0
318,406	72.0		355,028	72.6
		Gilts - Public Sector		
12,495	2.8	UK fixed interest	9,998	2.0
12,495	2.8	UK index linked	14,668	3.0
446	0.1	Overseas index linked	0	0.0
25,436	5.7		24,666	5.0
		Other Bonds		
20,785	4.7	UK	33,131	6.8
22,111	5.0	Overseas	14,178	2.9
42,896	9.7		47,309	9.7
30,596	6.9	Property	39,269	8.0
25,440	5.7	Cash (invested internally)	22,648	4.7
442,774	100	Total assets	488,920	100

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

2020/2021 £'000	Police Staff Pensions	2021/2022 £'000
442,774	Share of assets in pension fund	488,920
-879,492	Estimated liabilities in pension fund	-881,385
-1,623	Estimated unfunded liabilities	-1,511
-438,341	Deficiency in fund	-393,976

The movement in the present value of schemes obligations for the year to 31 March 2022 is as follows:

2020/2021 £'000	Present Value of Police Staff Liabilities	2021/2022 £'000
-606,227	Present value of defined obligations as at 1 April	-881,115
	Movements in the year	
-28,980	Current service cost	-51,604
11,430	Estimated benefits paid (net of transfers in)	12,390
-5,493	Contributions by scheme participants	-5,989
-14,177	Interest costs	-17,998
105	Unfunded pension payments	107
-250,881	Change in financial assumptions	63,171
6,434	Change in demographic assumptions	0
6,708	Experience loss(-)/gain on defined benefit obligations	-1,731
-34	Past service cost, including curtailments	-127
-881,115	Present value of defined obligations as at 31 March	-882,896

The movement in the fair value of scheme assets for the year to 31 March 2022 is as follows:

2020/2021 £'000	Fair Value of Police Staff Scheme Assets	2021/2022 £'000
335,238	Fair value of scheme assets as at 1 April	442,774
	Movements in the year	
7,997	Interest on assets	9,189
89,556	Return on assets less interest	26,150
0	Other actuarial gain/loss(-)	0
-182	Administration expenses	-208
16,207	Contributions by employer	17,523
5,493	Contributions by scheme participants	5,989
-11,535	Estimated benefits paid (net of transfers in)	-12,497
442,774	Fair value of scheme assets as at 31 March	488,920

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 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

Property, Plant and Equipment 2021/2022	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
As at 1 April 2021	189,161	92,619	507	0	282,287
Additions during year	655	9,195	448	0	10,298
Disposals	-204	-11,746	0	0	-11,950
Reclassification	75	86	-411	250	0
Revaluation gain/loss (-)					
Recognised in revaluation reserve	13,077	0	0	0	13,077
Recognised in surplus & deficit I&E	14	0	0	0	14
As at 31 March 2022	202,778	90,154	544	250	293,726
Depreciation and impairment					
As at 1 April 2021	-952	-78,411	0	0	-79,363
Depreciation charge	-6,319	-7,172	0	0	-13,491
Disposals	203	11,653	0	0	11,856
Reclassification	0	0	0	0	0
Revaluation gain/loss (-)					
Recognised in revaluation reserve	3,900	0	0	0	3,900
Recognised in surplus & deficit I&E	1,897	0	0	0	1,897
As at 31 March 2022	-1,271	-73,930	0	0	-75,201
Net book value					
As at 31 March 2022	201,507	16,224	544	250	218,525
As at 31 March 2021	188,209	14,208	507	0	202,924

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

Nature of assets held as at 31 March 2022	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Owned	120,542	16,224	544	250	137,560
PFI	80,965	0	0	0	80,965
	201,507	16,224	544	250	218,525

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.

2020/2021			PFI Assets	2021/2022		
PFI Buildings £'000	PFI IT Equipment £'000	Total £'000		PFI Buildings £'000	PFI IT Equipment £'000	Total £'000
Cost or valuation						
77,999	5,384	83,383	As at 1 April	76,507	5,384	81,891
99	0	99	Additions during year	0	0	0
Revaluation gain/loss (-)						
-1,461	0	-1,461	Recognised in revaluation reserve	4,256	0	4,256
-130	0	-130	Recognised in surplus & deficit I&E	228	0	228
76,507	5,384	81,891	As at 31 March	80,991	5,384	86,375
Depreciation and impairment						
-3	-5,384	-5,387	As at 1 April	-5	-5,384	-5,389
-2,537	0	-2,537	Depreciation charge	-2,587	0	-2,587
Revaluation gain/loss (-)						
2,294	0	2,294	Recognised in revaluation reserve	2,380	0	2,380
241	0	241	Recognised in surplus & deficit I&E	186	0	186
-5	-5,384	-5,389	As at 31 March	-26	-5,384	-5,410
Net book value						
76,502	0	76,502	As at 31 March	80,965	0	80,965

2020/2021 £'000	PFI Liabilities	2021/2022 £'000
54,951	Finance Liability as at 1 April	53,336
-1,615	Liability Paid in Year	-1,766
53,336	Finance Liability at 31 March	51,570

Payments made in 2021/2022 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 2021/2022	1,983	421	4,245	1,766
Rentals payable in future years				
Within 1 year	2,147	493	4,166	1,877
Within 2-5 years	9,131	3,911	15,088	7,482
Within 6-10 years	12,736	6,263	14,994	12,700
Within 11-15 years	14,467	6,070	9,615	19,276
Within 16-20 years	6,255	2,357	1,769	10,235
Total	44,736	19,094	45,632	51,570

The fair value of the PFI liability has been assessed as £77,188,000 compared to the book value of £51,570,000 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 2021 £'000	Debtors and Payments in Advance	OCC £'000	PCC £'000	Total 2022 £'000
0	28,016	28,016	Trade debtors	0	36,292	36,292
0	4,702	4,702	Prepayments	0	3,546	3,546
0	28	28	Other	0	17	17
0	32,746	32,746	Balance as at 31 March	0	39,855	39,855

22 Cash and Cash Equivalents

2021 £'000	Cash and Cash Equivalents	2022 £'000
159	Cash in hand	109
37,640	Short term deposits	37,635
37,799	Balance as at 31 March	37,744

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.

No new Salix loans were taken out this year but two Salix loans were taken out in 2020/2021. At 31 March 2022 £138,397.30 is outstanding (£175,381.10 at 31 March 2021). 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.

2021 £'000	Loans to be Repaid	2022 £'000
1,923	Within one year	3,647
3,647	Between one and two years	1,147
6,206	Between two and five years	6,859
5,039	Between five and 10 years	3,949
29,417	More than 10 years	28,707
46,232	Total	44,309
	Less:	
-1,923	Transferred to short term borrowings (repayable in 2022/2023)	-3,647
44,309		40,662

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 2021 £'000	Creditors and Receipts in Advance	OCC £'000	PCC £'000	Total 2022 £'000
0	13,251	13,251	Trade creditors	0	12,975	12,975
0	27	27	Receipts in advance	0	213	213
10,912	12,137	23,049	Accruals	11,280	13,626	24,906
0	1,533	1,533	Other	0	1,497	1,497
10,912	26,948	37,860	Balance as at 31 March	11,280	28,311	39,591

25 Short and Long Term Provisions

Short and Long Term Provisions	Balance 1 April 2021 £'000	Reversed Unused £'000	Used in Year £'000	New in Year £'000	Balance 31 March 2022 £'000
Insurance	9,932	-1,498	-1,123	0	7,311
Legal services	238	-87	-285	508	374
Pension claim provision - OCC	938	-938	0	0	0
Ill-health & termination benefits - OCC	618	0	-618	1,259	1,259
Overtime liability - OCC	2,804	0	-546	937	3,195
	14,530	-2,523	-2,572	2,704	12,139

Following advice from our insurance experts as part of the annual review the insurance provision has decreased to £7,311,000 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 2022 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 £374,000 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 released in full during the financial year in recognition of the settlement of the Leigh Day claims by government.
- The ill health and termination benefits provision of £1,259,000 is in respect of ill health retirement payments where approval was agreed at 31 March 2022;
- The overtime liability provision at 31 March 2022 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 2022.

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 was reflected in the IAS19 disclosure in the 2020/2021 accounts. The impact of the final remedy was a reduction in the defined benefit obligation of approximately £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. Our scheme actuaries have estimated the potential increase in scheme liabilities for Avon & Somerset force to be £5.648m. 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 were heard by the Employment Tribunal in December 2021. Claims for financial losses for the Leigh Day have been settled by government during 2021/22 therefore the provision that was held at 31 March 2021 has been released. However, there are a series of claims brought by the Police Federation that are still to be considered but as they are similar in nature to the Leigh Day claims a precedent may already have been set. There is a potential risk that the Police Federation claims will not be settled by Government and the extent or likelihood of any further settlement is not possible to reliably estimate, so a contingent liability has been recognised.

26.2 Other Pension cases

There are two further cases which are included in the report from our actuaries:

Goodwin Case – This case relates to differences between survivor benefits payable to members with same-sex or opposite-sex survivors and has been identified in several public sector pension schemes. There is not yet a remedy in place and our actuaries have not made allowances for the impact of this within the liabilities existing at 31 March 2022 due to there being insufficient information upon which to make an accurate estimation.

O'Brien Case – This case relates to the discrimination against part-time judges in the calculation of pensions. A ruling stated that service prior to 7 April 2000 must be taken into account under the Part Time Workers Directive (PTWD) for the purpose of calculating a retirement pension. The Government have stated that those who have previously claimed under the PTWD would be entitled to further remedy in respect of service prior to 7 April 2000. A remedy has not yet been decided and there isn't sufficient data available for actuaries to make an estimate on the impact of this to our pension liabilities.

26.3 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 could continue to have consequences for wider public finances going forward.

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.

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 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
Council 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

Revenue Reserves 2021/2022	Balance 1 April 2021 £'000	Reserves Used in Year £'000	Transfers to Reserves £'000	Balance 31 March 2022 £'000
Carry forwards	1,172	-1,110	708	770
Operations	1,500	0	0	1,500
Overtime liability	1,000	0	0	1,000
Buildings and sustainability	290	0	0	290
Transformation	195	0	0	195
Covid 19 Enforcement reserve	1,326	-1,326	0	0
Budget support reserve	1,000	-1,000	0	0
New PCC reserve	1,000	0	0	1,000
Total discretionary reserves	7,483	-3,436	708	4,755
SW ROCU	352	-248	158	262
Proceeds of crime	938	0	148	1,086
Police Property Act reserve	386	-16	0	370
Grants carried forward	621	-39	252	834
Hinkley Point	521	0	10	531
Road safety	1,004	-15	2	991
LRF reserve	290	0	63	353
Victim support services	2,090	-973	2,010	3,127
Miscellaneous reserves	149	-54	46	141
Regional programme reserves	991	-991	290	290
Pension Fund McCloud	0	0	88	88
Total non-discretionary reserves	7,342	-2,336	3,067	8,073
Capital financing	18,859	-2,617	6,719	22,961
Earmarked capital reserves	96	0	140	236
PFI change reserve	457	0	0	457
Sinking fund reserve	4,804	0	165	4,969
Total capital and PFI reserves	24,216	-2,617	7,024	28,623
Council tax income guarantee reserve	414	0	3	417
Total earmarked reserves	39,455	-8,389	10,802	41,868
General Fund	12,000	0	0	12,000
Total General Fund Balance	51,455	-8,389	10,802	53,868

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. This reserve is no longer required.

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 Pension fund McCloud reserve has been created to hold the funding received to support the implementation of the McCloud remedy over coming years.

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 DLUHC 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 collection fund deficits in 2022/23 and 2023/24.

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

2020/2021 £'000	Capital Expenditure and Financing	2021/2022 £'000
103,209	Opening capital financing requirement	100,633
	Capital investment	
7,977	Property, plant and equipment	10,298
	Sources of finance	
-310	Government grants and contributions	-304
-6,745	Revenue contributions	-7,769
-197	Earmarked reserves	-2,636
-3,297	Minimum revenue provision	-3,612
-4	Capital creditors	462
-10,553		-13,859
100,633	Closing capital finance requirements	97,072
	Explanation of movements in year	
-2,576	Increase/decrease(-) in underlying need to borrow	-3,561
-2,576	Increase/decrease(-) in capital financing requirement	-3,561

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 2021/2022	Bank overdraft £'000	Current Borrowings £'000	Creditors £'000	Non-current Borrowings £'000	Total 31st March 2022 £'000
Fair value through profit or loss	0	0	0	0	0
Amortised cost	2,185	3,647	23,124	40,662	69,618
Amortised cost -PFI liabilities	0	1,877	0	49,693	51,570
Total financial liabilities	2,185	5,524	23,124	90,355	121,188
Other liabilities not defined as financial instruments:					
Tax	0	0	5,187	0	5,187
OCC payroll accruals	0	0	11,280	0	11,280
Total	2,185	5,524	39,591	90,355	137,655

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 assets 2021/2022	Cash and cash equivalents £'000	Current Investments £'000	Debtors £'000	Total 31st March 2022 £'000
Fair value through profit or loss	0	0	0	0
Amortised cost	37,744	23,000	32,461	93,205
Total financial liabilities	37,744	23,000	32,461	93,205
Other assets not defined as financial instruments:				
VAT	0	0	3,848	3,848
Payments in advance	0	0	3,546	3,546
Total	37,744	23,000	39,855	100,599

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

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.

	31 March 2022		31 March 2021	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial liabilities held at amortised cost				
Borrowings - PWLB loans	32,396	38,759	34,282	43,815
Borrowings - LOBO loans	5,275	8,490	5,275	9,930
Borrowings - other	6,638	8,734	6,675	8,768
Bank overdraft	2,185	2,185	1,509	1,509
Creditors	23,124	23,124	20,707	20,707
PFI liabilities	51,570	77,188	53,336	88,435
Total	121,188	158,480	121,784	173,164

The fair value of the PWLB loans has been assessed at £38,758,906 (31 March 2021 £43,815,435) compared with a book value of £32,395,734 (31 March 2021 £34,281,555). The fair value of LOBO loans has been assessed at £8,490,181 (31 March 2021 £9,930,000) 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)						
2021 £'000	Drawdown Date	2022 £'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 2022		31 March 2021	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets held at amortised cost				
Cash and cash equivalents	27,504	25,109	29,403	29,221
Investments - Short term	23,000	22,900	24,000	24,064
Debtors	32,461	32,461	26,425	26,425
Total	82,965	80,470	79,828	79,710
Financial assets held at Fair Value				
Cash and cash equivalents	10,240	10,240	8,396	8,396
Total	10,240	10,240	8,396	8,396

At 31 March 2022 the fair value is assessed as level 1 for cash and cash equivalents held at amortised cost and fair value at £35,348,932, and short term investments at £22,899,511. This compares with a book value of £37,744,000 for cash and equivalents and a book value of £23,000,000 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 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Interest payable and similar charges (excluding PFI)	1,635	1,631	0	0
Interest and investment income	0	0	283	154

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 2022 investments can be analysed as follows:

Credit Rating	31 March 2021 £'000	Default %		Credit Rating	31 March 2022 £'000	Default %
AAA	5,640	0.12	Deposits with Money Market Funds	AAA	9,635	0.11
AA-	36,000	0.08	Deposits with local authorities	AA-	23,000	0.08
AA-	5,000	0.03	Deposits with UK banks	A	7,000	0.05
A	7,000	0.06	Deposits with UK banks	A+	7,000	0.05
AA-	5,000	0.03	Deposits with Overseas banks	AA-	4,000	0.03
-	0	0.00	Deposits with Overseas banks	A+	7,000	0.05
N/A	3,000	N/A	CCLA property fund	N/A	3,000	N/A
	61,640	Total			60,635	

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 £9,486,190 pension fund account debtor with the Home Office (2020/2021 £8,115,239).

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 2022 the total value of these credit losses was £172,190 (31 March 2021 £191,789). The remaining value of debtors less these credit losses can be analysed as follows:

31 March 2021 £'000	Unimpaired Debtors	31 March 2022 £'000
1,777	Less than three months	1,943
31	Over three months	3
<u>1,808</u>		<u>1,946</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.

The balances for debtors and payments in advance can be found in note 21.

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 2022 the PCC had £9,635,000 (31 March 2021 £10,640,000) 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 2021 £48,000,000).

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 £288,175 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 LOBO 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.

2020/2021 £'000	Police Officers Pension Fund Account	2021/2022 £'000
	Contributions receivable	
	Employers contributions:	
-31,690	Normal 31% contributions	-33,459
-801	Ill health/early retirements	-811
-32,491		-34,270
	Employee contributions	
-1,797	1987 Police Pension Scheme	-881
-35	2006 Police Pension Scheme	-40
-11,916	CARE Police Pension Scheme	-13,501
-13,748		-14,422
-406	Transfers in from other schemes	-864
	Benefits payable	
83,718	Pensions	85,395
14,585	Commutations and lump sum retirement benefits	15,779
98,303		101,174
	Payments to and on account of leavers	
95	Refund of contributions	139
44	Transfers out to other schemes	1
1,621	Other	1,017
1,760		1,157
53,418	Net amount payable for the year	52,775
0	Additional contribution from the local policing body	0
-53,418	Transfer from Police Fund to meet deficit	-52,775
0	Net amount payable/receivable for the year	0

This note shows the pension fund account assets and liabilities as at 31 March 2022.

31 March 2021 £'000	Pension Fund Net Assets	31 March 2022 £'000
	Current assets	
0	Amounts due from Central Government	0
	Current liabilities	
0	Amounts owing to pensioners	0
<hr/> 0	Net assets	<hr/> 0

Police & Crime Commissioner for Avon & Somerset

Glossary of Terms

Term	Definition
ACC	Assistant Chief Constable
Accounting policies	These are a set of rules and codes of practice we use when preparing the accounts.
APCC	The Association of Police and Crime Commissioners
Balance sheet	This represents our overall financial position as at 31 March.
Capital programme	This is a list of projects for buying or improving fixed assets.
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.
CFO	Chief Finance Officer
CIPFA	Chartered Institute of Public Finance and Accountancy
Collection fund adjustment account	Difference between council tax cash received and the amount shown in the comprehensive income and expenditure statement.
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.
CSP	Community Safety Partnerships
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.
Debtors	Amounts which are due from others.
Depreciation	An amount set aside to pay for the gradual loss in value of our assets.
DLUHC	The Department for Levelling Up, Housing, and Communities, formerly the Ministry of Housing, Communities and Local Government.
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.

Term	Definition
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.
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.
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.
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.
Minimum revenue provision	This is the lowest amount allowed by the Government which has to be charged to the accounts for repaying loans.
Movement in reserves statement	Summarises the movement in the reserves of the PCC during the financial year.
MTFP	Medium Term Financial Plan
OCC	Office of the Chief Constable

Term	Definition
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).
PCSO	Police community support officer
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.
SOLACE	Society of Local Authority Chief Executives
SW ROCU	South West Regional Organised Crime Unit
SWAP	South West Audit Partnership
TOR	Terms of reference
VRU	Violence reduction units

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 to 25 November 2021 Chief Constable from 26 November 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. Since his election in May 2021, the PCC has consulted on his first Police and Crime Plan, confirming during 2021/2022 that his priorities are:

1	Preventing and fighting crime
2	Engaging, supporting and working with communities, victims and partner organisations
3	Leading the police to be efficient and effective
4	Increasing the legitimacy of, and public confidence in, the police and criminal justice system

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.

Throughout 2021/2022 the Constabulary has four corporate strategies in place:

- 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 2022 is as follows:

Employees	Actual 2021/2022 FTE	Actual 2021/2022 Headcount	Actual 2021/2022 % Part-Time
Police Officers	3,069	3,130	9%
Police Community Support Officers	365	382	16%
Police Staff	2,664	2,961	29%
OPCC	27	38	50%
Total	6,125	6,511	19%

In addition, the Constabulary is supported by 289 Special Constables, 99 Police Cadets, and approximately 1,900 volunteers, of which 1,700 support community speedwatch throughout Avon and Somerset.

2 COVID-19

Throughout the entirety of 2020/2021 we have continued to live and work through the COVID-19 global pandemic. This has continued to present challenges, requiring us to continue with different ways of working so that we played our part in keeping people safe and protecting 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 continued throughout 2021/2022. Through this structure we managed all aspects of both our operational and organisational response to the pandemic:-

2.1 COVID-19 Operational Response

By the start of the 2021/2022 financial year, the COVID-19 pandemic had been on-going for over a year. Whilst some enforcement of COVID-19 rules was still required, particularly in the earlier parts of the year, this dropped away from the level seen in earlier lockdowns and our policing of these rules largely focussed on engagement, explanation and encouragement meaning that little enforcement action was required.

Whilst during the 2020/2021 financial year we saw significant reductions in demand on the Constabulary, by 2021/2022 the demand levels largely returned to normal and in fact in some areas showed an increase on pre-pandemic levels. One such example was in demand in the number of 999 calls received by the force, which increased by 36% compared to 2020/2021 (and by 20% compared to 2019/20). Despite this increase we were able to manage this demand with minimal impact on our performance. This was possible as we stood up our secondary communications centre, and split our call handling and despatch teams across both locations. In this way we were able to reinforce social distancing in the workplace, and minimise the potential for disruption arising from infection and self-isolation requirements.

We have continued to enjoy the support of a large number of our specials and volunteers. Throughout the year our specials have provided us with over 80,000 hours of service, the equivalent of an additional 38 full time officers. During the year there has been a focus from the Special Constabulary on supporting us through a range of value-added activities, with particular focus on early evening patrols to help reduce anti-social behaviour.

At the time these financial statements are being prepared the restrictions under which we have been living on and off for the past two years have all been lifted. As the public have embraced the lifting of restrictions, so we have seen an increase in our demand. This increase is now coinciding with our expected seasonal uplift in demand through spring and into summer, demand which we know will be heightened with the return of public events across our force area. We have forecast this increase in demand 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. At the outset of the pandemic in 2020/2021, 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).

Supporting and enabling this many staff to work in different ways and from different locations ensured that those who continued to work from our police stations, offices and other workplaces could do so in a safe and compliant environment. We stood up the provision of personal protective equipment (PPE), utilising the national distributions channels established across all policing. We also continued enhanced cleaning across our estate, as well as other measures to support safe working practices.

During the year we have established a re-setting project to oversee the planning of our post pandemic ways of working. Through this work we have sought to build on the learning and advantages we saw during the pandemic. Through this project we have introduced hybrid working as a permanent feature of our new ways of working. This involved us reviewing all role profiles across the Constabulary and confirming nearly 1,800 individuals could continue to work for the majority of their time from a non-police location as a permanent change to their way of working. A consultation was undertaken, with 1,600 individuals accepting a contractual variation to work permanently in a hybrid way, with the remainder opting to continue to work from a police location. As of April 2022 we have begun the process of moving to this new permanent way of working, enabling us to unlock the longer-term benefits from this.

3 Operational Performance

During the course of the year the Constabulary has continued to mature its performance reporting and management through the monthly integrated performance and quality report (IPQR). Building on this foundation the Constabulary has introduced a new Performance Control Strategy approach, which identifies key performance issues requiring targeted improvement activity, which are monitored and discussed in detail at the monthly Constabulary Management Board as well as at the PCC's Police and Crime Board. A set of 16 Key Performance Questions (K PQs) have been established to seek to harmonise and assess progress against a range of local and national outcome frameworks, including:-

- The PCC's priorities as set out in the Police and Crime Plan;
- The Home Office's national policing outcomes(as part of the Beating Crime Plan);
- The key lines of enquiry used by HMICFRS when conducting their Police Efficiency, Effectiveness and Legitimacy (PEEL) reviews; and
- Other national frameworks that are in development (i.e. Violence against Women and Girls national performance framework).

The above framework ensures we are able to assess where we are doing well and where improvements are needed.

In common with the national picture, our local context continues to provide a number of opportunities and challenges, characterised by:-

- Our officer numbers are increasing as we deliver our share of the Governments uplift programme, but the volume of police officer recruitment to achieve this means we have a large number of student officers to support through abstraction to college and through on the job tutoring;
- Our officer experience and profile means that we have some acute skills challenges, particularly in the number of accredited detectives within force. This results in a sub-optimal allocation of crime demand across our operational teams; and
- Our demand picture continues to evolve, with some significant increases in more complex crime types as detailed below.

Overall police recorded crime levels have increased by 14.7% since last year. This largely reflects crime patterns now returning to pre-COVID-19 levels. Throughout the COVID-19 period, key theft based and volume crime types such as theft, burglary and vehicle offences saw large reductions due to lockdown restrictions.

As theft based crimes levels have begun to return to pre-COVID-19, the force have continued to see significant increases in reported sexual offences (+37%), stalking and harassment (+26.3%), hate crime (+24.2%) and domestic abuse (+12.5%). These increases have been driven by improving victim confidence to report along with significant improvement activity we have put in place in recording crime more accurately.

Recording crime accurately is a key priority to us. A crime data integrity task force was established and has coordinated extensive improvement activity over the last 12 months. The outcome of this is that we have introduced new processes that have recorded approximately 12,000 additional crimes this year that otherwise would not have been recorded correctly (the equivalent to more than 8% of the total crime for the previous year). This step change is significant, and has contributed to crime types such as harassment, stalking, assaults and public order offence increases.

We have been a pathfinder in reviewing our end-to-end approach to investigating rape alongside independent academic experts as part of project Bluestone. The approach we have taken has brought national focus and has been led by our Chief Constable Sarah Crew who is the national lead for Rape and Serious Sexual Offences. Following extensive independent research and analysis, a wide range of change and improvement activities has seen the force reconfigure its approach to how it investigates rape. Whilst we are still implementing these changes, we have already seen strong indicators on the impact of this new approach. We have seen almost a 50% increase in the volume of rape charges this year compared to the previous year. Against a backdrop of a +32% increase in recorded rapes this year, our rape charge rate has risen from 3.9% to nearly 6%. Clearly there is more to do, but we are encouraged by the impact already being seen.

The performance in the Control Room, which has been recognised by HMICFRS as outstanding, has performed strongly against a backdrop of unprecedentedly high 999/emergency call volumes that has been raised as a national risk for all emergency services. The force have experienced a 36% increase in 999 calls this year compared to the previous year with the call volumes being the highest ever recorded. Despite the significant increases in 999 calls, the call abandonment rate for 999 calls has remained low at 0.2%. This is exceptional given the increased demands and comparisons to other similar forces who have seen much higher abandoned rates. As a result of protecting the 999 call abandoned rate, the 101 non-emergency call abandoned rate rose to an average of 7.2% (up from 2.3% the previous year). The victim satisfaction rate for initial contact with the police remained strong at 92.4%.

Public confidence, as measured by the crime survey for England and Wales, has remained paused following the COVID period, so recent data comparing Avon and Somerset police against other forces is not available. The latest national results from March 2020 placed the force at 78.6% (+0.4% on the previous year) which put Avon & Somerset at 8th when ranked nationally. Our own local public confidence survey, which captures a wider and more representative sample, shows overall public confidence at 73% for the last 12 months (-7.2% on previous year). With no recent available national survey to benchmark against, it remains challenging to assess the extent to which national / macro factors may have affected our recent local results versus specific local issues.

Overall victim satisfaction to reports of volume crime stands at 73.1% (-3.3% on previous year), with victims of anti-social behaviour reporting satisfaction rates of 71.6%, victims of burglary 68.9% (dwelling burglary victims 76.1%), victims of hate crime 73.4% and victims of violent crime 81.0%. Overall victim satisfaction with the way victims are treated remains strong at 90.5%.

Our most recent staff survey results showed us that 70% of staff feel happy at work which compares well to 56% over a four-year period. Staff reporting that they felt the Constabulary respects difference was 75.3%, which has increased from 58% over the same four-year period.

Despite our successes we recognise that there remain areas for improvement. Our file quality compliance rates against the new Directors Guidance Assessment show us at 38.2% against a national rate of 54.4%. This will be a key performance focus for the coming year.

Our response timeliness for immediate and priority incidents has remained below where we would want it to be. Progress and challenge here links strongly to the level of officer inexperience and skill level from large volumes of new police officers students under tutorship. This will improve over time, and will remain an ongoing area of focus for us.

Our positive outcome rate, which is the measure of sanctioned detection outcomes or a restorative justice outcome as a percentage of crimes recorded, is 11.5%. This outcome rate places us in the bottom quartile nationally; a position we recognise is not where we want to be. Whilst the large improvements made in recording more crime will play a factor here, 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.

HMICFRS last inspected the Constabulary under their PEEL framework during 2019/2020, with a further inspection not now expected later in 2022/2023. 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 2021 the then PCC approved a 2021/2022 net revenue budget of £340.9m, an increase of £21.0m (6.6%) on the previous year. This budget was funded through a combination of Government grants (£203.1m/59.6%), local council tax (£136.7m/40.1%) and use of reserves (£1.0m/0.3%). In total £335.6m was provided to the Chief Constable in order to support the provision of policing services to the communities of Avon & Somerset, an increase of £18.9m (6.0%).

In order to manage ongoing inflationary and other cost pressures the Constabulary needed to identify and deliver savings of £7.3m, which when combined with the increase in funding enabled us to deliver a balanced budget. This took our cumulative savings since 2010/2011 to nearly £90m.

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 2021/2022 was reported to the PCC in June 2021, and can be found published on the PCC’s website.

The Constabulary’s underlying net revenue expenditure in 2021/2022 was £334.1m. When compared to budget this means we have underspent by £6.8m (2.0%), 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, with the following being the most significant:-

- **Officer pay and allowances** – we underspent by £2.2m/1.4% against budget. This reflects the challenge of accurately forecasting officer pay costs at a time of uplift delivery. We have

seen an increase in the number of officer leavers during the year compared to the prior year, which has resulted in us having to revise our recruitment plans to assure ourselves of delivering our target headcount by March 2023. Our officer head count target for March 2022 was 3,108 with an actual reported of 3,130, resulting in a surplus of +22 against target;

- **Officer overtime** – we overspent by £1.0m/15.1% against budget. The overspend here is predominantly driven by operational activities supporting Covid-19 enforcement during the early part of the year, and mutual aid including support for the G7 summit in June 2021, and the COP26 event in October/November. To that extent this overspend is offset by either mutual aid income or specific grant funding from central government;
- **Staff pay and allowances** – we underspent by £2.8m/3.1% against budget. The biggest single factor affecting this is the underspend in our IT directorate. During the year we implemented a new structure within this directorate, including new investment to support a growth in our capacity. However, it has taken time to fill these new posts, reflecting very challenging market conditions. While progress has been made across the year, there remain vacancies in this directorate at the end of the year. Beyond this directorate we recognise underspends in our performance and insight team, our criminal justice department, our proactive “Remedy” teams and our major crime investigation teams;
- **Staff overtime** – we overspent by £0.5m/35.1% against budget. The staff overtime is largely driven by the vacancies, both in officer and other staff roles. In some cases this has also reflected the need to maintain service continuity while managing sickness and absences due to Covid-19 restrictions being in place;
- **PCSO pay and allowances** – we overspent by £1.1m/9.4% against budget. The over spend reflects the organisational decision to bolster our capacity around PCSO resourcing and supervisor capability in the short term enabling us to focus predominantly on officer recruitment in support of delivering our uplift target;
- **Income – special grants** – we received £1.6m/13.0% more in special grant than was budgeted for. This wholly as a consequence of an error in our budgeting for the Ministry of Justice grant funding for victim support services which was explained within our outturn reports;
- **Income – Other** – we received £2.7m/20.1% more in other income than was budgeted for. The single biggest aspect of this is our mutual aid income which was £1.6m greater than budget, and reflects the support offered to both the G7 summit and the COP26 event alongside other operations and events out of force. In addition there was an increase in funding in a number of other areas, including support for abnormal loads on our road network, apprenticeship incentive payments, operations rechargeable income and increases to our training income.

The following table summarises the revenue financial performance for 2021/2022 after the agreed adjustments have been made to account for the reported underspend:

	Budget	Expenditure	Over/ Under (-)
	£'000	£'000	£'000
Neighbourhood & partnerships	45,949	43,524	-2,425
Response	77,739	84,802	7,063
Operational support	56,771	54,325	-2,446
Investigation	36,893	34,070	-2,823
Collaboration	21,416	20,677	-739
Enabling services	79,756	78,704	-1,052
Central costs & miscellaneous	17,069	19,539	2,470
Constabulary sub total	335,593	335,641	48
Office of the PCC	1,757	1,709	-48
Commissioning	3,529	3,529	0
Total revenue expenditures	340,879	340,879	0

It should be noted that the figures above cannot be agreed directly to the comprehensive income and expenditure statement on page 32 where the costs of policing activities include charges for the provision of pensions and the use of assets which are later reversed out through intragroup transfers from the PCC.

4.2 Capital, Reserves, and Treasury Management

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

5 Financial Outlook

The PCC and Chief Constable jointly set out their forward financial forecasts within their Medium Term Financial Plan (MTFP) each year. The MTFP, published in February 2022, covers the five-year period from 2022/2023 through until 2026/2027. The below provides the headlines from this forecast, however we acknowledged that since the publication of this report there are already a number of factors which will further impact on this. We are therefore expecting to begin the update of these forecasts over the summer to inform our forward planning.

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.

	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000
Budget requirement	358,707	370,838	381,993	392,914	402,500
Less total funding	-356,364	-365,479	-377,006	-383,978	-390,925
Surplus(-)/deficit before savings	2,343	5,359	4,987	8,936	11,575
Savings	-3,000	-3,179	-3,245	-3,312	-3,379
Planned use of reserves	657				
Surplus(-)/deficit after savings	0	2,180	1,742	5,624	8,196

The key assumptions that underpin this forecast position are:

- Our funding is forecast to grow by £51.0m/15.0% p.a. by 2026/2027, driven by increases to both grant funding (+£18.2m/9.0% by 2026/2027) and increases to council tax funding (+£32.8m/24.0% by 2026/2027);
- Our budget requirement is forecast to increase by £58.2m/17.1% p.a. by 2026/2027, driven by a large number of factors, including:
 - inflationary adjustments to officer and staff pay in line with nationally agreed assumptions for the first three years, with a local assumption for the final 2 years – increasing costs by £32.0m p.a. by 2026/2027;
 - increases to budgets in support of delivering and sustaining the uplift in officer numbers in line with the target headcount of 3,291 to be achieved by March 2023 – generating budget growth of £11.5m by 2026/2027;
 - increases to national insurance costs to provide for the uplift in employer national insurance rates that took effect from April 2022 to support the Government's social care levy – an increase in costs of £1.9m;
 - 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 £6.5m p.a. by 2026/2027;
 - inflationary increases to general and specific (e.g. fuel, utilities, etc.) non-pay costs are assumed to add £6.1m p.a. by 2026/2027;
 - investment and growth across the Constabulary, predominantly focused on continued investment into digital tools and capabilities to support frontline efficiency and effectiveness – an increase of £3.4m p.a. by 2026/2027;
 - increases to our share in the cost of partnerships, reflecting the pay and other inflationary assumptions within these collaborations, as well as the investment into the South West Regional Organised Crime Unit as they pick up their share of officer uplift – an increase of £3.3m p.a. by 2026/2027;
 - increases to the ring-fenced uplift grant funding by £0.8m effective from 2022/2023, which we expect to be maintained throughout our forecast in order to support our ability to maintain new officer numbers; and
 - realisation of new planned and targeted revenue savings of £3.0m p.a. from 2022/2023, rising to £3.4m by 2026/2027.

5.2 Policing Precept

In December 2021, the Policing Minister announced flexibility for PCCs to raise the policing precept by up to £10 p.a. in each of the next three years 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 4.1%. Following review, the Police and Crime Panel endorsed this proposal, enabling the PCC to confirm his approval of this increase and the underlying budget.

5.3 Capital Programme

The MTFP includes a capital programme of £88.3m over the next five years, with identified capital funding at the time this programme was presented of £84.0m, resulting in a capital funding deficit of £4.3m.

The capital programme includes forecast investment into ICT, Estate, Fleet and other assets – both to support ongoing maintenance and renewal of existing capabilities as well as to support new investment. While the plan outlines the expected areas of spend, many of the individual areas for investment will still need to present a business case for approval in order 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.

Our approach to accounting for the revenue underspend reported above has reflected on the deficit in funding across the five year programme, and sought to address this through the ring-fencing of some of the underspend into ring-fenced capital reserve.

5.4 Approach to Future Challenges and Funding

The Spending Review announced in the autumn of 2021 (SR21), provided clarity around the medium term financial commitment the Government was making to both deliver and sustain on its ambitions to growth police officer numbers by March 2023. While only indicative, we have now been provided with some certainty as to the total funding that will be available not just in 2022/2023, but also in 2023/2024 and 2024/2025.

Based on this and a number of assumptions made, we are forecasting a relatively stable financial position until 2024/2025, which includes those savings we have already identified and planned. While a small deficit is currently forecast on these years, we recognise that at this stage it provides a manageable position.

Beyond 2024/2025 the position is less certain, particularly as we will be entering into a new Spending Review period. Our MTFP recognised key areas of uncertainty, including the cost of pensions which are expected to rise, as well as pressures which will result from a maturing workforce profile as more and more of our officers become experienced and therefore progress through the pay scales gradually increasing to the average cost of a police officer.

The MTFP published in February 2022 represents our best estimate based on all of the information available to us at that time. However, we recognise that there have already been changes to our context (e.g. inflation) which may well impact on our assumptions requiring us to review and further refine these. We continue to keep our assumptions under review, and expect to commence the process of forecasting our new MTFP over the summer and into the autumn so as to inform our planning.

Our ambition remains to be an innovative force, focussed on releasing capacity to ensure we continue to remain both efficient and effective in providing policing services to our communities. Continuing to invest in capabilities that unlock and release capacity is therefore a key area of focus for us over the coming years. Through this focus we aim to not only respond to the emerging and changing financial context within which we will be asked to operate, but also to release capacity that enables reinvestment into 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 is now provided by the South West Police Procurement Service (SWPPS), following a transfer of our team into this existing collaboration during the year. This service, which is hosted by Devon and Cornwall Constabulary on behalf of the five south west forces, ensures compliant delivery of contracted procurement with our suppliers.

During the course of 2021/2022 we have identified and delivered £1.8m through procurement and ongoing contract management. 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 £0.5bn are taken into account. The net liability of £4.3bn 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 2021/2022. 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 2022** – 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 ongoing challenges created as we manage the immediate and ongoing demand pressures at the same time as both delivering officer uplift and maturing our workforce models that means it will take some time before we are able to fully achieve our target operating model. Our forward plans will help us navigate this period of growth and uncertainty, emerging from this with greater service strength which when coupled with our effective operational processes, tools, and capabilities will ensure we are well placed to realise our vision and deliver the outcomes our communities rightly expect of us.

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

Office of the Chief Constable for Avon & Somerset

Statement of Responsibilities

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

1 Chief Constable's Responsibilities

The Chief Constable is required to:

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

2 The Chief Finance Officer's Responsibilities

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

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

- chosen suitable accounting policies and then applied them consistently;
- made reasonable and prudent judgements and estimates;
- complied with the CIPFA Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud including preparing an audit and ensuring appropriate risk management mechanisms are in place; and
- made sure that the internal control systems are effective – pages 16 to 31 show this in more detail.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Office of the Chief Constable as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

Sarah Crew
Chief Constable

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

Auditor's Report

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

Report on the Audit of the Financial Statements

To be added

Office of the 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 2022. It also details improvement areas to enhance further governance arrangements that the Constabulary plans to progress during 2022-2023.

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, and 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 2022 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, and clarifies the way in which the two corporations will govern both jointly and separately to do business in the right way, for the right reason, at the right time.

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*.

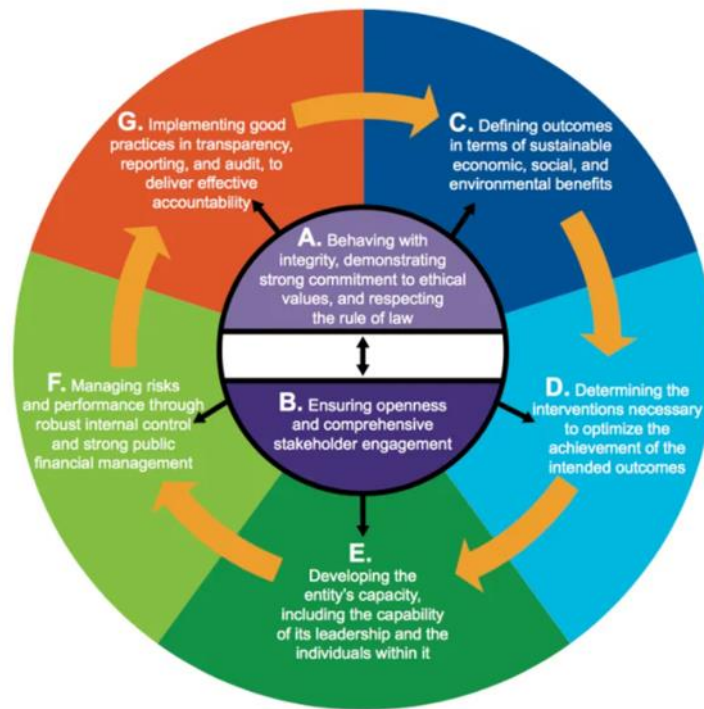


Figure 1: CIPFA Principles for Good Governance (taken from their publication 'Delivering Good Governance in Local Government: Framework 2016 Edition').

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

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

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

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

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

The 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. Our intent is demonstrated by our decision to provide all frontline officers with body worn video camera devices to support the integrity and continuity of evidence or intelligence gained and improve public trust and confidence in our contract.

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 or serious injury incidents
- Number of IOPC investigations

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.
- Whistleblowing – This policy outlines the responsibility of staff to report suspected fraud or corruption, or dishonest or unethical behaviour

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

Effective community engagement is central to achieving our vision and as such is one of the six pillars of our Neighbourhood Policing model. It is one of the objectives underpinning our Inclusion and Diversity Strategy and seeks to address how we will better understand and engage with our diverse communities and build stronger, more meaningful relationships. In the last 12 months, we have undertaken to review our approach to community engagement across our local policing (LPAs) and reflected on the alignment of our practice with the principles of informing, consulting, and co-operating as set out by the College of Policing.

Independent Advisory Groups (IAGs) enable us to create genuine partnerships with our communities. Using their insight and knowledge, we are able to shape our service for the benefit of all communities and instil trust and confidence, thus underpinning our legitimacy. IAGs play a critical role in community engagement and are cited within each of the engagement plans. Our strategic IAG has supported enormously, particularly in relation to the work regarding disproportionality in the local criminal justice system.

Avon and Somerset Constabulary has a strong IAG network and this has been recognised at both a regional and national level. The COVID-19 pandemic has brought significant challenges; however, many of our IAGs have continued to thrive and play a key role in being that ‘critical friend’ to the Constabulary. Our strategy delivery is monitored through our Confidence and Legitimacy committee, chaired by the Deputy Chief Constable.

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 to examine complaints made against the Constabulary.
- **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.

- **Out of courts disposal panel** – Out of court disposals are a means of resolving an investigation without prosecution through the courts. This panel brings together professionals from numerous criminal justice agencies and victims services who review the use of out of court disposals

Public consultation to inform decision making is commissioned where warranted. The OCC has access to consultation undertaken by the PCC and systematic data gathered from the 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.

Disproportionality in the local criminal justice system

In the 4th quarter of this year, we saw the launch of the Identifying Disproportionality in Avon and Somerset Criminal Justice System report. This report was commissioned in 2017, by the incumbent PCC at that time, in response to the 2017 government commissioned independent review into the treatment of, and outcomes for Black, Asian and Minority Ethnic individuals in the criminal justice system. The vision for the report was to bring together regional Criminal Justice Partners, to look at the overall system effect in producing differential outcomes for the various ethnic groups within the criminal justice system, using Lammy's recommendations as a starting point to proactively address local disparity issues in Avon and Somerset, using the reviews "explain or reform" principles. Along with the collection of robust relevant data as a central principle focus of the report, there were 3 further core principles that under pinned the work of the group of cross agency stakeholders:

- Building Trust
- Delivering Fairness
- Sharing Responsibility

Among the 83 recommendations in the report, which span multiple criminal justice agencies and partners, the Constabulary have a significant number of recommendations which it needs to carefully consider how it responds and works with partners and its communities to bring about meaningful change. We are currently, at time of writing, considering the appropriate governance and leadership necessary to lead our response to this critically important area of work.

Media collaboration

Working with trusted documentary producers, we are able to give access to areas of policing which are complex and often hidden from public view.

The purpose of working with documentary producers is not only to reassure and increase public confidence around how serious offences are investigated, but also to show the breadth and extent of work undertaken by officers and staff across a whole range of departments.

We recently worked with an all-female team from Hardcash Productions on the Channel 4 documentary *Rape: Who's on Trial?* that broadcast in November 2021. The programme showed how Avon and Somerset Police handles reports of rape and serious sexual offences, from the moment a victim makes an allegation, right through the investigation, to potential court proceedings and conviction. The series interviewed victims of offences and the officers investigating the crimes – and examined the wealth of complexities involved in getting cases to court and achieving successful prosecutions. The series won best Single Documentary at the 2022 Royal Television Society awards.

We are continuing to work with Story Films on a pioneering documentary following the work of our Professional Standards and Counter-Corruption Units, which will also be for Channel 4. The primary aim is to increase levels of openness and transparency in the work being undertaken to maintain and uphold high standards of professional behaviour. This is even more significant in the wake of the harrowing murder of Sarah Everard by a serving Met Police officer – which brought police misconduct sharply into the media focus. There is a substantial public interest in understanding more about how Professional Standards teams work, and to show how and why we work tirelessly to meet public expectations and maintain legitimacy in policing.

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.

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.

Our engagement also extends to meetings, both formal and informal, with Chief Executives and Directors of partner agencies and authorities, as well as with those holding a particular interest, for example, with Stand Against Racism & Inequality (SARI) or with the communities affected by Rural Crime.

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.

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

Our Medium Term Financial Plan (MTFP) establishes the desired outcomes of investment into policing through which the Chief Constable and her team are building a force fit for the future, capable of successfully delivering both the Government's national '**Beating Crime Plan**' and the PCC's '**Police and Crime Plan**' for Avon and Somerset. Regular reporting on our performance outcomes is a prominent fixture within our governance framework, specifically at the Constabulary Management Board and through the scrutiny applied by the PCC and their senior team at the Police and Crime Board.

The Strategic Planning Cycle provides the framework for the delivery of organisational change. The process to produce our Force Management Statement commences 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 and scrutinised through a business design forum led by chief officers. We track the delivery of change through benefits realisation and have a defined process to manage benefits within the project delivery and as part of the wider corporate change portfolio. These benefits define positive outcomes from change and can be financial or performance in nature. While we have these processes in place, we recognise that there is more we can and should do to mature these and ensure they are consistently applied.

Project Bluestone, our new evidence-based approach, which will transform the way police respond to and investigate Rape and Serious Sexual Offences (RASSO), has been developed in partnership with leading academics and in consultation with partners across the criminal justice system, as well as victim services. We have committed extra resource to the investigations team with planned investment for an additional **100 officers** and **12 police staff investigators** dedicated to investigating RASSO cases as part of our forward plans. Furthermore, we have instilled greater emphasis on early and collaborative work, including joint training, with the Crown Prosecution Service (CPS) to focus on the relevant parts of the investigation to minimise any additional trauma to victims and expedite decisions and charges and improved use of data, building stronger and more effective relationships with victim support services.

In addition to being rolled out locally, Project Bluestone is set to inform a national change in the policing approach to rape and serious sexual offences after being hailed as 'pioneering' in the Government's Rape Review, published in summer 2021.

Broader reporting on our performance outcomes is a prominent fixture within our governance framework, specifically at the Constabulary Management Board and through the scrutiny applied by the PCC and their senior team at the Police and Crime Board.

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

Our vision 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 financial and workforce 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.

Crime Data Taskforce

During 2021, we conducted a series of crime recording audits and identified several opportunities to significantly improve crime recording compliance. Led by a superintendent, a Crime Data Integrity Task Force was launched to oversee this work. The overarching mission of the task force was to achieve a cultural shift across the organisation by establishing crime data integrity as a 'critical enabler' in our vision to deliver outstanding policing for everyone, and to improve the organisation's understanding of and compliance with crime recording standards.

Since the launch of the Task Force, substantial progress has been made: A new centralised crime recording capability was established to record all additional crime identified at the point of screening. A suite of learning packages have been delivered comprising e-learning for all staff, a face-to-face course for all first-line supervisors, a bespoke input for command and control staff and a series of bite-size refresher packages. All potential inbound routes of crime have been mapped, and staff in relevant functions have been provided with guidance. Leaders have been held to account for achieving significant improvements in the accuracy of crime recording outcomes. Crime recording assurance activity has increased and is now reported on monthly. Finally, a new role has led to continuous improvements in crime recording, and the outcomes of recording capability have been expanded. Subsequent auditing activity has showed sustained improvements in our recording of crime, ensuring victims across Avon and Somerset get the investigative and protective services they are entitled to.

Performance Control Strategy

The Integrated Performance and Quality Framework (IPQF) was introduced to the force in June 2020. IPQF brings together national and local performance frameworks to enable robust monitoring and analysis across a range of focus areas. The benefits of the framework are that it is simpler (as it merges a range of frameworks), it provides a platform for higher quality reporting and understanding of issues, and it facilitates both operational and enabling business area focus. Central to the IPQF is a set of 16 'Key Performance Questions' (KPQ) that drive focus in key aspects of delivery for both operational and enabling business areas. These KPQs are graded in terms of judgement on progress and delivery. KPQ grading panels have been established on a rolling schedule to review and commission evidence to support the

judgements. The OPCC will be involved in the grading panels to ensure appropriate scrutiny and grading is reflected.

A key output of the IPQR is a 'Performance Control Strategy', which outlines and communicates current key performance challenges, along with the associated required improvement activity. This control strategy directs priority improvement activity, wider delivery plan improvement activity and feeds in to supporting governance committees. Local directorate, department and tasking meetings are also driven by the performance control strategy. Progress on performance control strategy activity, emerging issues and deep-dive analysis (called spotlights) are reported monthly to the Constabulary Management Board (CMB) as the first standing agenda item within the Integrated Performance and Quality Report (IPQR). The IPQR reports against the IPQF, providing an assessment of key performance questions; emerging issues and risks, progress within strategic areas of focus, spotlight analysis, deep-dives and assurance.

Data Strategy and Roadmap

During the last 12 months, a Data Strategy for the Constabulary has been developed following extensive engagement with key stakeholders. The aim of the strategy is *"to understand and safely unlock the power of data across the Constabulary and our partners to best support outstanding policing, whilst building staff, partner, and public trust and confidence in its use"*.

The Data Strategy is a detailed document that covers a current maturity assessment, a future assessment, and a capability assessment, and also provides the foundation for a detailed Roadmap for Change, as well as setting out the following seven key objectives:

- To develop our data culture whilst building confidence and empowering staff and stakeholder to make the best use of data;
- To ensure compliance and security at infancy for all our current and future data activities reducing the risks of accessing and sharing data;
- To develop the Force's data architecture and data management approach, embedding a preventative approach to managing data quality;
- To identify gaps between the organisation's goals and the data collected and used to address those goals;
- To identify opportunities for innovation to better exploit data to support the organisation;
- To ensure the Force's resources and efforts best align to the Data Strategy;
- To set out guidance on addressing digital obsolescence and ensuring continued access to data.

While the Data Strategy and roadmap represent a step in the right direction, we are yet to agree how we will deliver on the direction set in these documents and these decisions will be part of our priorities during the coming financial year.

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

We are in a period of unprecedented growth and are expected to deliver 456 officers against a 2019 baseline by March 2023, resulting in a target headcount of 3,291. To achieve the target and balance natural attrition we estimate nearly 1,300 new officers into policing in the 48 months between April 2019 and March 2023. Given the scale and pace of change this represents, we expected to see and are experiencing 'growing pains' and an implementation dip before we see the full positive potential of uplift investment in policing realised.

The huge logistical exercise of attracting, vetting, conducting medicals, inducting and on-boarding, training, tutoring, posting and supporting the huge numbers of new and inexperienced officers places record demands on our enabling services and entails significant collaboration and coordination between operational and enabling services and our higher education institution (HEI) partner to deliver the numbers on time and effectively.

Data Strategy and Roadmap

Our Leadership Academy has been established, and through this we look to embed an inclusive leadership culture as well as catering for a diverse range of learners with a range of learning technology and delivery methods.

We recognise all our people are leaders in some way, either directly through their role or by nature of the interaction and service we deliver to the public. The academy will bring together communities of learners where social learning will be used to bring specific local challenges to life and groups of learners will be brought together to explore and resolve case studies and experiences.

Each year, the academy will focus on three critical enabling priorities that will positively impact leadership within our organisation. For 2021/2022 our priorities are bringing learning and development to the fore via the Individual Performance Review (IPR) process, leadership that demonstrates inclusion and wellbeing, and performance driven by digital literacy and data insight.

We have built the Leadership Academy around our values and the College of Policing's Competency and Values Framework (CVF), which sets out nationally recognised behaviours and values, which provides a consistent foundation for a range of our process and national processes. This framework ensures there are clear expectations of everyone working in policing.

CID improvement work

The current capacity of our investigations directorate has been assessed as high risk by our strategic risk assessment, as there remains potential for unmet demand across a range of specialist investigative areas. This risk is the result of a shortage of accredited detectives, a problem we have in Avon and Somerset that is mirrored across the service nationally.

We are mitigating this risk through our new investment activity. During the last 12 months, an Assistant Chief Constable has been appointed to provide strategic sponsorship of the improvement work, and we have created a new leadership position with a superintendent being appointed to lead the delivery of the 'transformation' needed across the organisation to rebuild our investigative capacity. We have defined the desired outcomes of:

- Making substantial and sustainable improvements in the Investigations Directorate;
- Optimising performance in relation to serious and complex crime;
- Strengthening focus on pursuing perpetrators;
- Improving victim care and outcomes;
- Maximising staff wellbeing and development.

Furthermore, we identified 5 work packages that are each being led by officers in the rank of Chief Inspector and focus on the following strands:

- Capacity & Capability;
- Culture & Leadership;
- Attraction & Retention;
- Demand Management;
- Visibility & Insight.

We recognise that over the last five years, the organisation has lost vast amounts of experience through natural attrition of experienced officers and the lack of new recruits coming into the organisation and in the investigative arena of complex crime. During this period we have seen a deskilling through the loss of experience, coupled with the changing complexity of criminality and composition of our workforce. Legislative changes such as the introduction of the AG/DG guidance and new Domestic Abuse Act have and will generate additional pressures, as will our continued role in supporting incidences of public disorder.

We have established the Investigations Professional Development Unit (IPDU) to provide a coordinated approach of entry into investigations with multiple pathways now available for officers and police staff each requiring support for coaching, mentoring, and tutoring.

Robotic Process Automation

We continue to explore innovative ways to design efficiencies into our operating process. Through our work on Robotic Process Automation (RPA) we have achieved a number of successes. Our approach is to start with simple and low risk areas of the business and develop these iteratively.

The benefits of this approach helps us make the best use of available technology, to free up time for our staff to complete other work. We have automated and deployed 30 processes in 22 months – an equivalent of 41 Full Time Equivalent (FTE) of digital working, delivering 52,000 hours of repetitive manual work. Our return on investment was achieved in August 2021. Some of the successes include:

Crime Classification – This solution enables the digital worker to classify crimes in our record management system. A data export provides corresponding crime classifications for each occurrence identified in a script export. This removes the manual effort of this activity being handed to a human team but also improves data quality. This automation seeks to provide consistency of information and operational intelligence across the record management system, helping to improve compliance and accuracy.

Linking Victims As Witnesses – Victims in the record management system must also be linked as witnesses within the case file. If this is not achieved, the victim statement will not be sent with the case file and the Crown Prosecution Service will then reject the case. The digital worker provides this automatic linking functionality saving officer time and effort to complete additional data linking and in doing so will improve data quality and drive down the number of case file rejections.

Data Quality – Our legacy data can be problematic and is significant in scale that human resources alone could not reduce the amount of errors. The RPA has rectified over 1.1 million records, solving issues link addresses not being linked, deleting blank record entities and linking record information such as phone and email.

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

Our risk management framework has been completely redesigned during 2021 and the new ways of working launched in November. The ownership of the framework fits into the blueprint for our Portfolio Management Office (PMO), where we have subject matter expertise among the team for the management of risk. The risk management framework interacts and complements our wider governance framework, with a clear threshold for the reporting escalating risks through our management and governance meeting structures.

We have established a set standard of risk capture and recording, moving away from localised and inconsistently recorded risk registers across the organisation to a singular enterprise level 'organisational risk register' (ORR). The ORR has variable data selection fields allowing for bespoke reporting to be defined to categories such as 'type of risk', 'governance level' and 'alignment to strategic objectives', among others.

We have re-written terms of reference for several meetings at a directorate leadership level, to embed risk management within the meeting regularly, supported by our PMO team. Risk management insights are now being used to support other activity around the organisation from assurance mapping, internal audit planning and agenda setting for governance committees. During quarter 4, our internal auditors provided an audit assessment of our approach and have made a small number of recommendations to further improve and strengthen our approach. A full risk management audit is scheduled during quarter 3 of the 2022/2023 audit plan.

Governance Framework

In our 2020/2021 statement, we mentioned the changes to our governance framework, which took effect from February 2021. These arrangements have been in situ for 12 months and have

taken time to embed and mature, and where necessary we have made some changes to fine tune the efficiency of each committee.

During the last 12 months, the Constabulary has introduced a new approach to the management of Business Cases for corporate change projects through its governance meetings. Our previous arrangements, whereby a continual feed of Business Cases on a monthly basis presented difficulties for strategic, resource and financial planning and we felt the need to mitigate the inherent risks with this approach. Central to our new approach is the presentation of Full Business Cases for approval only twice a year at the Strategic Planning Meetings in March and September, allowing greater opportunity to maximise our planning and resources to ensure maximum value for money and efficiency.

Furthermore, we have commissioned an external provider, Leapwise, who are a consultancy that specialises in strategy and organisation development to review our governance structure and strategic meeting leadership. The goal of the governance review is to make our decision-making even more effective, ensure we have truly productive meetings, and to develop how our leaders work together. The outcomes of this review will not be known until summer 2022.

Assurance Mapping

The force's internal Integrated Performance and Quality Framework (IPQF) comprises 16 key performance questions (KPQs) designed to prompt internal assurance activity and help us understand how near, or far, we are to achieving our goal of becoming an outstanding force. The KPQs capture both operational and enabling business areas, and are closely aligned with the HMICFRS PEEL question set. A process has been established to regularly and consistently assess and grade the performance of each KPQ, and this provides the framework for the force's assurance mapping activity.

An initial scoping meeting with the relevant business lead, key stakeholders and other appropriate roles takes place to set the judgement criteria for each KPQ and identify the evidence sources that will support this. Evidence is collated and presented with supporting commentary at a grading panel comprising the Chief of Staff leadership team, who assess the evidence against the criteria for a grading of 'good'. The OPCC are invited to both the scoping meeting and grading panel for added scrutiny and monitoring. The agreed grading decision is then presented, along with the supporting evidence and a clear rationale, to the Constabulary Management Board for consideration. This process was developed in consultation with the force's internal auditor SWAP (South West Auditing Partnership).

Using each KPQ as an anchor point enables the identification of interdependencies with other internal and external frameworks, such as National Outcomes, Police and Crime Plan Priorities, the force's Corporate Risk Register and corporate strategy objectives, and therefore enables a detailed map of assurance to be created. The process also recognises the dynamic nature of policing by moving away from fixed assurance frameworks that can quickly become out of date, to a flexible and current approach of judgement criteria setting that includes relevant business leads and stakeholders. Further work is required to check and test the process; synchronise the schedule with wider corporate reporting; and ensure information exchange with other corporate governance components.

Financial Planning and Management

The force has a strong track record of effective financial planning and budgetary control, balancing its budget annually and maintain control to operate within budget. More recently we have identified that there are some challenges within our financial planning processes, reflecting the fact that these are currently very reliant upon the use of excel spreadsheets which present inherent risks.

We are looking to mitigate this risk in the medium and long-term through our programme to define the future of our key corporate systems, which will include our finance system and association planning and reporting capabilities. In the short-term we have reviewed our processes to identify actions and areas for improvement, and will be sharing this with our internal auditors for their independent consideration as part of their planned review of financial controls in 2022/2023.

4.7 Principle of Good Governance G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

We engage 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. All JAC meetings are open to members of the public to attend and all papers presented to JAC, including those from our internal and external auditors, are published on the PCC's website (where nothing of a sensitive or confidential nature prevents us from doing so), allowing public members to access these reports and their contents. Both the Constabulary and the OPCC adhere to the use of Government Security Classification (GSC) markings. In doing so, they can determine those documents that are suitable for publication through the PCC's and CC's websites to be 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 declared business interests, gifts, and hospitality.

The Constabulary is committed to ensuring it is open and transparent in the way that it conducts its business, in doing so adhering to the requirement laid out in the Freedom of Information Act requiring every public body to have a publication scheme. The purpose of the scheme is to define the types of information we will routinely publish through our website, such as policies and procedures, minutes of meetings, annual reports, and financial information. Our scheme is in line with the Information Commissioner's Office Model Publication Scheme for Police Forces.

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 Services (HMICFRS).

The JAC is an independent, non-executive body that plays a vital part in the governance and risk management of the Office of the Police and Crime Commissioner (OPCC) and the Office of the Chief Constable (OCC). The JAC is held quarterly and as noted above, is open to the public. The purpose of the JAC is to provide independent oversight and advice on governance and risk management, helping to engender greater public trust and confidence in the OPCC and OCC governance standards. The JAC also allows the PCC to discharge their statutory duties in holding the force to account, managing risk, and approving annual accounts and audit opinions. The JAC is where the independent Internal Audits are discussed, scrutinised, and agreed upon by the Committee, the OPCC, and the Constabulary in a formal governance setting.

The Internal Audit function, commissioned through the JAC on behalf of the OPCC and the OCC, is undertaken by a third-party auditor for additional independence. Our internal auditors are South West Audit Partnership (SWAP). Working with SWAP, we produce an annual audit plan that scheduled 11 audits during 2021/2022. Further details on the internal audit outcomes from 2021/2022 can be found in section 5.1 of this report.

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, whom which have responsibility for the development and maintenance of the governance environment.

For 2021/2022, 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 2021/2022 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 sub-committees, *see figure 2*) and improvement actions captured within the Constabulary Single Delivery Plan.

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 2: Overview of the 5 sub-committees that report to CMB

5.1 Internal Audit

In this section below, we detailed the findings of the Internal Audit reports from 2021/2022.

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 2021/2022, 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 4.

Quarter 1	<ul style="list-style-type: none"> Remote Working – Cyber/Data Security Organisational Learning from COVID-19 pandemic
Quarter 2	<ul style="list-style-type: none"> Assurance Mapping Use of Force Criminal Justice/CPS Digital Working Complaints Handling
Quarter 3	<ul style="list-style-type: none"> Environmental Sustainability Key Financial Controls
Quarter 4	<ul style="list-style-type: none"> Clinical Governance within Custody Victim Support Services Risk Management

Figure 3: The 2021/2022 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 4.

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 4: Audit Framework Definitions

In total our internal auditors made twenty-seven recommendations during 2021/2022, of which:

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

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

In this section below, we detailed the findings of the 2021/2022 inspection activity from HMICFRS.

'PEEL' Inspection

The primary framework by which police forces are inspected by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (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 our preparations for the PEEL inspection have begun ahead of inspection in the 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 its 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 performed well in this year’s effectiveness inspection and has 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 Police and Crime Plan and realising our vision.

We have strengthened our governance over the management and response to HMICFRS recommendations in the last 12 months through the creation of a steering group, chaired by C/Supt – Chief of Staff Directorate. The group formed in September and convenes every six weeks, focusing on the outstanding responses to open recommendations, providing internal scrutiny of the response and providing sign-off on the formal response being submitted to the HMICFRS. The steering group is a sub-group of our Confidence and Legitimacy Committee, chaired by the Deputy Chief Constable, and reports to the committee quarterly. Since the group has formed, they have reviewed and assessed 96 open recommendations.

At the end of March 2022, the current number of HMICFRS recommendations being managed by the Constabulary was 114. With 27 of these having had final responses sent to the HMICFRS for finalisation and closure.

5.3 Significant Risk

Given the extent of the modelling and assumptions required across the development of our Medium Term Financial Plan (MTFP), it is important that we have consideration of risks and the potential impact these could have on these forecasts and plans. The full detail on the risks identified can be found in the full and published MTFP document, located on the Police and Crime Commissioners website.

This year we have redeveloped our risk management framework, as detailed in section 4.10, and part of this work saw a new reporting format our ‘top level’ corporate risk. We recognised the need for continual improvement in our risk management approach and building on the work to establish our ‘organisational risk register, we developed a new corporate risk report (CRR) which is presented quarterly to the Joint Audit Committee and Constabulary Management Board. The corporate level risk report is informed by a top down perspective on the risk from the members of the Chief Officer Group and a bottom up, quarterly analysis of our organisational risk registers provided by our business leads in the Portfolio Management Office. The CRR document is now published, as part of the papers for the public access session of the Joint Audit Committee and can be found on the Police and Crime Commissioners website.

Two risks in particular are rated as high likelihood and high impact risks to the organisation delivering its strategic objectives and intent. The first is a risk centred around our People and is described in the CRR as:

“If we fail to, properly and at sufficient pace, institutionalise inclusion by embedding the right leadership and culture throughout the organisation while effectively managing unprecedented workforce growth, development and change, trust and confidence of the public, our partners and colleagues will drop, performance will falter and our legitimacy to protect and serve will be eroded”.

We have identified several areas of activity which is underway or planned to support the mitigation of the risk, and through our governance framework, assurance and scrutiny pathways, we continue to manage the likelihood and impact of the risk materialising. Section 4.9 makes reference to some of the context which supports the narrative of this risk.

The second risk relates to our Digital and Data risk exposure, and is described in the CRR as:

“Data is a critical asset for the constabulary and significant investment has been made to facilitate operational use of data. However, as data volumes continue to grow, enhanced enterprise-wide control will be necessary to unlock the true potential of data as an organisational asset”.

Further detail on the context behind this risk is detailed the CRR document, but also noted above in section 4.8.

6 Governance Issues

Over the last 12 months, we have continued to embed of current governance framework into the fabric of the organisation, having launched our existing arrangements in February 2021. During the year, we have refined elements of the framework, such as making amendments to committee structures and terms of references, which outline the role of our committees and the responsibilities they hold.

As described in section 4.10, we have made improvements to aspects of the governance framework during the year, implementing change based on lessons we have learned and reflected upon through experience. We also published our first governance handbook in the spring of 2021, which was written to inform and support better understanding within the organisation on the rules within which we choose and must operate to ensure consistent, evidence-based and ethical decision making. The handbook sets out those rules - taking colleagues through the legislation and industry standards that shape and influence our governance arrangements, then the detail of how that translates into our structures locally.

We look forward to the outcomes of the external lead consultancy work, see section 4.10, which will further support our continual improvement and supportive culture around effective governance and leadership of the organisation. While we recognise opportunities to improve aspects of our governance, we also reflect on the many good elements of our existing practice that have come to the fore over the last 12 months and in preparing this statement, we have identified no significant concerns during the internal review of the effectiveness of our governance arrangements.

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
Chief Constable
June 2022

Nick Adams LLB (Hons), FCA
Chief Finance Officer to the OCC
June 2022

Office of the Chief Constable for Avon & Somerset

Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

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

OCC Expenditure £'000	OCC Income £'000	Total 2020/2021 £'000	Comprehensive Income and Expenditure Statement - OCC	OCC Expenditure £'000	OCC Income £'000	Total 2021/2022 £'000
413,924	-45,124	368,800	Police Services	491,711	-46,347	445,364
-413,924	45,124	-368,800	Intragroup adjustment	-491,711	46,347	-445,364
0	0	0	Net cost of police services	0	0	0
		80,821	Net interest on pensions			86,681
		-80,821	Intragroup adjustment (pension interest cost)			-86,681
0	0	0	Financial and investment income and expenditure	0	0	0
53,418	0	53,418	Police pension top-up grant (note 14)	52,775	0	52,775
0	-53,418	-53,418	Intragroup adjustment (Police pension top-up grant)	0	-52,775	-52,775
		-752,781	Intragroup adjustment (Re-measurement of pension assets and liabilities)			260,724
		-752,781	Taxation and non-specific grant income			260,724
		-752,781	Surplus(-)/deficit on provision of services			260,724
		842,337	Re-measurement of pension assets and liabilities (note 13)			-234,574
		-89,556	Return on pensions assets (note 13)			-26,150
0	0	752,781	Other comprehensive income and expenditure	0	0	-260,724
0	0	0	Total comprehensive income and expenditure	0	0	0

Office of the Chief Constable for Avon & Somerset

Movement in Reserves Statement 2020/2021 and 2021/2022

These statements show only the pension and holiday pay transactions for the years ending 31 March 2021 and 31 March 2022. All reserves are held by the PCC.

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

Movement in reserves statement 2021/2022					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2021	0	0	0	0	0
Total comprehensive income and expenditure	-260,724	0	-260,724	260,724	0
Adjustments between accounting & funding basis under regulations					
Holiday pay accrual adjustment	686		686	-686	0
Holiday pay inter group adjustment	-686		-686	686	0
Net IAS 19 charge for retirement benefits	260,724	0	260,724	-260,724	0
Increase/decrease(-) in 2021/2022	0	0	0	0	0
Balance as at 31 March 2022	0	0	0	0	0

Office of the Chief Constable for Avon & Somerset

Balance Sheet as at 31 March 2022

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

2021 £'000	Balance Sheet	2022 £'000
	Long term assets	
4,378,171	Long term intragroup debtor (note 2)	4,325,494
442,774	Police staff pension assets (note 15)	488,920
4,820,945	Total non-current assets	4,814,414
15,222	Intragroup debtor (note 2)	15,709
15,222	Total current assets	15,709
-10,912	Creditors (note 17)	-11,280
-4,310	Short term provisions (note 18)	-4,429
-15,222	Total current liabilities	-15,709
	Long term liabilities	
0	Provisions (note 18)	-25
-4,820,945	Police pension liabilities (note 13 to 15)	-4,814,389
-4,820,945	Total long term liabilities	-4,814,414
0	Net assets	0
0	Total usable reserves	0
0	Total unusable reserves	0
0	Total reserves	0

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

Office of the Chief Constable for Avon & Somerset

Cash Flow Statement

This note does not show any cash flows for the year ending 31 March 2022 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.

2020/2021 £'000	Cash Flow Statement	2021/2022 £'000
-752,781	Net surplus(-)/deficit on the provision of services	260,724
-1,684	Increase(-)/decrease in provision charged back to service	867
752,781	Charges for retirement benefits in accordance with IAS 19	-260,724
4,445	Increase/decrease(-) in long and short term debtors	-499
-2,761	Increase(-)/decrease in long and short term creditors	-368
752,781	Adjust net surplus or deficit on the provision of services for non-cash movements	-260,724
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 2021/2022 and the Accounts and Audit (Amendment) Regulations 2021 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 2020/2021 and 2021/2022.

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

Employee benefits that are due to be settled wholly within 12 months of the year end are recognised as an expense for services in the year which the employees rendered services for the Chief Constable. These include: salaries; annual leave; sick leave; bonuses; and non-monetary benefits (cars).

An accrual is made for the cost of holiday entitlements earned by employees but not taken before year end which employees can carry forward in to the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves statement to the accumulated absences account so that the holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

1.4.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the group to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. These benefits are charged on an accruals basis to the appropriate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

1.4.3 Post-Employment Benefits

Employees of the Chief Constable are members of four separate pension schemes:

- The Police Officer 1987 scheme (PPS);

- The Police Officer 2006 scheme (NPPS);
- The Police Officer 2015 scheme (CARE);
- The Local Government Pension scheme (CARE).

1.4.3.1 Police Officers Pension Scheme

All police officers pension schemes are accounted for as defined benefits schemes.

The liabilities of the police officers pension scheme are included in the balanced sheet on an actuarial basis using the projected unit method. The projected unit method is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projected earnings for current employees.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of all police schemes. These estimated cashflows are then used to derive a single equivalent discount rate (SEDR). The discount rate derived is such that the net present value of the notional cashflow, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA-rated corporate bond yield curve.

1.4.3.2 Local government pension scheme

All police staff and PCSOs are members of the Local Government Pension Scheme which is accounted for as a defined benefits scheme.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of all police schemes. These estimated cashflows are then used to derive a single equivalent discount rate (SEDR). The discount rate derived is such that the net present value of the notional cashflow, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA-rated corporate bond yield curve.

The assets of the Somerset County Council pension fund attributable to the group are included in the balance sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property securities – current bid price
- Property – market value

1.4.3.3 Net Pensions Liability

The change in the net pensions liability for the pension scheme is analysed into the following components:

Service cost comprising:

- Current service cost – this is the increase in liabilities as a result of years of service earned this year which is allocated in the CIES to the services for which the employees worked;
- Past service cost – this is the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the CIES;
- Net interest on the net defined benefit liability or asset – this is the change during the period in the net defined benefit liability or asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset at the beginning of the period and

taking into account any changes in the net defined liability or asset during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on plan assets excludes the amounts included in the net interest on the net defined benefit liability or asset which is charged to the pensions reserve as Other Comprehensive Income and Expenditure. This is only applicable to the Local Government Pension Scheme.
- Actuarial gains and losses are changes in the net pension's liability that arise because events have not coincided with assumptions made at the last valuation or because the actuaries have updated their assumptions. These changes are charged to the pensions reserve as Other Comprehensive Income and Expenditure.

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. It remains the expectation that the Home Office will ultimately provide the funding to cover the police pension liability as this crystallises over time. However, should the Home Office not provide this long-term funding, the PCC would be required to settle these liabilities. 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 2024 due to the impact of COVID-19 on audit

4 Assumptions Made About the Future and the Sources of Estimations

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

4.1 Pension Service Costs

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

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

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

Police Officer Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	3,859,563	3,931,493	4,004,932
Projected service cost	93,536	97,003	100,584
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,940,197	3,931,493	3,922,843
Projected service cost	97,056	97,003	96,950
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,995,655	3,931,493	3,868,626
Projected service cost	100,551	97,003	93,565
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	4,118,672	3,931,493	3,753,227
Projected service cost	101,039	97,003	93,108

Police Staff Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	860,297	882,422	905,139
Projected service cost	44,099	45,828	47,619
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	884,878	882,422	879,991
Projected service cost	45,853	45,828	45,803
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	902,538	882,422	862,823
Projected service cost	47,605	45,828	44,110
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	917,718	882,422	848,542
Projected service cost	47,679	45,828	44,042

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 £39m as at 31st March 2022. As stipulated by IAS19, the market value of the assets has been used to value the assets at the accounting date.

4.3 Short and Long Term Provisions

In determining the provisions set aside at 31 March 2022 to pay for known future costs it has been necessary to estimate and make assumptions about the future. More detail around the sources of these estimations and the underlying assumptions made are included within note 18 Short and Long Term Provisions.

5 Events After the Balance Sheet Date

There are no post balance sheet events to date.

6 Expenditure and Funding Analysis

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

Net expenditure chargeable to general fund	2020/2021 Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E	OCC Expenditure and Funding Analysis	Net expenditure chargeable to general fund	2021/2022 Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E
£'000	£'000	£'000		£'000	£'000	£'000
310,599	58,201	368,800	Police Services	331,225	114,139	445,364
-310,599	-58,201	-368,800	Intragroup adjustment	-331,225	-114,139	-445,364
0	0	0	Net cost of police services	0	0	0
0	80,821	80,821	Net interest on pensions	0	86,681	86,681
0	-80,821	-80,821	Intragroup adjustment (Pension interest cost)	0	-86,681	-86,681
0	0	0	Financial and investment income and expenditure	0	0	0
0	-752,781	-752,781	Intragroup adjustment (Re-measurement of pension assets & liabilities)	0	260,724	260,724
0	-752,781	-752,781	Taxation and non-specific grant income	0	260,724	260,724
0	-752,781	-752,781	Surplus(-)/deficit on provision of services	0	260,724	260,724

Capital Purposes £'000	2020/2021			OCC Expenditure and Funding Analysis Adjustment between accounting & funding basis	Capital Purposes £'000	2021/2022		
	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000			Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000
9,911	51,324	-3,034	58,201	Police Services	-2,322	121,391	-4,929	114,139
-9,911	-51,324	3,034	-58,201	Intragroup adjustment	2,322	-121,391	4,929	-114,139
0	0	0	0	Net cost of police services	0	0	0	0
0	80,821	0	80,821	Net interest on pensions	0	86,681	0	86,681
0	-80,821	0	-80,821	Intragroup adjustment (Pension interest cost)	0	-86,681	0	-86,681
0	0	0	0	Financial and investment income and expenditure	0	0	0	0
0	-752,781	0	-752,781	Intragroup adjustment (Re-measurement of pension assets & liabilities)	0	260,724	0	260,724
0	-752,781	0	-752,781	Taxation and non-specific grant income	0	260,724	0	260,724
0	-752,781	0	-752,781		0	260,724	0	260,724
0	-752,781	0	-752,781	Difference between surplus on the general fund and deficit on the provision of services	0	260,724	0	260,724

7 Income and expenditure analysed by nature

2020/2021 £'000	Income and Expenditure analysed by nature	2021/2022 £'000
258,652	Employee costs	276,705
15,327	Premises costs	14,508
4,135	Transport costs	5,017
33,807	Supplies & services	31,498
14,836	Partnership costs	16,140
13,140	Misc, central, & grants	14,070
20,150	Depreciation, amortisation, & impairment	11,695
53,877	Employee benefit expenses	122,077
80,821	Net interest on pensions	86,681
53,418	Police pension top up grant	52,775
-1,247,526	Intragroup adjustment	-317,667
-699,363	Total expenditure	313,499
-15,787	Sales, rent, fees, & charges	-16,712
-1,606	Seconded officers	-1,383
-10,074	Counter terrorism policing grant	-11,499
-1,124	Serious violence grant	-774
-3,843	Uplift grant	-2,474
-2,828	Officer pensions grant	-2,828
-9,862	Other specific grants	-8,653
-8,294	Intragroup adjustment	-8,452
-53,418	Total income	-52,775
-752,781	Surplus/deficit on provision of services	260,724

8 Paying Staff

Disclosure of Remuneration for Senior Employees 2020/2021					
Post Holder Information (post title and name)	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2020/2021	Pension Contributions	Total Remuneration Including Pension Contributions 2020/2021
	£	£	£	£	£
Chief Constable - A Marsh	169,366	11,128	180,494	0	180,494
	169,366	11,128	180,494	0	180,494

Disclosure of Remuneration for Senior Employees 2021/2022						
Post Holder Information (post title and name)	Note	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2021/2022	Pension Contributions	Total Remuneration Including Pension Contributions 2021/2022
		£	£	£	£	£
Chief Constable - A Marsh	1	46,064	2,388	48,452	0	48,452
Chief Constable - S Crew	1	125,105	5,297	130,402	38,782	169,184
		171,168	7,685	178,853	38,782	217,636

Note 1 A Marsh retired from the role of Chief Constable with effect from 01/07/2021, and S Crew was appointed as Temporary Chief Constable with effect from 02/07/2021, before being made permanent in the role on 26/11/2021. The annualised salary is £166,911.

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.

Disclosure of Remuneration for Senior Employees 2021/2022

Post Holder Information (post title)	Note	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2021/2022	Pension Contributions	Total Remuneration Including Pension Contributions 2021/2022
		£	£	£	£	£
Deputy Chief Constable	1	34,426	2,670	37,096	10,672	47,768
Temporary Deputy Chief Constable	2	111,411	0	111,411	0	111,411
ACC - Investigations & Operational Support		33,331	0	33,331	0	33,331
Temporary ACC - Investigations & Operational Support	3	84,521	0	84,521	24,464	108,985
ACC - Neighbourhoods, Partnerships & Response	4	2,372	0	2,372	719	3,090
ACC - Neighbourhoods, Partnerships & Response	4	125,546	0	125,546	36,594	162,140
Chief Officer - Finance, Resources and Innovation		119,220	12,677	131,897	19,433	151,330
Chief Officer - People and Organisational Development		118,576	6,229	124,805	18,564	143,368
Force Medical Officer - D Bulpitt		154,884	0	154,884	25,246	180,130
		784,287	21,576	805,863	135,691	941,554

Note 1: The Deputy Chief Constable replaced the Chief Constable on a temporary basis with effect from 02/07/2021.

Note 2: The ACC Investigations & Operational Support became the temporary Deputy Chief Constable with effect from 02/07/2021; this became permanent with effect from 27/01/2022. The annualised salary is £137,703.

Note 3: A temporary ACC Investigations & Operational Support was appointed on 02/07/2021. The annualised salary is £105,600.

Note 4: The ACC – Neighbourhoods, Partnerships, & Response retired on 07/04/2021, with the new ACC in the role having been appointed on 22/02/2021. 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.

2020/2021 Number	Pay Range	2021/2022 Number
239	£50,000 - £54,999	278
147	£55,000 - £59,999	210
60	£60,000 - £64,999	67
7	£65,000 - £69,999	19
10	£70,000 - £74,999	12
5	£75,000 - £79,999	6
6	£80,000 - £84,999	6
8	£85,000 - £89,999	5
5	£90,000 - £94,999	6
0	£105,000 - £109,999	1
1	£110,000 - £114,999	0
1	£115,000 - £119,999	0
0	£120,000 - £124,999	1
3	£125,000 - £129,999	1
1	£140,000 - £144,999	1
1	£150,000 - £154,999	0
0	£170,000 - £174,999	1
1	£180,000 - £184,999	0
495		615

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

9 Exit Packages

The costs for fourteen staff redundancies were recognised during the 2021/2022 year, the details of which are presented in the table below. This follows eight redundancies in 2020/2021.

Compulsory & Voluntary Redundancies 2020/2021		Exit Packages	Compulsory & Voluntary Redundancies 2021/2022	
Number	£'000	Banding	Number	£'000
3	36	£0 - £19,999	7	82
3	80	£20,000 - £39,999	6	155
1	44	£40,000 - £59,999	1	44
1	65	£60,000 - £79,999	0	0
8	225		14	281

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.

2020/2021 £'000	External Audit Costs	2021/2022 £'000
	Chief Constable:	
14	Fees for external audit services paid to Grant Thornton	20
<u>14</u>		<u>20</u>

As part of the Government's response to the Redmond Review, the DLUHC provided a grant of £7,443 in 2021/2022 to assist with the anticipated rise in fees, driven by new requirements on auditors, including new burdens relating to the implementation of the Redmond Recommendations and the National Audit Office's Code of Audit Practice 2020. Fees paid by the CC in 2021/2022 were based on the scale fee, and totalled £19,538. 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 2021/2022 (£nil in 2020/2021).

11.2 Other Related Parties

The Home Office and the Department for Levelling Up, Housing, and Communities 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 £20,355 in 2021/2022 (£338,176 in 2020/2021). Payments were also made to the Avon and Somerset Constabulary Force Club in 2021/2022 of £7,045 (£11,562 in 2020/2021).

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:

2020/2021 Expenditure £'000	Joint Operations	2021/2022 Expenditure £'000
3,361	South West Regional Organised Crime Unit	3,153
1,339	Firearms Training	1,410
518	Counter Terrorism Specialist Firearms Officers	587
5,074	Major Crime Investigation (Brunel)	5,451
7,158	South West Forensic Services	7,547
1,135	South West Region - Special Branch	1,094
45	Regional ACC	53
26	Disaster Victim Identification / Casualty Bureau	27
402	Other Regional Programmes	326
19,058	Total	19,648

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 30.7% share of net expenditure. Other partners are Devon and Cornwall (31.8%), Dorset (13.5%), Gloucestershire (12.1%) and Wiltshire (11.9%). The total net cost of the operation, after government grants and sundry income, was £10,277,501 in 2021/2022 (£10,362,943 in 2020/2021).

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 2021/2022 was 41.8% for Avon and Somerset, 32.7% for Gloucestershire, and 25.5% for Wiltshire. The total cost of the operation was £3,181,816 in 2021/2022 (£3,009,167 in 2020/2021).

12.3 Counter Terrorism Specialist Firearms Officers (CTSFO)

The CTSFO collaboration was set up in April 2017 to provide a resilient and rapidly available specialist firearms capability. The collaboration is between Avon and Somerset (53.6%), Gloucestershire (23.2%) and Wiltshire (23.2%). The total cost of the operation was £1,095,186 in 2021/2022 (£966,040 in 2020/2021). 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 £8,517,449 in 2021/2022 (£7,927,695 in 2020/2021).

12.5 South West Forensic Services

South West Forensic Services is a collaboration between Avon and Somerset (36.6%), Devon and Cornwall (30.5%), Dorset (18.7%) and Wiltshire (14.2%) to provide forensic services. The total cost of the operation was £21,016,000 in 2021/2022 (£19,890,400 in 2020/2021).

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 £3,850,500 in 2021/2022 (£3,996,900 in 2020/2021).

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 (30.7%), Gloucestershire (11.9%), Devon and Cornwall (31.8%), Dorset (13.5%) and Wiltshire (12.1%). The total cost for the ACC was £172,085 in 2021/2022 (£138,973 in 2020/2021).

12.8 Disaster Victim Identification / Casualty Bureau

This is a collaboration between Avon and Somerset (30.7%), Gloucestershire (11.9%), Devon and Cornwall (31.8%), Dorset (13.5%) and Wiltshire (12.1%) to provide two posts to assist with officer deployment across the South West. The total cost of the operation was £89,300 in 2021/2022 (£83,800 in 2020/2021).

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 £1,063,877 in 2021/2022 (£1,238,320 in 2020/2021).

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	
	2020/2021 £'000	2021/2022 £'000	2020/2021 £'000	2021/2022 £'000
Comprehensive income and expenditure statement				
Cost of services:				
Current service cost	28,980	51,604	76,630	127,680
Administration expenses	182	208	0	0
Past service cost including curtailments	34	127	0	0
Financing and investment income and expenditure:				
Net interest cost	6,180	8,809	74,641	77,872
Total post employment benefits charged to the comprehensive income and expenditure statement	35,376	60,748	151,271	205,552
Other post employment benefits charged to the comprehensive income and expenditure statement				
Return on plan assets	89,556	26,150	0	0
Changes in demographic assumptions	6,434	0	51,203	0
Changes in financial assumptions	-250,881	63,171	-755,449	126,996
Experience gain/loss(-) on defined benefit obligations	6,708	-1,731	45,429	-5,891
Other actuarial gain/loss(-)	0	0	54,219	52,029
Total other comprehensive income	-148,183	87,590	-604,598	173,134
Movement in reserves statement				
Reversal of net charges made for retirement benefits in accordance with the code	-35,376	-60,478	-151,271	-205,552
Actual amount charged against the general fund balance for pensions in the year		0		0
Employer's contribution to scheme	16,102	17,416	31,690	33,459
Retirement benefits payable to pensioners	105	107	6,605	7,246

2021 £'000	IAS 19 Pension Liabilities	2022 £'000
-3,939,780	Police officers	-3,222,206
-438,341	Police staff	-393,976
-4,378,121		-3,616,182

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 £34,198,000 in financial year 2022/2023. 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.

2020/2021 £'000	Cost of Injury and Ill-Health Benefits - Police Officers	2021/2022 £'000
6,605	Payments to pensioners	7,246

2020/2021 £'000	Pensions Account	2021/2022 £'000
100,063	Benefits paid to officers	102,332
-46,645	Less contributions received from officers	-49,557
53,418	Balance met from PCC Group	52,775

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	2021/2022	2020/2021
Current pensioners		
Males	21.1	21.1
Females	23.4	23.3
Retiring in 20 years		
Males	22.4	22.3
Females	24.9	24.8

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

2020/2021 %		2021/2022 %
2.00	Discount rate	2.60
3.85	Rate of increase in salaries	4.30
2.85	Rate of increase in pensions in payment	3.30
3.25	Change in Retail Price Index (RPI)	3.45
2.85	Change in Consumer Price Index (CPI)	3.30

The movement in the present value of scheme liabilities for the year to 31 March 2022 is as follows:

2020/2021 £'000	Present Value of Police Pension Scheme Liabilities	2021/2022 £'000
-3,222,206	Present value of schemes liability as at 1 April	-3,939,780
	Movements in the year	
-76,630	Current service cost	-127,680
0	Past service cost	0
106,262	Estimated benefits paid (net of transfers in)	107,156
-13,748	Contributions by scheme participants	-14,422
-74,641	Interest costs	-77,872
-755,449	Change in financial assumptions	126,996
51,203	Change in demographic assumptions	0
45,429	Experience gain/loss on defined benefit obligations	-5,891
-3,939,780	Present value of schemes liability as at 31 March	-3,931,493

The movement in the fair value of scheme assets for the year to 31 March 2022 is as follows:

2020/2021 £'000	Fair Value of Police Pensions Scheme Assets	2021/2022 £'000
0	Present value of schemes assets as at 1 April	0
	Movements in the year	
54,219	Other actuarial gain/loss(-)	52,029
38,295	Contributions by employer	40,705
13,748	Contributions by scheme participants	14,422
-106,262	Estimated benefits paid (net of transfers in)	-107,156
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.

2020/2021		Pension Costs - Police Staff	2021/2022	
Payments	Percentage		Payments	Percentage
£'000	of Employees' Contributions		£'000	of Employees' Contributions
16,301	130-296	PCC's contribution	17,478	130-296

During 2021/2022 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 £17,412,000 in financial year 2022/2023.

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 2021/2022 was £2,340,000, the amount due in 2022/2023 is £2,420,000.

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 2021/2022 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		2021/2022	2020/2021
Current pensioners			
	Males	23.1	23.1
	Females	24.7	24.6
Retiring in 20 years			
	Males	24.4	24.4
	Females	26.1	26.0

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

2020/2021		2021/2022
%		%
2.05	Discount rate	2.60
3.85	Rate of increase in salaries	4.15
2.85	Rate of increase in pensions in payment	3.15
3.15	Change in Retail Price Index (RPI)	3.45
2.85	Change in Consumer Price Index (CPI)	3.15

The return on the pension fund assets on a bid value basis for the year to 31 March 2022 is estimated to be 8.39%. The estimated value of the PCC's share of the fund's assets is £488,920,000 on a bid value basis (2020/2021 £442,774,000). The assets are made up of the following:

2020/2021		Assets	2021/2022	
£'000	%		£'000	%
		Equities		
0	0.0	UK - Quoted	0	0.0
1,769	0.4	Overseas - Quoted	0	0.0
77,302	17.5	UK - Unquoted	88,006	18.0
227,837	51.5	Overseas - Unquoted	252,381	51.6
11,498	2.6	Private equity	14,641	3.0
318,406	72.0		355,028	72.6
		Gilts - Public Sector		
12,495	2.8	UK fixed interest	9,998	2.0
12,495	2.8	UK index linked	14,668	3.0
446	0.1	Overseas index linked	0	0.0
25,436	5.7		24,666	5.0
		Other Bonds		
20,785	4.7	UK	33,131	6.8
22,111	5.0	Overseas	14,178	2.9
42,896	9.7		47,309	9.7
30,596	6.9	Property	39,269	8.0
25,440	5.7	Cash (invested internally)	22,648	4.7
442,774	100	Total assets	488,920	100

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

2020/2021 £'000	Police Staff Pensions	2021/2022 £'000
442,774	Share of assets in pension fund	488,920
-879,492	Estimated liabilities in pension fund	-881,385
-1,623	Estimated unfunded liabilities	-1,511
-438,341	Deficiency in fund	-393,976

The movement in the present value of schemes obligations for the year 31 March 2022 is as follows:

2020/2021 £'000	Present Value of Police Staff Liabilities	2021/2022 £'000
-606,227	Present value of defined obligations as at 1 April	-881,115
	Movements in the year	
-28,980	Current service cost	-51,604
11,430	Estimated benefits paid (net of transfers in)	12,390
-5,493	Contributions by scheme participants	-5,989
-14,177	Interest costs	-17,998
105	Unfunded pension payments	107
-250,881	Change in financial assumptions	63,171
6,434	Change in demographic assumptions	0
6,708	Experience loss(-)/gain on defined benefit obligations	-1,731
-34	Past service cost, including curtailments	-127
-881,115	Present value of defined obligations as at 31 March	-882,896

The movement in the fair value of scheme assets for the year to 31 March 2022 is as follows:

2020/2021 £'000	Fair Value of Police Staff Scheme Assets	2021/2022 £'000
335,238	Fair value of scheme assets as at 1 April	442,774
	Movements in the year	
7,997	Interest on assets	9,189
89,556	Return on assets less interest	26,150
0	Other actuarial gain/loss(-)	0
-182	Administration expenses	-208
16,207	Contributions by employer	17,523
5,493	Contributions by scheme participants	5,989
-11,535	Estimated benefits paid (net of transfers in)	-12,497
442,774	Fair value of scheme assets as at 31 March	488,920

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 2020/2021 or 2021/2022.

17 Creditors

All creditors are accounted for by the PCC. Those which are accounted for within the CC are employees' leave not taken before the year end that can be carried forward into the following financial year, and other employee overtime expenses. Total creditors for 2021/2022 is £11,280,000 (2020/2021 £10,912,000).

18 Short and Long Term Provisions

Short and Long Term Provisions	Balance 1 April 2021 £'000	Reversed Unused £'000	Used in Year £'000	New in Year £'000	Balance 31 March 2022 £'000
Pension claim provision	938	-938	0	0	0
Ill-health & termination benefits	618	0	-618	1,259	1,259
Overtime liability	2,804	0	-546	937	3,195
	4,360	-938	-1,164	2,196	4,454

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 released in full during the financial year in recognition of the settlement of the Leigh day claims by government.

The ill health and termination benefits provision of £1,259,000 is in respect of ill health retirement payments where approval was agreed at 31 March 2022.

The overtime liability provision at 31 March 2022 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 2022.

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 was reflected in the IAS19 disclosure in the 2020/2021 accounts. The impact of the final remedy was a reduction in the defined benefit obligation of approximately £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 judgement. Our scheme actuaries have estimated the potential increase in scheme liabilities for Avon & Somerset force to be £5.648m. 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 were heard by the Employment Tribunal in December 2021. Claims for financial losses for the Leigh day claims have been settled by government during 2021/22 therefore the provision that was held at 31 March 2021 has been released. However, there are a series of claims brought by the Police Federation that are still to be considered but as they are similar in nature to the Leigh Day claims a precedent may already have been set. There is a potential risk that the Police Federation claims will not be settled by Government and the extent or likelihood of any further settlement is not possible to reliably estimate, so a contingent liability has been recognised.

19.2 Other Pension cases

There are 2 further cases which are included in the report from our actuaries:

Goodwin Case – This case relates to differences between survivor benefits payable to members with same-sex or opposite-sex survivors and has been identified in several public sector pension schemes. There is not yet a remedy in place and our actuaries have not made allowances for the impact of this within the liabilities existing at 31 March 2022 due to there being insufficient information upon which to make an accurate estimation.

O'Brien Case – This case relates to the discrimination against part-time judges in the calculation of pensions. A ruling stated that service prior to 7 April 2000 must be taken into account under the Part Time Workers Directive (PTWD) for the purpose of calculating a retirement pension. The Government have stated that those who have previously claimed under the PTWD would be entitled to further remedy in respect of service prior to 7 April 2000. A remedy has not yet been decided and there isn't sufficient data available for actuaries to make an estimate on the impact of this to our pension liabilities

19.3 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 could continue to have consequences for wider public finances going forward.

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.

2020/2021 £'000	Police Officers Pension Fund Account	2021/2022 £'000
	Contributions receivable	
	Employers contributions:	
-31,690	Normal 31% contributions	-33,459
-801	Ill health/early retirements	-811
-32,491		-34,270
	Employee contributions	
-1,797	1987 Police Pension Scheme	-881
-35	2006 Police Pension Scheme	-40
-11,916	CARE Police Pension Scheme	-13,501
-13,748		-14,422
-406	Transfers in from other schemes	-864
	Benefits payable	
83,718	Pensions	85,395
14,585	Commutations and lump sum retirement benefits	15,779
98,303		101,174
	Payments to and on account of leavers	
95	Refund of contributions	139
44	Transfers out to other schemes	1
1,621	Other	1,017
1,760		1,157
53,418	Net amount payable for the year	52,775
0	Additional contribution from the local policing body	0
-53,418	Transfer from Police Fund to meet deficit	-52,775
0	Net amount payable/receivable for the year	0

This note shows the pension fund account assets and liabilities as at 31 March 2022.

31 March 2021 £'000	Pension Fund Net Assets	31 March 2022 £'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

20 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.
Cash flow statement	Summarises the income and outgoings of cash during the financial year
CC	Chief Constable
CFO	Chief Financial Officer
CIPFA	Chartered Institute of Public Finance and Accountancy
CMB	Constabulary Management Board
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.
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.

Term	Definition
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.
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
OCC	Office of the Chief Constable
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).
PCSO	Police community support officer
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.

Term	Definition
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
SWAP	South West Audit Partnership
SWPPS	South West Police Procurement Service
SW ROCU	South West Regional Organised Crime Unit
TOR	Terms of Reference
VRU	Violence Reduction Units

Avon and Somerset Police Audit Progress Report and Sector Update

Year ending 31 March 2022

July 2022



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Jackson will have ultimate responsibility for the delivery of your audit service. Specifics of the role include:

- leading our relationship with the Police and Crime Commissioner and Chief Constable, ensuring you have access to Grant Thornton's full service offering;
- being a key contact for the Chief Finance Officers and the Joint Audit Committee, meeting frequently with key members of management;
- taking overall responsibility for delivering high quality audits which meet professional standards;
- agreeing with you the annual joint audit plan, and a timetable for delivering the work;
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audits;
- reviewing and signing off all audit reports;
- attending Joint Audit Committee to discuss key issues arising from our work and any recommendations;
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors; and
- sharing good practice identified at other organisations.



Gail Turner-Radcliffe

Audit Manager

T 029 2034 7546

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

Gail will ensure that all work allocated is carried out on a timely basis in accordance with the firm's professional standards and to the satisfaction of clients and engagement lead.

As the key contact Gail will be responsible for building and maintaining good working relationships with all colleagues and clients.

To support delivery of the testing strategy she will:

- assist the engagement lead in establishing audit objectives and overall scope;
- ensure key matters which arise during the audits which were not identified at the planning stage are properly assessed and dealt with;
- review the work of in-charge auditor and the wider fieldwork team;
- finalise our draft reports to management;
- manage, motivate and coach team members; and
- control the audits in relation to timescales, budgets and risk management procedures.



George Amos

Audit Incharge

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

George will work as part of the team, leading the on site audit team, providing a service which meets or exceeds client expectations and supports the engagement lead / manager team. Specifics of the role include:

- taking an active part in the audit planning discussions to identify audit risks and appropriate audit strategy;
- communicating any issues relating to the audit with the engagement manager or engagement lead;
- overseeing all aspects of audit fieldwork and completion;
- addressing and discussing queries in respect of technical and audit issues identified during the course of the audit;
- maintaining good working relationships with client staff; and
- delegating work to other members of the audit team, ensuring they understand their responsibilities and have received appropriate on-the-job training / coaching.

Introduction & headlines

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

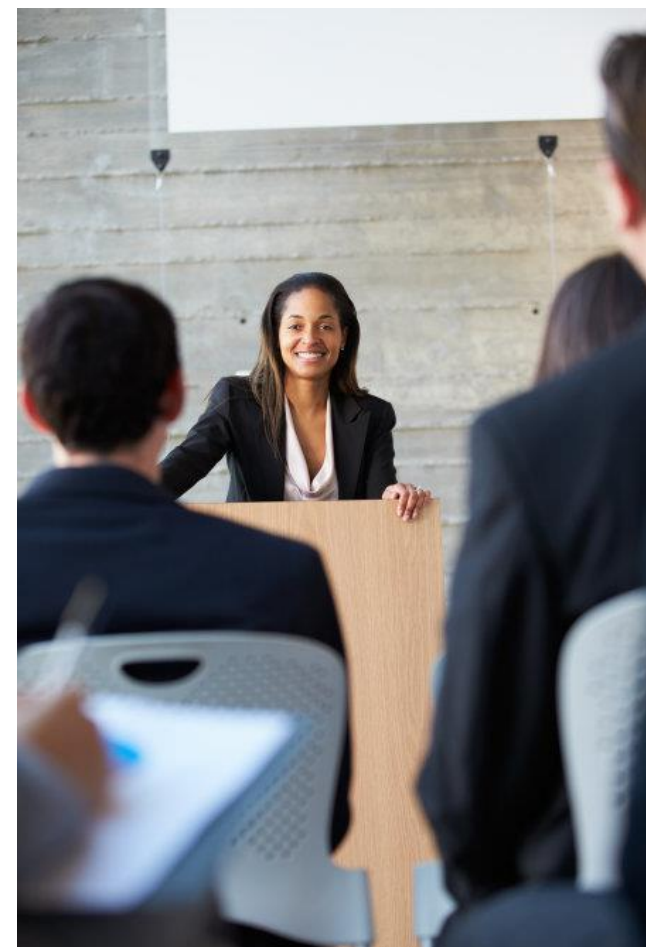
The paper also includes a summary of emerging national issues and developments that may be relevant to you.

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

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

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the police sector.

You also had access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.



The auditor's statutory responsibilities

Opinion on the audited body's financial statements

Our work enables us to give an opinion as to whether the financial statements:

- give a true and fair view of the financial position of the audited body and its expenditure and income; and
- have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards and other directions.

Our planning will document our understanding of your key risks, your control environment and inform our testing strategy. This will continue until we begin our final accounts testing.

Since we last reported we have:

- continued to have regular discussions with management discussing issues identified in previous audits, and emerging themes which are expected to impact on the current audits;
- reviewed meeting papers and the latest financial and operational performance reports ensuring we understand your current challenges;
- discussed with IT audit colleagues the work programme for 2021/22; and
- considered any reports from regulators regarding your operational effectiveness.

Our joint audit plan summarising our approach to key risks on the audit is included on the July 2022 Joint Audit Committee agenda.

We plan to deliver our final accounts audits from August 2022. The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to 31 July at the latest. The target date by which authorities are required to publish audited financial statements for the 2021/22 financial year has been confirmed as 30 November 2022 for the 2021/22 financial year. We continue to discuss the availability of draft financial statements and our proposed final audit work over the Summer with management.

Work on value-for-money arrangements

Under the 2020 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Police and Crime Commissioner and Chief Constable “has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.”

Our initial risk assessment will build on our understanding of your arrangements, taking into account any findings from previous work on value for money. We report our risk assessment to you in our Joint Audit Plan against the following reporting criteria:

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

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditors' Annual Report will include:

- a summary of our findings on any risks identified during our work;
- our judgements on the adequacy of the Police and Crime Commissioner and Chief Constable's arrangements for each of the three reporting criteria, as set out above;
- any recommendations made to management as a result of our work; and
- a follow up of progress against any recommendations raised in previous audits.

The auditor's statutory responsibilities

Other responsibilities

We are required to give an opinion on whether:

- other information published together with the financial statements is consistent with the financial statements.

We are also required to:

- consider whether the Annual Governance Statement complies with relevant disclosure requirements and whether it is consistent with the information we are aware of from our audit; and
- examine and report on the consistency of 'Whole of Government Accounts' consolidation schedules with the financial statements.

We will complete this work as part of our financial statements visit.

Other 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.

Our work to date has not required us to report any such matters to you.

Added value

Grant Thornton has a large Public Sector practice and is a key supplier to the market. As a valued audit client, you will receive:

- the opportunity to access support from experienced technical colleagues. This means you will be at the forefront of accounting developments. Through this relationship we also ensure that communication works both ways and feed issues back from our clients; and
- insight from our regular meetings within the sector where we discuss emerging developments. We will also raise any areas of concern that you have over policy, procedure, or regulation with your regulators; and
- technical and sector updates for the Joint Audit Committee.



Progress at July 2022

Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in March and April 2022. We expect to begin our work on your draft financial statements in August.

Our interim fieldwork includes:

- updated review of the Police and Crime Commissioner and Chief Constable's control environment;
- updated understanding of financial systems;
- review of Internal Audit reports on core financial systems; and
- understanding how the Police and Crime Commissioner and Chief Constable make material estimates for the financial statements.

Our detailed joint audit plan, setting out our proposed approach to the audit of the 2021/22 financial statements, is included on the Committee's agenda.

We will report the findings of our work in the joint Audit Findings Report and aim to give our opinions on the Statement of Accounts by November 2022.

The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to the first working day of August. The Department for Levelling Up, Communities and Housing (DLUHC) states that they intend, subject to consultation, to introduce secondary legislation to extend the deadline for publishing audited accounts to 30 November 2022 for the 2021/22 accounts.

Value for Money

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

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors 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. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report in December 2022.

Progress at July 2022 (cont.)

Other areas

Meetings

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

Events

We provide a range of workshops, along with network events for members and publications to support the Police and Crime Commissioner and Chief Constable. Your officers attended our Accounts Workshop in January and February 2022, where we highlighted financial reporting requirements for the 2021/22 accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Police and Crime Commissioner, Chief Constable and JAC members are set out in our Sector Update section of this report.

2021/22 deliverables

2021/22 Deliverables	Planned Date	Status
Accounts Joint Audit Plan We are required to issue a detailed accounts joint audit plan to the Joint Audit Committee setting out our proposed approach in order to give our opinions on the 2021-22 financial statements.	July 2022	On this JAC agenda
Joint Audit Findings (ISA260) Report The Joint Audit Findings Report will be reported to the October Joint Audit Committee.	October 2022*	Not due yet
Auditors Reports These are the opinions on your financial statements and annual governance statements.	October 2022*	Not due yet
Auditor's Annual Report The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). A draft of the AAR will be taken to the Joint Audit Committee.	October 2022*	Not due yet

*our audits will still be in progress at this point. We will provide updates on our work against the significant risks, which we will aim to have finalised, any adjustments identified to date as well as the work remaining before we are able to issue our audit opinions in advance of the end of November timetable.

Sector Update

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

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

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

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

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

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A dark purple rectangular button with the text "Police" in white, sans-serif font, centered within the button.

Police

Home Office



Home Office

'Whole-system' approach to tackling violent crime is working

Violence Reduction Units and 'hotspot policing' initiatives prevented 49,000 violent offences across England and Wales, the government revealed, as it sets out an ambitious funding programme to build on efforts tackling serious violence.

Set up in 2019, Violence Reduction Units are a pioneering initiative established in 18 areas across England and Wales, bringing together local partners in policing, education, health, and local government, to share information in order to identify vulnerable children and adults at risk, helping steer them away from a life of crime and violence.

Figures published in an evaluation of these Violence Reduction Units' first 18 months of operation demonstrate the impacts they are having up and down the country, changing lives and reducing violent crime. Areas that have rolled out Violence Reduction Units and intensive police patrols in violence hotspots saw 8,000 fewer incidents of violence leading to injury and 41,000 fewer incidents without injury, compared with areas that didn't. This has resulted in an estimated £385 million avoided in associated costs for victims and society.

The government will inject £130 million in 2022/23 to further drive down the most devastating types of crime – including knife crime, gun crime and homicide. The funding package includes:

- an additional £64 million for Violence Reduction Units, supporting the existing 18 and enabling two new units to be established
- an additional £30 million into the 'Grip' police enforcement programme
- supporting the implementation of the new Serious Violence Duty and Serious Violence Reduction Orders, being brought into law via the Police, Crime, Sentencing and Courts Bill

The government has also confirmed that the now 20 Violence Reduction Units across England and Wales will have a guarantee of funding for the next three years. This will ensure they are given the time and resource to see their central mission of reducing the most serious types of violence come to fruition.

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

HMICFRS

State of Policing: The Annual Assessment of Policing in England and Wales 2021

Her Majesty's Chief Inspector of Constabulary's report to the Secretary of State under section 54(4A) of the Police Act 1996 was published in March 2022.

It contains the assessment of the effectiveness and efficiency of policing in England and Wales based on the inspections carried out between April and November 2021.

This report draws on findings from inspections of police forces in England and Wales, to provide an overall view of the state of policing.

Get the report [here](#).



Emergency consultation on 2021/22 reporting requirements – CIPFA

On 4 February CIPFA released an emergency four week consultation on time limited changes to the Code to help alleviate delays to the publication of audited financial statements. This explores two possible changes that might be made as an update to the 2021/22 code and to the agreed position in the 2022/23 code.

The decision to launch the consultation came after the Department for Levelling up, Housing and Communities (DLUHC) asked CIPFA to consider amendments to the Code of Practice on Local Authority Accounting, after just 9% of local audits for 2020-21 were published on time.

After considering a wide range of options CIPFA LASAAC decided to explore two approaches:

- 1) An adaptation to the code to allow local authorities to pause professional valuations for operational property, plant and equipment for a period of up to two years (though the initial proposal is for the 2021/22 financial year); this approach also explores the use of an index to be used to increase or reduce that valuation
- 2) Deferring the implementation of IFRS 16 Leases for a further year and reversing the planned changes to the 2022/23 code to implement that standard.

CIPFA Chief Executive Rob Whiteman said: “DLUHC is understandably concerned about this growing crisis – and CIPFA shares this concern. We are committed to supporting CIPFA LASAAC in its exploration of the options that may improve timeliness issues, without significantly impacting accountability. But this is a difficult issue, and we need feedback from stakeholders on whether and how this might work.”

CIPFA said that the changes do not represent the best form of financial reporting for local authorities, but are a “temporary expedient to help improve an unacceptable situation”.

The consultation closed on Thursday 3 March. Any updates to the Code are subject to oversight by the Financial Reporting Advisory Board before implementation.

The consultation can be found here:

<https://www.cipfa.org/policy-and-guidance/consultations/emergency-proposals-for-update-of-202122-and-202223-codes>

Summary of the Grant Thornton response

Property, Plant & Equipment Valuations

In principle we are very supportive of changes to the measurement basis for operational property, plant and equipment. However our view is that it is too late to effect change for the 2021/22 reporting cycle. Our response highlighted a number of difficulties with this approach, including the risk that some assets then fall outside of the requirement to be revalued every five years as a minimum, and the challenge of consistent application of indexation. The proposed amendments to the Code do not appear to override the requirement that the carrying amount does not differ materially from that which would be determined using the current value at the end of the reporting period, which stems from IAS 16:31. If the financial reporting requirements are not sufficiently tightly defined and auditors therefore cannot obtain sufficient and appropriate audit evidence to support this requirement, there is a risk that audit opinions could be modified as a result.

Deferral of IFRS 16 - Leases

The removal of the requirement for disclosure (based upon IAS 8) in 2021/22 is not likely to have a significant impact in terms of freeing up auditor time and audit work covering the disclosures in 2022/23 would then be required in the 2022/23 audit. Savings to preparer time and effort would depend on what progress has already been made in preparing for the imminent implementation of IFRS 16.

Prudential Code and Treasury Management Code – CIPFA

On 20 December CIPFA published the new Prudential Code for Capital Finance in Local Authorities (Prudential Code) and Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code).

CIPFA commented “These two statutory and professional codes are important regulatory elements of the capital finance framework in which local authorities operate. Local authorities are required by regulation to ‘have regard to’ their provisions. These two codes have been published a principles-based consultation from February to April, which was followed by a second consultation on the detailed changes to the code from September to mid-November.

The updated Prudential Code includes some substantive changes. Most notably, the provisions in Code which present the approach to borrowing in advance of need in order to profit from additional sums borrowed have been strengthened. Additionally, the relevant parts of Code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for-yield as the primary purpose of the investment or represent an unnecessary risk to public funds.”

The updated Prudential Code removes the "advance of need" terminology and emphasises the legislative basis for borrowing, namely that a local authority can borrow and invest for any legislative function and/or for the prudent management of their financial affairs.

The examples listed in the Code of legitimate prudential borrowing are:

- Financing capital expenditure primarily related to the delivery of a local authority’s functions;
- Temporary management of cash flow within the context of a balanced budget;
- Securing affordability by removing exposure to future interest rate rises; or
- Refinancing current borrowing, including replacing internal borrowing, to manage risk or reflect changing cash flow circumstances.



Good practice in annual reporting – NAO

The National Audit Office (NAO) has published this guide which sets out good practice principles for annual reporting with examples from public sector organisations

The NAO comment that the guide sets out “good-practice principles that we believe underpin good annual reporting. These principles are: Supporting Accountability; Transparency; Accessibility; and the need for the report to be Understandable.”

The NAO further comment “The best annual reports we have seen use these principles to tell the “story” of the organisation. It is important that stakeholders, including the public and Parliament, are able to hold an organisation to account. To do this effectively, stakeholders need to properly understand the organisation’s strategy, key risks that might get in the way of delivering this strategy and the effectiveness of their management, and the amount of taxpayers’ money that has been spent to deliver the outcomes the organisation seeks to achieve.”

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

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

Although the guide does not include any local authority examples, those included, and the underlying principles, are equally relevant to all public facing organisations.



The guide can be found here:

[Good practice in annual reporting - National Audit Office \(NAO\) Report](#)

Climate change risk: A good practice guide for Audit and Risk Assurance Committees – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a key role in supporting and advising the board and Accounting Officer in their responsibilities over risk management.

This guide will help ARACs recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks. We have outlined specific reporting requirements that currently apply.

Our primary audience is ARAC chairs of bodies that we audit, but the principles of the guide will be relevant for bodies across the wider public sector. It promotes good practice and should not be viewed as mandatory guidance.

Climate change and the nature of its impacts on organisations globally is changing rapidly. This guide acknowledges the evolving nature of climate change and its associated risks and opportunities and will be refreshed in the future to reflect those changes.”

The guide includes sections on “How to support and challenge management”. This includes sections on governance and leadership; collaboration; risk identification and assessment; risk treatment, monitoring and reporting and continual improvement. There is also a “Complete list of questions that Audit and Risk Assurance Committees can ask” for each of these areas. The guide also includes “Key guidance and good practice materials” with links.



The report can be found here:

[Climate change risk: A good practice guide for Audit and Risk Assurance Committees - National Audit Office \(NAO\) Report](#)



Avon and Somerset Police Joint Audit Plan

Year ending 31 March 2022

Police and Crime Commissioner for
Avon & Somerset

and Chief Constable for Avon &
Somerset

May 2022



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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 Police and Crime Commissioner 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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Key matters

Factors

Audit Quality

On 29 October 2021, the Financial Reporting Council (FRC) published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year.

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits. We have previously reported the results of these reviews to you through our Audit Progress Report.

IFRS 16

Following an emergency Code consultation by CIPFA earlier in the year, and subsequent approval by the Financial Reporting Advisory Board (FRAB), IFRS 16 – Leases has been deferred once again. The accounting standard must now be implemented by 1 April 2024, with an option for early adoption by entities should they wish. We understand that the PCC will not implement for the 2022/23 financial year, and hence more limited disclosures will be provided in the 2021/22 financial statements.

Prior year audit findings

In 2020/21 we raised various recommendations to management and those charged with governance in respect of our financial statements responsibilities and also improvement recommendations following our value for money audit work.

Our IT audit colleagues completed work in 2020/21 on the SAP system and we raised a significant control deficiency in our 2020/21 joint Audit Findings Report as a result, undertaking additional work on journals and system reports in 2020/21. Given the timing of this, we expect to need to undertake this work again in 2021/22, for at least part of the audit year. Our IT audit colleagues are undertaking a review of progress against the recommendations for 2021/22.

Following the 2020/21 audit process we agreed some key actions and areas of focus with management with the intention to make the audit process for 2021/22 more efficient. We continue to discuss these areas with management, providing a forum for us both to provide updates on these actions.

Our response

As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, will be agreed with the Chief Officer – Finance Resources and Innovation (for the Constabulary) and Chief Finance Officer (for the Office of Police and Crime Commissioner).

We will continue to provide you with sector updates via our Joint Audit Committee (JAC) updates.

We will continue to discuss management's plans for the implementation of IFRS 16.

We will report updates against all of our prior year recommendations to management and those charged with governance through our joint Audit Findings Report and our Auditor's Annual Report.

We will continue to work with management to ensure that our audit is as efficient as possible, whilst ensuring that we challenge as appropriate and obtain sufficient audit evidence.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audits of both the Police and Crime Commissioner for Avon & Somerset ('the PCC') and the Chief Constable for Avon & Somerset ('the Chief Constable') for those charged with governance. Those charged with governance are the PCC and the Chief Constable.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the PCC and the Chief Constable. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the PCC, Chief Constable and group's financial statements that have been prepared by management with the oversight of those charged with governance (the PCC and the Chief Constable); and we consider whether there are sufficient arrangements in place at each body for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the PCC and the Chief Constable of your responsibilities. It is the responsibility of the PCC and the Chief Constable to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the PCC and the Chief Constable are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PCC and the Chief Constable's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls;
- Valuation land and buildings; and
- Valuation of pension fund net liabilities (Local Government Pension Scheme (LGPS) and Police Pension Schemes (PPS)).

We will communicate significant findings on these areas as well as any other significant matters arising from the audits to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £8.2m (PY £6.055m) for the group, the PCC and the Chief Constable, which equates to 1.5% of the Chief Constable's prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Clearly trivial has been set at £0.410m (PY £0.303m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have not identified any risks of significant weakness to date, although we will keep this under review during the audit.

Audit logistics

Our interim visit has taken place between March and April 2022 and our final visit will take place in August – October 2022. Our key deliverables are this Joint Audit Plan, our Joint Audit Findings Report and our Auditor's Annual Report.

Our proposed fee for the audits at planning is £52,572 (PY: £53,992) for the PCC and £19,458 (PY: £19,538) for the Chief Constable, subject to the bodies delivering a good set of financial statements and working papers. Should the audit need to be completed fully remotely, the proposed fees would rise to £55,872 and £21,158 to recognise the increased time cost of working in this manner. More information can be found on pages 18 and 19.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) 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..

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Police and Crime Commissioner for Avon & Somerset	Yes	Audit of the financial information of the component using component materiality	See pages 8 to 10	Full scope audit performed by Grant Thornton UK LLP
Chief Constable for Avon & Somerset	Yes	Audit of the financial information of the component using component materiality	See pages 8 to 10	Full scope audit performed by Grant Thornton UK LLP

As police bodies, the single entity financial statements are created via a disaggregation process from the Group financial statements, rather than from a consolidation process as would be expected for normal Group accounts. As such, a single materiality is used for both single entity audits and the Group audit. Further information on the materiality applied is included on page 15.

Significant risks identified

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.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue and expenditure cycles include fraudulent transactions (rebutted)	Group, PCC and Chief Constable	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>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> <p>In addition, Public Audit Forum Practice Note 10 states that auditors must also consider the risk that material misstatements in financial reporting may arise due to manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue and expenditure streams of the PCC and the Chief Constable, we have determined that the risk of fraud arising from revenue and expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue or expenditure recognition; • opportunities to manipulate revenue and expenditure recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including the PCC, Chief Constable and Group, means that all forms of fraud are seen as unacceptable. <p>Therefore, we do not consider the risk of fraudulent revenue or expenditure recognition to be a significant risk for the PCC, Chief Constable or Group.</p>
Management over-ride of controls	Group, PCC and Chief Constable	<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. The PCC and Chief Constable face external scrutiny of spending and this could potentially place management under undue pressure in terms of how they report performance.</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.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	Group and PCC	<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. Management's internal valuation expert completed the valuations for 2021/22 via a desktop review.</p> <p>Land and building valuations represent a significant estimate by management in the financial statements due to the size of the numbers involved (£188m in at 31 March 2021) and the sensitivity of the estimates to changes in key assumptions.</p> <p>We therefore identified valuation of land and buildings as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • discuss with the valuer the basis on which the valuations were carried out to ensure that the requirements of the CIPFA Code are met; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • engage our own valuer to assess the instructions to the PCC's valuer, the valuer's report and the assumptions that underpin the valuation; • test, 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 • evaluate 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.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liabilities (LGPS and PPS)	Group, PCC and the Chief Constable	<p>The Group's net defined benefit pension liability, as reflected in its balance sheet as police staff pension assets and the pension liability, represents a significant estimate in the financial statements.</p> <p>The pension fund asset and liabilities are considered significant estimates due to the size of the numbers involved (a net value of £4.4bn in the Group's balance sheet for the year ended 31 March 2021) 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 net liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimates due to the assumptions used in their calculation.</p> <p>With regard to these assumptions we have therefore identified valuation of the Group's pension fund net liability as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update 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 evaluate the design of the associated controls; • evaluate the instructions issued by management to their expert (Barnett Waddingham "the actuary") for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation; • assess the accuracy and completeness of the information provided by the group to the actuary to estimate the liability; • test 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; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain 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 for the LGPS only.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- how management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- how the entity's risk management process identifies and addresses risks relating to accounting estimates;
- the entity's information system as it relates to accounting estimates;
- the entity's control activities in relation to accounting estimates; and
- how management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do the PCC and the Chief Constable:

- understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audits for the year ended 31 March 2022.

Based on our knowledge of the PCC and the Chief Constable, we have identified the following material accounting estimates for which this is likely to apply:

- valuations of land and buildings;
- depreciation;
- year-end provisions and accruals;
- provisions;
- valuation of defined benefit net pension fund liabilities;
- fair value estimates;
- PFI liabilities; and
- credit loss and impairment allowances (if material)

The PCC and the Chief Constable's Information systems

In respect of the PCC and the Chief Constable's information systems, we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the bodies use management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- all accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate; and
- there are adequate controls in place at the bodies (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- how management understands the degree of estimation uncertainty related to each accounting estimate; and
- how management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- what the assumptions and uncertainties are;
- how sensitive the assets and liabilities are to those assumptions, and why;
- the expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- an explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we have made inquiries of management and PCC and Chief Constable at 'those charged with governance'.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Reports and Annual Governance Statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the PCC and the Chief Constable.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
 - issuing a report in the public interest or written recommendations to the PCC or the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 (the Act);
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act; and/or
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audits.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the PCC and the Chief Constable's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report (see page 17).

Materiality

The concept of materiality

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. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the group, the PCC and the Chief Constable for the financial year. In the prior year we used the same benchmark, however for the 2021/22 audit we also considered the IAS 19 net pensions interest and other interest costs in this calculation which led to the increase between years. For our audit testing purposes we apply the lowest of these calculated figures, £8.2m (PY £6.055m), which equates to approximately 1.5% of the Chief Constable's prior year gross expenditure for the year.

We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £19k for the senior officer remuneration note.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the PCC and the Chief Constable

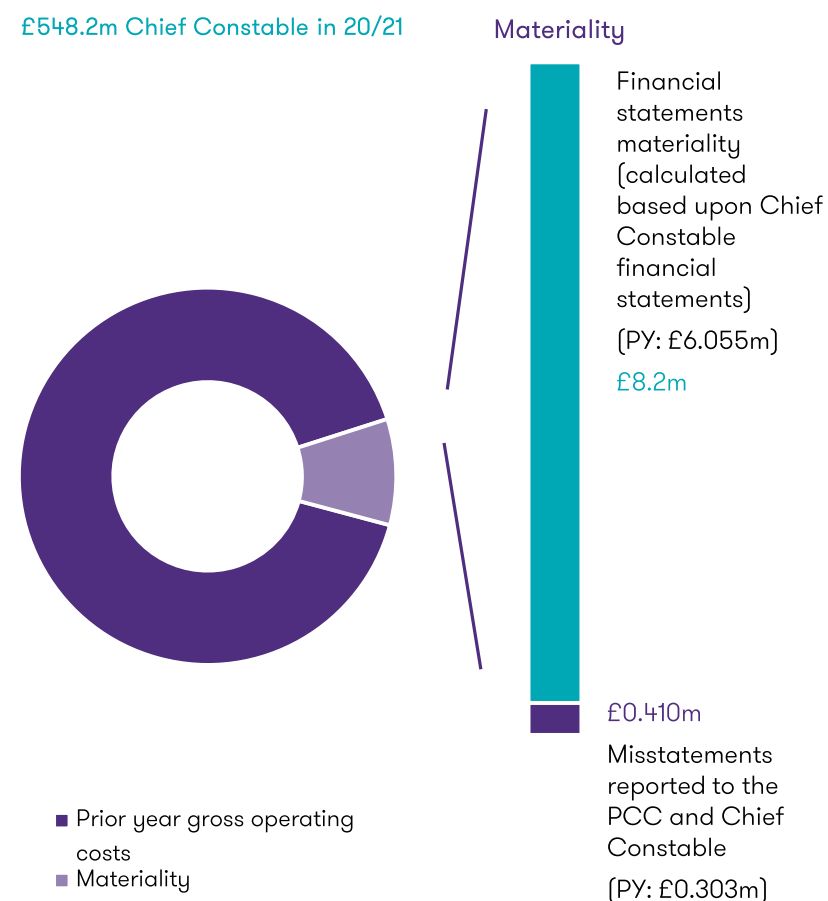
Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the PCC and the Chief Constable any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group, the PCC and the Chief Constable, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.410m (PY £0.303m).

If management have corrected material misstatements identified during the course of the audits, we will consider whether those corrections should be communicated to the PCC and the Chief Constable to assist it in fulfilling its governance responsibilities.

Prior year gross operating costs

£562.5m group in 20/21

£548.2m Chief Constable in 20/21



IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

Our IT audit team undertook a review of the SAP system, which covers all financial statement balances, and identified recommendations that were reported to those charged with governance. This also resulted in some additional testing in respect of system reports and journal entries in the prior year. Our IT audit colleagues have begun work to follow up these queries for 2021/22 and we will report final outcomes from this through our Joint Audit Findings Report.

Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office (NAO) issued its guidance for auditors in April 2020. The Code requires 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 three specified reporting criteria. These are as set out below:



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



Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the PCC or Chief Constable's arrangements for securing economy, efficiency and effectiveness in their use of resources that we needed to perform further procedures on. We have not identified any risks of significant weaknesses from our initial planning work. We will continue our review of your arrangements, including reviewing your Annual Governance Statements, before we issue our auditor's annual report. We may need to make recommendations following the completion of our work and the potential different types of recommendations we could make are set out below.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, 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.

Audit logistics and team



Jackson Murray, Key Audit Partner

Jackson leads our relationship with you and is a key contact for the PCC, Chief Constable, Chief Finance Officers and the Joint Audit Committee. Jackson takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value.



Gail Turner-Radcliffe, Audit Manager

Gail's role involves overseeing the day to day planning and execution of the audit, ensuring the audit requirements are fully complied with and producing reports for the Joint Audit Committee. She will respond to ad-hoc queries whenever raised and meet regularly with the Chief Finance Officers and members of the finance team.



George Amos, Audit In-charge

As the In-charge, George is responsible for day-to-day management of the audit planning, interim and final accounts audit fieldwork, ensuring that your audit is delivered effectively and efficiently.

*our audits will still be in progress at this point. We will provide updates on our work against the significant risks, which we will aim to have finalised, any adjustments identified to date as well as the work remaining before we are able to issue our audit opinions in advance of the end of November timetable.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Reports and the Annual Governance Statements;
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you;
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the financial statements, in order to facilitate our selection of samples for testing;
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audits; and
- respond promptly and adequately to audit queries.

Audit fees

In 2017, PSAA awarded a contract of audit for the Police and Crime Commissioner for Avon & Somerset and the Chief Constable for Avon & Somerset to begin with effect from 2018/19. The fee agreed in the contract was £27,992 for the PCC and £14,438 for the Chief Constable. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2021/22 audit.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, including on estimates as detailed on pages 9 to 11 in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures

The pandemic has led to considerable changes to how we all work and how we have carried out our audits over the last two years. Many organisations are exploring new ways of working to support their officers, through use of remote and hybrid working environments. We see the positive benefits this can bring to the group, and its workforce, both in providing more flexibility and reducing its environmental impact.

Whilst there are many efficiencies to remote working, having the ability to work together with officers face to face in conducting our audit work provides many advantages to the timely progression of the audit; both in minimising inefficiencies in gathering audit evidence, and in discussing key issues with officers and resolving and concluding outstanding queries.

Covid restrictions now lifted it is appropriate to discuss how we can undertake audit procedures on-site with client officers present. We have been discussing this with PSAA and propose that where organisations continue to have a preference to undertake audits remotely, that audit fees would be uplifted to reflect the inefficiencies that this would cause. For the PCC and the Chief Constable, we estimate this total uplift to be in the region of £5,000 at our planning stage. This has been split between the two individual audits on the same proportion as the scale fee, and the fee below includes this estimate. A further breakdown of proposed fees can be found over the page.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fees for 2021/22 are still to be agreed with PSAA.

	Actual Fee 2019/20	Actual Fee 2020/21	Proposed fee 2021/22*
PCC Audit	£44,132	£53,992	£52,572
Chief Constable Audit	£14,438	£19,538	£19,458
Total audit fees (excluding VAT)	£58,570	£73,530	£72,030

*Should we be required to undertake a remote audit, the proposed 2021/22 fees would be £55,872 (PCC) and £21,158 (CC), a total of £77,030.

Assumptions

In setting the above fees, we have assumed that the PCC and Chief Constable will:

- prepare a good quality set of financial statements, supported by comprehensive and well presented working papers which are ready at the start of the audits;
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements; and
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

	Proposed PCC 21/22	Proposed Chief Constable 21/22	Proposed TOTAL 21/22
Scale fee published by PSAA	£30,992	£14,438	£45,430
Raising the bar/regulatory factors	£3,125		£3,125
Enhanced audit procedures for Property, Plant and Equipment	£687.50		£687.50
Auditor's expert for challenge of property valuations (estimated)	£2,500		£2,500
Enhanced audit procedures for Pensions	£687.50		£687.50
New standards and developments (inc new ISAs etc)	£2,580	£2,020	£4,600
Additional work on Value for Money (VfM) under new NAO Code	£7,000	£3,000	£10,000
Additional procedures on journals and system reports due to IT control deficiencies (estimated based on prior year)	£5,000		£5,000
Sub-total	£52,572	£19,458	£72,030
Uplift for remote working (if required)	£3,300	£1,700	£5,000
Total audit fees (excluding VAT)	£55,872 (If remote working required)	£21,158 (If remote working required)	£77,030 (If remote working required)

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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 (Revised 2019) 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.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the PCC and the Chief Constable. No non-audit services have been identified or delivered.

Other services

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our joint Audit Findings report at the conclusion of the audits.



MEETING: Joint Audit Committee	DATE: 19th July 2022	AGENDA NO: 6a
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 16th March 2022.

2. POINTS OF NOTE

SR1 – Governance Failure

The mitigated risk score has reduced from 16 to 12. Senior appointments and those in post growing in experience have significantly helped reduce this risk. The national PCC Review has not driven any immediate or significant changes which has also contributed to this being a lower risk.

SR2 – Failure to deliver the Police and Crime Plan

These are some of the key successes from Avon and Somerset in the last year:

- OPCC secured over £1.6 million of extraordinary funding for victims' services.
- VRUs have continued to run with the OPCC securing £680K of additional in year funding as well as an uplift in funding across the next three years.
- PCC took on the national portfolio lead for Economic and Cybercrime.
- Established the Commissioner's Crime Prevention Fund administered by the two Community Foundations.
- The OPCC undertook the two biggest public consultations in the history of the office for the P&C Plan and for the proposed precept.
- Published *Identifying Disproportionality in the Avon and Somerset Criminal Justice System*.
- Revised the oversight boards and launched the Performance and Accountability Board in May 2022. This is a quarterly meeting broadcast online and available to the public to watch back at any time.
- Implementation of Bluestone.
- Avon & Somerset Police published local violence against women and girls delivery framework.
- Implementation of ADDER in additional funding for Bristol City Council and the Police to work in partnership to tackle drug crime and harm.
- New Rural Affairs Delivery Plan.
- Implementation of DRIVE in South Gloucestershire – a programme working with high-risk domestic Abuse Perpetrators.
- Recruiting officers – the end of year Uplift target was met and are on course to surpass numbers for the end of this year.
- Launch of the Leadership Academy.
- Start of *creating front-line capacity* programme.
- Crime recording pilot – now confirmed as permanent.
- Training – *Cultural Intelligence and Inclusive Leadership* and *Inclusive Policing with Confidence*.
- Disproportionality of use of police powers has decreased in the last year by a small amount – still a long way to go.
- Avon & Somerset Police the first force to record traffic stop data to monitor disproportionality.
- Data Accelerator Programme chaired by the PCC.

However there remain some key challenges:

- Positive outcome rate has seen a decrease in this last year.
- Fewer recorded drug trafficking offences and disruptions.
- Decrease in feelings of safety, public confidence and victim satisfaction.
- Avon & Somerset Police workforce survey 2021 decreased on 2020 but still higher than 2018 and 2019.
- Police visibility has decreased in the last year, but the pandemic was exceptional, and this is higher than pre-pandemic figures.
- Response timeliness has dropped – this has been a persistent challenge for a number of years.
- Workforce representation – some modest increase in proportion of employees who are Asian, Mixed or Other ethnicities – this has actually decreased for Black people.

SR3 – Financial incapability or ineffectiveness

An accounting error was discovered in how the Ministry of Justice victim services grant was accounted for. Correcting this error means the MTFP forecasts have improved by £2 million a year as below.

2022/23	2023/24	2024/25	2025/26	2026/27
(2.7) Surplus	0.2	(0.3) Surplus	3.6	6.2

However, the mitigated risk score has increased from 12 to 16. This is recognising the continued financial uncertainty, the increasing and significant rate of inflation and the potential for higher than anticipated pay settlements as well as the potential need to increase pay points on other salaries.

SR4 – Failure to engage with the public and other stakeholders

The Deputy PCC has expanded the engagement of the office, but the OPCC Communications and Engagement Team has remained at two thirds of establishment from October 2021 and still are at the point of writing. However, the proposed new OPCC structure sees an increase in the size of this department and permanent roles will be advertised when the final OPCC structure is agreed. The temporary VRU Communications Officer role is being advertised at the point of writing.

SR5 – Lack of public confidence in or awareness of OPCC

A question specifically asking about confidence in the PCC has been included in the local police and crime survey from quarter 4 of 2021/22. The first quarterly results for this show confidence in the PCC is just 22.3%. It is worth noting that 59.9% of respondents said they “didn’t know” therefore if you only count responses of those with an opinion, this confidence level is actually 55.6%. This data demonstrates there is more to be done to increase both awareness and confidence in the PCC.

Confidence in police has also declined and this naturally links to perceptions of the PCC.

SR6 – Lack of capacity, capability, or poor wellbeing within the OPCC

Since last reported the Deputy PCC, Claire Hiscott, was confirmed by the Police and Crime Panel. Paul Butler was successful through the recruitment process and has started as the permanent CFO for the OPCC.

The HR support officer role has been advertised again but there were still no applicants for this role. Avon and Somerset Police have their own challenges in HR and are not able to provide cover.

Three new temporary roles are currently being recruited in relation to the Violence Reduction Units.

The primary mitigation here is the Review of the OPCC led by the Chief of Staff. The report and proposed changes have been agreed with the SLT and the PCC and were shared with the rest of the OPCC on 13th June. The proposed new structure includes revised teams and line management reports, simplified and more consistent pay bands a net growth of four full time equivalent roles including a new Director of Performance and Accountability. Alongside this the OPCC’s five strategic aims and key deliverables were also updated. A 30 day consultation period is open until 14th July – for all members of the OPCC to feedback through their SLT lead or directly to the Chief of Staff. All this feedback will then be considered, and a final version will be confirmed soon after. This will be followed by the 90 day notice period for contractual variations and simultaneous advertisement of new posts.

SR7 – Failure to deliver commissioned services

The mitigated risk score has increased from 9 to 12. This recognises the current financial context and the strain this is putting on providers.

As part of the new ways of working a new OPCC Commissioning Strategy is being developed.

SR8 – Failure to deliver effective and efficient collaborations with other forces

Op Scorpion – the South West Regional collaboration to tackle drugs – took place on 7th March 2022 and led to:

- 194 arrests in connection with drugs related offences
- 55 warrants carried out
- 400 drug line disruptions
- £404K (at least) of suspected drugs seized
- £131K (at least) of cash seized
- 320 vulnerability / welfare checks conducted and people safeguarded
- A vast array of weapons seized including Tasers, knives and machetes

Another operation will take place in summer 2022.

Two additional causes added against this risk are:

- SWROCU – are currently projected to fall short of their officer Uplift target for 31/03/23. There are tensions between local force need and the need of the collaboration. This was raised in the July Governance and Scrutiny Board and will be brought back to the September meeting for further consideration.
- South West Forensics – challenges with staff retention and capacity in South West Forensics. This has been raised through the regional strategic board and additional options are being explored.

SR9 – Failure to deliver effective and efficient collaborations or outcomes with other partners

BANES, North Somerset, Somerset & South Gloucestershire have all produced draft local police and crime plans (community safety plans) and presented to their CSPs. Bristol's target date pushed back to August.

As part of the new ways of working a new OPCC Partnership Strategy is being developed.



Office of the Police and Crime Commissioner for Avon and Somerset

Strategic Risk Register

July 2022

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	Chief of Staff	5	4	20
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			3	4	12
			Mitigated Risk change:		↓
Cause		Impact			
<ul style="list-style-type: none">Joint Governance Framework overdue for review and some areas of uncertainty.New duties and expectations of PCCs arising from the national review. PCCs appear to have extra responsibility but without additional 'levers' to support delivery.Taking on any new responsibilities means there are more likely to be governance failures whilst the team learn.Proposed amendments to the Policing Protocol Order could impact PCC governance.Loss of experience across the OPCC.OPCC failure to engage on the design element of the '3 Ds' ways of working.Failure to ensure effective risk management and support the delivery of service.Information governance failure.Ineffective scrutiny and oversight of services and outcomes delivered by the Constabulary including SPR.Ineffective scrutiny and oversight of the OPCC Equality Duty.Failure to ensure adequate transparency of the OPCC and/or the Constabulary.Failure to ensure Chief Constable sets appropriate culture, ethics and values.Lack of control/influence over other Criminal Justice agencies.Lack of governance over initiation of collaborations.OPCC policies and procedures overdue for review.		<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">CoS will lead a review of the OPCC which will act as a check and test of governance.	Jul-22	CoS	<ul style="list-style-type: none">Report and proposed changes shared with OPCC on 13 June. Consultation open until 14 July. A final version will be confirmed soon after which will be followed by the 90 notice period for contractual variations and simultaneous advertisement of new posts.		
<ul style="list-style-type: none">OPCC Management Board (OMB) - allows greater oversight of performance, risks and issues and provides a formal decision making mechanism for non-Constabulary business.Joint Governance Framework	Aug-22	CoS	<ul style="list-style-type: none">Now monthly meeting. Highlight report needs to be refreshed/reinvigorated to reflect new P&C Plan.		
	Jul-22	CoS CFO	<ul style="list-style-type: none">OPCC and ASP have done an initial review and the joint feedback is currently being worked on by the OPCC to create a first draft.Joint Governance Framework review due to be finalised in July 22.Will form part of new Business Plan. Initial assessment discussed with CoS and Office & HR Manager. Worked delayed due to lack of capacity.		
	Aug-22	Head of C&E	<ul style="list-style-type: none">Replaced PCB and together will continue to be the principal joint decision making forum and provides the PCC formal oversight of the Constabulary.Formalised OPCC attendance at Strategic Planning Meeting (from Jan 22).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.		
<ul style="list-style-type: none">Oversight Boards - Performance & Accountability and Governance & Scrutiny.PCC and Chief Constable 1:1sOPCC attend CMB 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.Compliance with statutory reporting requirements.Victim Services appointed and managed by the OPCC Commissioning Team.Independent scrutiny panels for complaints, use of police powers & OOC.Transparency ChecklistConstabulary governance redesigned through 2021; 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.		CoS PCC CoS CFO PCC CoS CoS Head of C&P Head of C&C Office & HR Manager SPPO Head of C&C	<ul style="list-style-type: none">Amended Specified Information Order - quarterly performance report published and complaints overview on PCC website.CoPaCC transparency award received for many years (not running 2022).New constabulary governance framework implemented but not all KPQs assessed and risk management process not fully embedded.		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to deliver the Police and Crime Plan	SR2	Chief of Staff	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.• Prevention is hard to measure/evidence and needs more than the police to deliver.• Internal police culture and leadership at an operational level.• Male violence against women and girls (includes the national rape crisis) carries significant volume and harm.• Disproportionate outcomes particularly for Black, Asian, mixed and minoritised communities.• Workforce not representative of the communities of A&S; insufficient progress has been made.• Lack of capacity/capability within the Constabulary - significant vacancies in CID; inexperienced workforce in Patrol concern about demand and capacity and staff turnover in Comms.• Lack of oversight and scrutiny of the Constabulary.• Positive Outcomes - not seeing the improvements hoped for.• Police response to 'neighbourhood crimes' does not meet public expectations.• Court backlogs means justice is not being delivered effectively or efficiently.• Lack of control/influence over partnership agencies e.g. CJS.• More officers will result in more people going through an already overstretched criminal justice system.• Constabulary staff survey results show a decline in 2021.		<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.• Undermines the Peelian Principle of policing by consent.• 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 engagement.	Jul-22	CoS	<ul style="list-style-type: none">• Final version published Jan 22. Public digital platform delayed due to lack of capacity. PCC planning 'internal' ASP roadshow.		
<ul style="list-style-type: none">• Governance and scrutiny arrangements will be reviewed during 2022.	Jul-22	CFO	<ul style="list-style-type: none">• OPCC and ASP have done an initial review of the Joint Governance Framework and the feedback is currently being worked on by the OPCC to create a first draft.• A proposed new Director of Performance & Accountability will bring together scrutiny functions into new team, providing enhanced oversight and support to the PCC in this space.• Five strategic aims and key deliverables agreed. Will be further developed when new structures and roles in place.		
<ul style="list-style-type: none">• OPCC Business Plan to focus the work of the OPCC on the Police and Crime Plan	Aug-22	CoS			
<ul style="list-style-type: none">• Local plans will be developed to further engage partners	Aug-22	Head of C&P	<ul style="list-style-type: none">• BANES, N Somerset, Somerset & S Glos have all produced draft plans and presented to their CSPs. Bristol target date pushed back to August.		
<ul style="list-style-type: none">• Police and Crime Board (PCB) discusses performance, assurance and risk• PCC and Chief Constable 1:1s• OPCC attend CMB 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		CoS PCC CoS CFO CFO SPPO PCC Head of C&C	<ul style="list-style-type: none">• 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. OPCC renewed attendance at SPM.• Improved visibility of performance and risk through the Constabulary Integrated Performance & Quality Report.• Performance reporting of new plan being developed for public facing reporting and PCB.		

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.● Inflationary increases - inflation in 2022 significantly higher than expected.● 3 year settlement from 2022/23 with additional central funding for Op Uplift only.● Unable to achieve maximum precept increase from 2023/24 onwards.● Time required for the new PCC to establish budget and estates strategies● 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; although this will probably be funded.● Capital budget not fully funded in 2025/26 – 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">● Joint work on savings plans being progressed through SPM in 2022.● 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.● HMICFRS inspection regime.		CFO CFO CFO CFO CFO CFO CFO	<ul style="list-style-type: none">● MTFP after planned savings: 2022/23 £2.7 million (surplus) 2023/24 -£0.2 million 2024/25 £0.3 million (surplus) 2025/26 -£3.6 million 2026/27 -£6.2 million	

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to engage with the public and other stakeholders	SR4	Chief of Staff	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 from Q3 21/22. Engagement methods do not always reach a wide audience or different communities or groups; failure to engage with young people. 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. Two new proposed roles created from the review including an Engagement & Events Manager. 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. New contact management system. 	<p>Jul-22</p> <p>Sept-22 Aug-22</p>	<p>Head of C&E Head of C&E Head of C&E</p> <p>Head of C&E</p> <p>Head of C&E Head of C&E</p> <p>Head of C&E Head of C&E Head of C&E Head of C&C</p>	<ul style="list-style-type: none"> Roles will be advertised when the final OPCC structure is agreed. Strategy has been developed for new PCC with overarching theme focusing on vulnerable and under-represented communities to build trust and confidence. <ul style="list-style-type: none"> Further delays due to capacity; this will be taken forward by new team member. New system replacing IKEN in Q2 22/23; process delayed.

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Lack of public confidence in or awareness of OPCC	SR5	Chief of Staff	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 P&C Plan.● A lot of negative media attention about the problems in policing - public confidence in the police is falling and this is inextricably linked to confidence in the PCC.● Failure to deliver outcomes in terms of disproportionality (ethnicity), VAWG or 'green agenda'.● Governance failure likely to damage confidence in PCC (SR1).● 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; staff vacancy has meant capacity reduced by 1/3 from Q3 21/22.● PCC engagement will increase contacts and raise expectations which the OPCC are not resourced to deliver.● Policing failures/adverse incidents (even at an operational level e.g. policing of protests/riots) can impact on the perception of the OPCC also.● Failure to engage with the diverse public (especially young people) and other stakeholders (SR4).● Failure to deliver the Police and Crime Plan (SR2).● Public expectation of the PCC role may not be matched by available funding or powers of the PCC.● Failure of the Constabulary to deliver Op Uplift or failure to improve outcomes.● Court backlogs and national rape crisis reduces confidence in the entire criminal justice system.● Misconduct hearings for police officers may be delayed or LQCs may be risk averse due to potential personal liability in relation to sanctions. Fewer LQCs available.	<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.● Engagement activity recorded against SR4 is the primary direct mitigation against this risk.● Discharging good governance (SR1) and delivery of the Police and Crime Plan (SR2) are critical to ensuring confidence in the PCC.● Gold Groups manage critical issues of public confidence.	Aug-22 Jul-22	CoS SPPO Head of C&E PCC / CoS Head of C&E	<ul style="list-style-type: none">● Final version published Jan 22. Digital platform delayed due to capacity.● Only 34.5% precept survey respondents and 22.3% Q4 respondents had confidence in the PCC.● The OPCC has a standing invite to all Gold Groups.

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Lack of capacity, capability or poor wellbeing within the OPCC	SR6	Office & HR 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 ambitions.• Lack of HR support for the Office & HR Manager.• Additional engagement by PCC increasing demand on OPCC.• Demand too high for current resource levels - no clear direction on demand reduction.• Loss of skills and experience including senior roles and four maternity leaves and cover in 21/22.• Change to OPCC structure and roles as a result of the review commissioned by the PCC.• 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).		<ul style="list-style-type: none">• Increased likelihood of materialisation of all other strategic risks through delivery failure.• Delivery 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">• OPCC is subject of review led by the Chief of Staff.• Resource planning is part of OMB and informal SLT - all vacancies are being filled.• Regular team meetings to share knowledge and resolve issues.• PDR process and regular supervisory sessions.• Annual staff survey which forms the basis of a delivery plan.• Training and development budget maintained.• Skills matrix maintained.• Salary levels set at a reasonable market rate and in line with other OPCCs.• Values and teamwork embedded and recruited to improving retention.	Jul-22	CoS Office & HR Manager Office & HR Manager Office & HR Manager CoS CFO Office & HR Manager CoS/CFO Head of C&E	<ul style="list-style-type: none">• Report and proposed changes shared with OPCC on 13 June. Consultation open until 14 July. A final version will be confirmed soon after which will be followed by the 90 notice period for contractual variations and simultaneous advertisement of new posts.• Business Plan being created as part of the review which will provide strategic direction of resources and will be used to manage demand.• No OPCC annual survey in 2021. Pulse survey run in March 22 showed 83% were happy or very happy at work. However 57% rated their wellbeing at work positively, and only a third commented positively on work-life balance• Need 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
			4	3	12
			Mitigated Risk change:		↔
Cause		Impact			

<ul style="list-style-type: none">● Inflationary pressures on these services - some working on the same budget for many years.● Increasing demand.● 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.● Significant additional reporting requirements for compliance purposes.● Services without sustainable funding and cliff-edge arrangements.		<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.● Commissioning Strategy being developed for Q3 22/23.● 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.	Aug-22	Head of C&P	<ul style="list-style-type: none">● Majority of actions complete with the remainder being taken forward through action plans linked to the Business Plan and Commissioning Strategy.● Interim position reported to Dec PCB with plans to complete by Sept 22.● C&P team at full establishment but with two further maternity cover roles to recruit. <ul style="list-style-type: none">● £1.6 million in additional funding achieved in 2021/22.
	Sept-22	Head of C&P	
	Head of C&P Head of C&P		
	Head of C&P		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to deliver effective and efficient collaborations with other forces	SR8	Chief of Staff	4	3	12
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	3	12
			Mitigated Risk change:		↔
Cause		Impact			
<ul style="list-style-type: none">● SWROCU projected to fall short of Uplift target for 31/03/23.● Challenges with staff retention and capacity in South West Forensics.● 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.● NPAS, which A&S OPCC are the regional lead for, is particularly challenging.		<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 is 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.● Op Scorpion took place in March 22 with a further operation in summer 22.		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to deliver effective and efficient collaborations or outcomes with other partners	SR9	Chief of Staff	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.• New duties and expectations of PCCs arising from the national review. PCCs appear to have extra responsibility but without additional 'levers' to support delivery.• 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.• Partnership Strategy being developed for Q3 22/23.• 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.• PCC applying to sit on Fire Authorities.• Information sharing relevant to all partnership working; particularly CJ, reducing reoffending and VRUs.	Aug-22 Aug-22 Aug-22	Head of C&P Head of C&P CoS CoS Senior C&P Officer Senior C&P Officer Senior C&P Officer CoS Respective Strategic Groups	<ul style="list-style-type: none">• BANES, N Somerset, Somerset & S Glos have all produced draft plans and presented to their CSPs. Bristol target date pushed back to August.• CJ work led by a Senior C&P Officer in the OPCC.• RR work led by a Senior C&P Officer in the OPCC and a Regional SRO.• HO confirmed A&S increased funding for 2022/23 - 2024/25.• PCC accepted onto D&SFRS; need to attend AFRS Authority meeting to progress.• PCC Chairs multi-agency Data Accelerator Group.



MEETING NAME	DATE	AGENDA NO
Joint Audit Committee & Constabulary Management Board	19 th July 2022 & 28 th July 2022	Item 9 (JAC) Item 4.2 (CMB)
DIRECTORATE / DEPARTMENT	AUTHOR	COG SPONSOR
Portfolio Management Office	Michael Flay, Governance and Risk Manager	DCC Watson
NAME OF PAPER	PURPOSE OF THE PAPER	SESSION
Constabulary Corporate Risk Register Report	Information	Open

1. PURPOSE OF REPORT

This report provides the Joint Audit Committee (JAC) members with a summary of Avon and Somerset Constabulary (ASC) Corporate Risk Register.

The content of this report was informed by the outcomes of the Risk Management Advisory Group meeting held on Tuesday 28th June 2022.

2. ACTIONS TAKEN SINCE THE LAST COMMITTEE MEETING

In response to feedback and an action agreed at the last JAC meeting in March 2022, I have made amendments to the risk titles of the six corporate risks. Members asked if the titles could be made clearer to ensure they sufficiently describe the risk (*These are shown in table 1, below*) and if labelling could be added to the heat map (*see figure 2, page 4*)

Also, since the last meeting, and based on feedback from members, I have amended the configuration of the VERTO records to show the likelihood and impact assessments of each risk, as well as the overall risk valuation figure.

	Earlier risk title		New risk title
Corporate Risk 1	The application of effective and well-understood governance arrangements and internal controls		Governance arrangements are not understood, appropriately applied and are ineffective
Corporate Risk 2	Our ability to deliver a sustainably balanced budget		Inability to deliver a sustainably balanced budget
Corporate Risk 3	Failure to meet expectations of improved performance and service delivery		Failure to meet expectations of improved performance and service delivery
Corporate Risk 4	Growing, developing and then maintaining the workforce and leadership culture, capacity and capability we need		Failure to grow, develop and then maintain the workforce and leadership culture, capacity and capability
Corporate Risk 5	Legitimate, appropriate and effective use and control of our data and digital assets		Data and digital assets are not governed and controlled or used legitimately, ethically, appropriately or effectively for policing purposes
Corporate Risk 6	Maintaining, investing in and optimising our infrastructure and assets		Failure to maintain, invest in or optimise our infrastructure and assets

Table 1: Table showing 'old' vs. 'new' corporate risk titles.

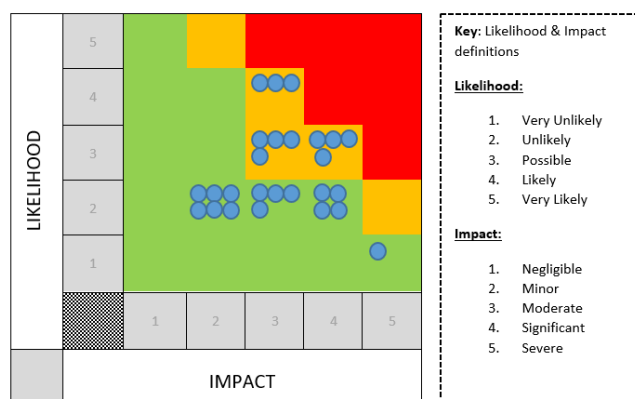
3. QUARTERLY ANALYSIS OF OUR ORGANISATIONAL RISK REGISTER

The constabulary has (as of 22nd June 2022), a total of 112 risks captured across our organisational risk register. This is a reduction of one from the last reporting period. However, since the last JAC meeting, we have closed and archived 7 risks records, while also adding 6 new risks. Also, at the time of writing there are several new risks that are pending upload to the system.

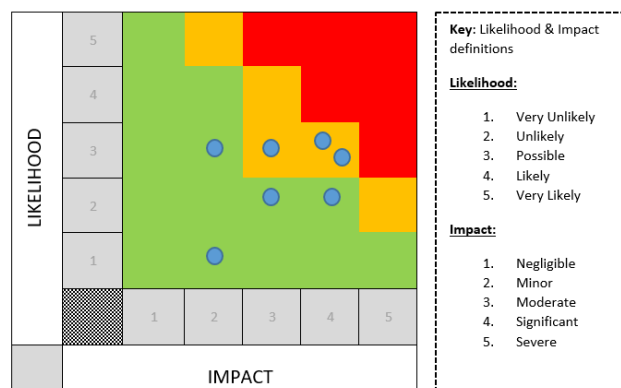
Some of the risks that were closed were due to them being somewhat like other risks, and we have merged records to create more general risks that apply across the totality of the organisation, such as recruitment / vetting risks, rather than capture repetitive risks across each department with the same causes and impacts.

Through the analysis undertaken, we have produced a selection of 'heat maps' of organisational risk type, showing the overall number of risks by type based on their mitigated assessment of likelihood and impact of materialising. See Figure 1 below.

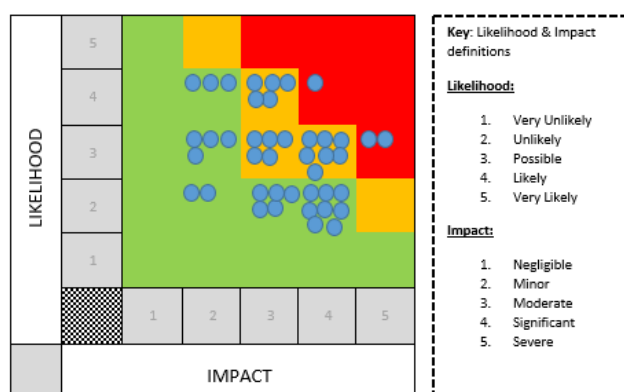
Governance



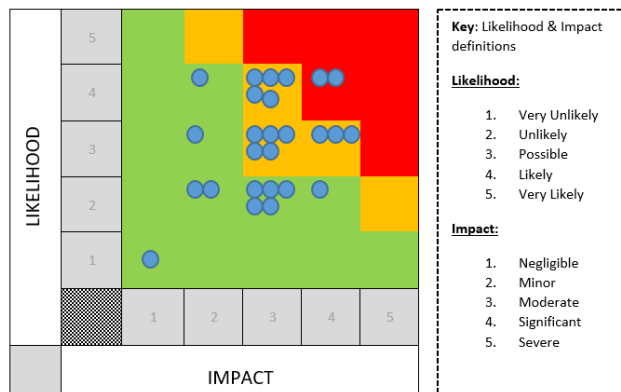
Financial



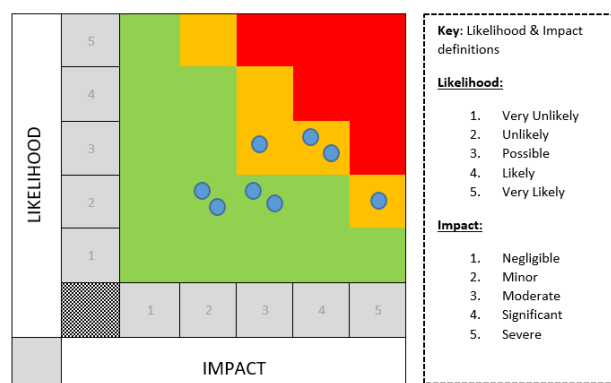
Service Delivery



People



Digital and Data



Infrastructure and Assets

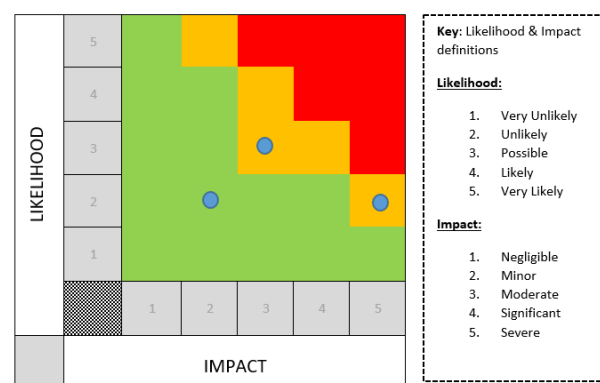


Figure 1: Six heat maps visualising the risk type categories and assessed level of risks within each, drawn from the organisational risk registers

Across the 112 risks in our organisational risk register, they breakdown into the following risk types:

Risk Type	Collective number in this quarter	Change since last report
Governance	26	+14
Financial	7	0
Service Delivery	42	-4
People	26	+7
Digital and Data	8	-11
Infrastructure and Assets	3	-5

Table 2: Risk type variation during the reporting period

Following the last JAC, I found an error with a configuration setting in our risk management system, and since then reviewed each risk and assigned it the correct category. This will account for some large variances between this report and the last version in March 2022.

In addition, as I have undertaken the analysis of our data to author this report, I have discovered another area for improvement which we will soon be addressing. There are six records currently captured in the 'Governance' risk type, which are more appropriately described as 'Information Governance', *sometimes shortened to 'IG' and is a term used to describe how information is used. It covers system and process management, records management, data quality, data protection and the controls needed to ensure information sharing is secure, confidential, ethically managed and in our case, used solely for policing purpose.* They relate to risk areas such as:

- the recording, retention and disposal of data,
- an unsatisfactory finding by a regulatory body
- compliance with legalisation

We recognise that the information governance risk is an important characteristic within our risk management process that we have not represented clearly enough. The reworded title of Corporate Risk 5 now includes the term 'governed', and alongside this, the risk type will have been renamed to 'Information Governance, Data and Digital' from the start of quarter 2 of 2022/23.

4. CORPORATE RISK REPORT - HEADLINES

The six corporate risks records, with the page numbers for each record within this report are listed below

Full details for each risk, including rationale for risk score changes can be found in the update section of the corporate risk records on the relevant page of this report.

Corporate Risk 1: Pages 5 through 7

Governance arrangements are not understood, appropriately applied and are ineffective

The risk management advisory group have taken the decision to increase the risk score, with the unmitigated assessment rising from **10** to **12**, and the mitigated assessment rising from **8** to **9**.

Corporate Risk 2: Page 8 through 10

Inability to deliver a sustainably balanced budget

This risk was reviewed by the Constabulary Chief Finance Officer on 28th June 2022 on behalf of members of Chief Officer Group. The content the risk record was updated and an assessment of the risk score was made. Our unmitigated assessment of this risk remains **15**, and based on the internal controls and mitigating activities, we assess the mitigated score to be **12**.

Corporate Risk 3: Page 11 through 13

Failure to meet expectations of improved performance and service delivery

The risk management advisory group have taken the decision to maintain the current risk score, with unmitigated assessment as **20** and the mitigated assessment of the risk being **12**.

Corporate Risk 4: Pages 14 through 18**Failure to grow, develop and then maintain the workforce and leadership culture, capacity and capability**

This risk was reviewed by the Chief Officer for People and Organisational Development on 8th July 2022.

There is no change to the mitigated risk value, which remains as **15**. While there are variations in how the risk is playing out, it is a broad and multifaceted risk and overall given the mitigations in place, I do not think on balance that it is any more likely to materialize at the at the present time than since it was last reported.

Corporate Risk 5: Pages 19 through 21**Data and digital assets are not governed and controlled or used legitimately, ethically, appropriately or effectively for policing purposes**

The risk management advisory group have taken the decision to reduce the current risk score, with unmitigated assessment still being as **20** and the mitigated assessment of the risk reducing from **20** to **16**.

Corporate Risk 6: Pages 22 through 24**Failure to maintain, invest in or optimise our infrastructure and assets**

We have taken the decision to maintain the current risk score, with unmitigated assessment as **15** and the mitigated assessment of the risk being **10**.

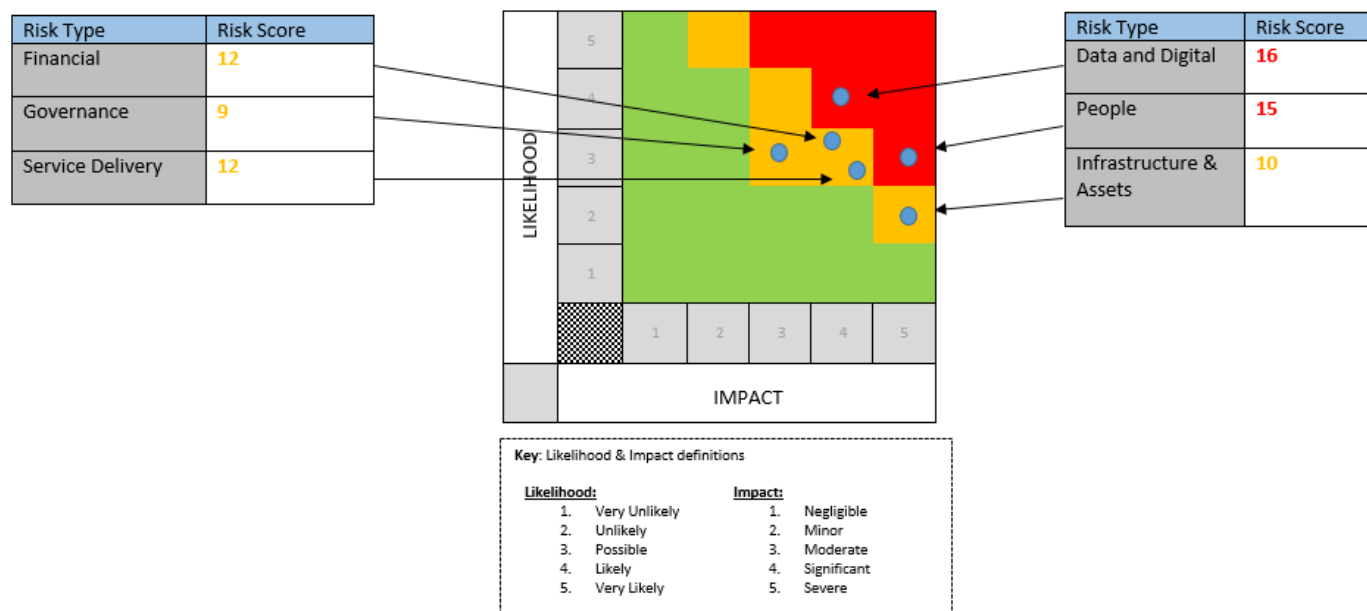


Figure 2: Heat Map of our six Corporate Risks, by their mitigated risk score.

5. SWAP AUDIT ACTIONS FROM Q4 2021/22

The audit report from Q4 (21/22) presented four recommendations for the Constabulary to implement. The formal response to these is managed through the Internal Audit team, who report to JAC twice yearly. We are on track to achieve these recommendation outcomes, with 3 of the 4 agreed recommendations being completed. The 4th recommendation is not due for completion until 30th September; however, we are working towards early completion of it. The scoping meeting for the follow up audit, scheduled in Q3 (22/23) is scheduled to take place on Thursday 4th August 2022.

6. RECOMMENDATIONS FOR THE COMMITTEE

There are no specific recommendations to present to the committee. I welcome your observations and feedback on our developing risk management framework and will be available for questions at the meeting.



Corporate Risk - overview information

Corporate Risk URN	PR000740	Current Mitigated Score	9
Corporate Risk Title	Governance arrangements are not understood, appropriately applied and are ineffective	Mitigated Impact Score	3
Corporate Risk Owner(s)	Sarah Crew, Nikki Watson, Nick Adams, Dan Wood, Jon Reilly, Will White	Mitigated Likelihood Score	3
		Date of Risk Review	28/06/2022
Corporate Risk Description	We are very clear on our vision to provide outstanding policing. Within a professional environment as large and complex as Policing, effective and well-understood governance arrangements are critical to keeping us on track. A robust governance framework will help us ensure we are fulfilling our mission to Serve, Protect and Respect Avon and Somerset's communities. Furthermore, it will enable the delivery of our vision for outstanding policing. The starting point for good governance is having absolute clarity on the rules within which we choose to (and indeed must) operate to ensure consistent, transparent, evidence-based and ethical decision making.		

Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment	12
Unmitigated Impact Score	4
Unmitigated Likelihood Score	3
Rationale	<p>The constabulary adheres to the CIPFA*: Delivering Good Governance in Local Government (2016) framework, which sets the standard for local authority governance in the UK. Furthermore, the publication of the International Framework: Good Governance in the Public Sector (CIPFA/IFAC**, 2014), contains seven principles for good governance applicable to local government, which the constabulary has adopted and built its own governance framework around. The principal statutory framework within which the corporations sole (ASC and OPCC) operate includes the following:</p> <ul style="list-style-type: none"> • Police Reform and Social Responsibility Act 2011 • Policing Protocol Order 2011 • Financial Management Code of Practice (Home Office, 2013) • Strategic Policing Requirement (Home Office, 2015) <p>Without a framework in place to adhere and comply with the requirements outlined in these frameworks, we would be vulnerable to scrutiny from several sources, and exposed to reputation damages undermining confidence in policing.</p>

Corporate Risk latest assessment - mitigated risk

Mitigated Assessment
Mitigated Impact Score
Mitigated Likelihood Score

9
3
3

Rationale

A joint scheme of governance is established between the Constabulary and Office on the PCC, as required under statutory frameworks noted above. The primary purpose of the Scheme of Governance is to:

- Set out the respective roles of the PCC and Chief Constable;
- Set out the common understanding and agreed ways in which certain functions will be governed and managed to enable proper and effective management of the Constabulary
- Set out the delegations by the PCC and the CC to give effect to that common understanding
- Incorporate Financial Regulations and Standing Orders relating to contracts.

The constabulary has implemented a new governance framework (February 2021) which has been detailed in our Governance Framework Handbook, available on our Intranet pages. Our framework aligns to the seven CIPFA principles of good governance, and as part of the CIPFA framework compliance, an annual governance statement is written each year to accompany the annual statements of accounts.

Each meeting in our governance framework has a defined Terms of Reference (ToR), which are monitored regularly and updated, formal annual reviews as part of our internal controls. The ToR for each meeting specific the level of responsibility and scrutiny monitoring service delivery and business functions. Further internal controls are referenced in the Governance Handbook, such as Risk Management, Change Commissioning, Performance Management and Assurance Management.

An annual governance statement, which is prepared for inclusion in the statement of accounts, provides an annual checkpoint for an internal self-assessment of our governance, risk management and internal controls. This document is made available to the public.

The OPCC has launched its Performance and Accountability Board, as well as the Governance and Scrutiny Board following a review of their governance arrangements in how they hold to account the Chief Constable and her team for the delivery of policing services.

External consultancy Leapwise were commissioned in January 2022 to help us to review and improve our governance structure and strategic meetings. The goal of the governance review is to make our decision-making even more effective, ensure we have truly productive meetings, and to develop how we work together. Leapwise is a consultancy that specialises in strategy and organisation development and has done very similar work with success in other forces. Their final report was presented in June 2022, and alongside recommendations for improvements there was acknowledgement of our "**clear, comprehensive model**" align to CIPFA principles and a level "**exceptional documentation**", specifically our Governance Handbook which clearly outlines governance structures and practices, and documentation is regularly updated for Committees.

Earlier assessments

Mitigated risk score Q4 2021/22

8

Mitigated risk score Q1 2022/23

9

Mitigated risk score Q2 2022/23

Mitigated risk score Q3 2022/23

Corporate Risk - audit trail of risk management

Date of update

28/06/2022

16/02/2022

PMO notes

The risk was reviewed by the Risk Management Advisory Group on 28th June 2022.

While we have been fairly stable through Q1 of 2022/23, we know that in Q2 and beyond, we will make changes to the governance arrangements following the Leapwise review recommendations. There is a considerable amount of planning, coordination and communication to ensure that the changes being made to our governance structure are understood and appropriately executed by internal stakeholders. In addition, there is a requirement to refresh several documents such as Terms of Reference(s) and the Governance Handbook, which the review cited as 'exceptional documentation'.

Effective risk management is forward looking, and we know the challenge ahead of us is to successfully implement the recommended improvements and without clear communication and execution of the change, the understanding and application of governance may be affected.

It is for these reasons, we have **increased** to the **unmitigated score to 12** and the **mitigated score to 9**, to be reviewed again in September 2022 when the implementation is under way / complete in respect of changes to the governance framework.

This risk was reviewed at the Risk Management Advisory Group on 15th February by members of Chief Officer Group. The content the risk record was agreed and an assessment of the risk score was made. As reported above, our unmitigated assessment of this risk is **10**, and based on the internal controls and mitigating activities, we assess the mitigated score to be **8**.

Our rationale for the risk being reduced is that we believe that we have implemented the processes, structures and guidance to support the discharge of effective governance across the organisation. The restructuring of the organisation enabling services in 2021 created the Portfolio Management Office, whose remit is to provide enterprise level support across our corporate change projects, governance, risk management and strategic planning cycle.

Our new governance framework has bedded down into the organisation over the last 12 months and the focus is now shifting to optimising our leadership and culture to make our decision-making even more effective, through the work with Leapwise.

Our next review of this risk is scheduled for the next meeting of the Risk Management Advisory Group on 28th June 2022. At this time, we will have received conclusions from Leapwise in their assessment of our governance arrangements.



CORPORATE RISK 2: FINANCE

JULY 2022

Corporate Risk - overview information

Corporate Risk URN	PR000735	Current Mitigated Score	12
Corporate Risk Title	Inability to deliver a sustainably balanced budget	Mitigated Impact Score	4
Corporate Risk Owner(s)	Sarah Crew, Nikki Watson, Nick Adams, Dan Wood, Jon Reilly, Will White	Mitigated Likelihood Score	3
		Date of Risk Review	28/06/2022
Corporate Risk Description	<p>Our ability to deliver quality policing services and value for money for residents of Avon and Somerset is dependent of our ability to put the Constabulary on a sustainable financial footing allowing us to invest in the needs of the present without compromising the ability to meet the challenges of the medium to longer term.</p> <p>Prudent financial management and sustainable investment enable the organisation to work towards delivery of its strategic objectives and also those set out in the Police and Crime Plan</p>		

Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment	15
Unmitigated Impact Score	5
Unmitigated Likelihood Score	3

Rationale

- The Government has provided a confirmed grant funding settlement for 22/23, and indicative figures for 23/24 and 24/25 to support improved medium term financial planning;
- The Government has confirmed PCC's will have flexibility of up to £10 increases in the precept in each of the next 3 years;
- The Home Office has continued to acknowledge the need for a review of the formula used to distribute grant funding, and has commissioned work to formally review this. It remains uncertain as to the outcome of the review, and whether this will increase or decrease funding to Avon and Somerset, but it is expected that there will be transitional arrangements to a new funding formula;
- We recognise a number of cost uncertainties in the short and medium term, including:-
 - Pay increases expected annually - current working assumption current working assumption of the MTFP (as of January 2022) of **3.5%** increase in 2022/23, **2.5%** in 2023/24 and **2%** in 2024/25, in line with NPCC position;
 - Incremental pay increases driven by an inexperienced workforce becoming more experience over time will increase the average cost of an officer in the long term;
 - LGPS valuation likely to result in increased employer contribution costs with effect from April 2023;
 - Police pension valuation (impacted by McCloud remedy) likely to result in increased employer contribution costs with effect from April 2024;
 - Inflationary cost increases rising significantly in the short term particularly driven by areas such as utilities and fuel, as a result of increases in the wholesale markets for these commodities.
- Capital projects driven by mixture of local and national factors:-
 - ESMCP national programme to replace airwave radio will drive significant local investment in medium term, but the cost and timing of this remains very uncertain at present;
 - ERP replacement requiring local investment in key corporate systems;
 - Estates projects informed by local estates strategy;
 - Large amount of personal issue IT assets requiring replacement on regular cycle;
 - Delivering carbon reduction across both estate and fleet likely to require significant investment
- Reserve levels sustainable over medium term and will be informed by annual risk assessment completed by PCC CFO.
- On current projections additional savings of c. £6.5 million will need to be achieved by 2026/27 to balance the budget, with further savings needed to support reinvestment – after a decade of austerity and cuts to budget of nearly £90m, scope for continued savings will require some difficult choices, particularly as we will be limited to achieving savings from less than half of our budgets due to ring-fencing.

Corporate Risk latest assessment - mitigated risk

Mitigated Assessment	12
Mitigated Impact Score	4
Mitigated Likelihood Score	3

Rationale

MTFP assumptions benchmarked against other forces where possible to ensure appropriateness.

The PCC and the Police and Crime Panel have supported an increase in council tax precept of £10, the maximum possible, for 2022/23 financial year. Our current MTFP assumes an average council tax increase of £10 in 2023/24 and £10 again in 2024/25. Thereafter it assumes an increase of 2% p.a. We recognise that future precept decisions will need to be made against a back drop of cost of living challenges, and consequently we will engage with the PCC early to understand thinking and how we can best support this decision.

Our strategic planning meetings have been aligned more clearly to our annual planning cycle, thereby enabling more effective co-ordination of service, financial and workforce planning. Through this process we aim to ensure a more considered approach to investment and savings across the medium term.

Earlier assessments

Mitigated risk score Q4 2021/22

12

Mitigated risk score Q1 2022/23

12

Mitigated risk score Q2 2022/23

Mitigated risk score Q3 2022/23

Corporate Risk - audit trail of risk management

Date of update

28/06/2022

16/02/2022

PMO notes

This risk was reviewed by the Constabulary Chief Finance Officer on 28th June 2022 on behalf of members of Chief Officer Group.

The content the risk record was reviewed and agreed and an assessment of the risk score was made. As reported above, our unmitigated assessment of this risk is **15**, and based on the internal controls and mitigating activities, we assess the mitigated score to be **12**.

Our next review of this risk is scheduled for the next meeting of the Risk Management Advisory Group on 14th September 2022.

This risk was reviewed at the Risk Management Advisory Group on 15th February by members of Chief Officer Group. The content the risk record was agreed and an assessment of the risk score was made. As reported above, our unmitigated assessment of this risk is **15**, and based on the internal controls and mitigating activities, we assess the mitigated score to be **12**.

Our next review of this risk is scheduled for the next meeting of the Risk Management Advisory Group on 28th June 2022.



CORPORATE RISK 3: SERVICE DELIVERY

JULY 2022

Corporate Risk - overview information

Corporate Risk URN	PR000736	Current Mitigated Score	12
Corporate Risk Title	Failure to meet expectations of improved performance and service delivery	Mitigated Impact Score	4
Corporate Risk Owner(s)	Sarah Crew, Nikki Watson, Jon Reilly, Will White, Dan Wood, Nick Adams	Mitigated Likelihood Score	3
		Date of Risk Review	28/06/2022

Corporate Risk Description

When we consider the expectations of policing from the public and current government, we recognise they expect improvements to be seen on the back of investment in policing following years of austerity. When we consider that over the last 5 years precept (council tax contribution) has increased 35%, with the backdrop of the 'additional' 20,000 new police officers pledged by the government and the media attention and public opinion of policing in the last 18 months, scrutiny of what we do has never been as fierce.

The Beating Crime Plan sets out the government's approach to cutting crime: cutting homicide, serious violence and neighbourhood crime; exposing and ending hidden harms; and building capability and capacity to deal with fraud and on-line crime. Our performance against key metrics of the plan in ASC is measured and provided to the OPCC.

Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment	20
Unmitigated Impact Score	5
Unmitigated Likelihood Score	4

Rationale

Our priorities are set out through various national frameworks and local priorities, which mean we continue to have a large number of expectations placed on us. At present these numerous plans remain complimentary of each other, but in light of organisational growing pains, detailed in Corporate Risk 4, it may become necessary to prioritise and focus on specific areas of improvement.

We recognise the overlap here with the Corporate Risk 4, as this is a manifestation of the challenge of delivering expected performance.

Corporate Risk latest assessment - mitigated risk

Mitigated Assessment	12
Mitigated Impact Score	4
Mitigated Likelihood Score	3

<p>Rationale</p>	<p>The Constabulary has developed its Performance Control Strategy, reported through the Integrated Performance and Quality Report (IPQR) which informs the Management Board (CMB) monthly of our performance. The framework is linked to to key national (Beating Crime Plan outcomes, PEEL assessment) and local priorities (Police and Crime Plan priorities, our 16 key performance question self diagnostics). Each report features detailed data analysis of our performance priorities with specific 'in-focus' spotlights each month on our some of our thematic performance areas.</p> <p>A further suite of measures to assess our performance against the key areas (see last below) of the beating crime plan, and these are regularly reported to the Police and Crime Commissioners office. The most recent data (Jan '22) shows that ASC has stable trend / outlook over most areas of the plan outcomes, with a moderate increase in both CPS pre-charge RASSO referrals and police charges.</p> <p>Priority Areas of Beating Crime Plan:</p> <ul style="list-style-type: none"> • Reduce Murder and Other Homicide • Reduce Serious Violence • Tackle Drugs Supply and County Lines • Reduce Neighbourhood Crime • Tackling Cyber Crime • Improve Victim Satisfaction, with a Particular Focus on Domestic Abuse Victims • Better Criminal Justice Outcomes for Rape Cases
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Earlier assessments

Mitigated risk score Q4 2021/22	12
Mitigated risk score Q1 2022/23	12
Mitigated risk score Q2 2022/23	
Mitigated risk score Q3 2022/23	

Corporate Risk - audit trail of risk management

Date of update	PMO notes
28/06/2022	<p>The risk was reviewed by the Risk Management Advisory Group on 28th June 2022.</p> <p>After assessing the risk information available through our organisation risk register analysis and considering our latest performance data (June CMB), which shows strong improvement in our force performance priorities of Crime Data Integrity and Rape and Serious Sexual Offences, as well moderate improvement across Victim follow up and Investigative Standards and a stable position in our Case File Quality and Response timeliness, we have taken the decision not change the risk score, with remaining at a mitigated assessment of 12.</p> <p>We also noted the fluctuating nature of the last two Public Confidence data sets, which saw a decrease before a recent upturn. These are influenced by national affairs and not always representative of the views of our communities, but none the less provide a baseline measure. The Deputy Chief Constable wishes to review the next set of data before factoring its insight into the decision making on this particular risk.</p> <p>Our next review of this risk is scheduled for the next meeting of the Risk Management Advisory Group on 14th September 2022.</p>
23/02/2022	<p>This risk was reviewed at the Risk Management Advisory Group on 15th February by members of Chief Officer Group. The content the risk record was agreed and an assessment of the risk score was made. As reported above, our unmitigated assessment of this risk is 20, and based on the internal controls and mitigating activities, we assess the mitigated score to be 12.</p> <p>Our next review of this risk is scheduled for the next meeting of the Risk Management Advisory Group on 28th June 2022.</p>



CORPORATE RISK 4: PEOPLE

JULY 2022

Corporate Risk - overview information

Corporate Risk URN	PR000737	Current Mitigated Score	15
Corporate Risk Title	Failure to grow, develop and then maintain the workforce and leadership culture, capacity and capability	Mitigated Impact Score	5
Corporate Risk Owner(s)	Sarah Crew, Nikki Watson, Nick Adams, Dan Wood, Jon Reilly, Will White	Mitigated Likelihood Score	3
		Date of Risk Review	28/06/2022
Corporate Risk Description	If we fail to, properly and at sufficient pace, institutionalise inclusion by embedding the right leadership and culture throughout the organisation while effectively managing unprecedented workforce growth, development and change, trust and confidence of the public, our partners and colleagues will drop, performance will falter and our legitimacy to protect and serve will be eroded.		

Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment	20
Unmitigated Impact Score	5
Unmitigated Likelihood Score	4

There are 3 headline areas where our risks assessment is focused, these are:

Unprecedented growth and a changing workforce composition:

- We are in a period of unprecedented growth and are expected to deliver 456 officers against a 2019 baseline by March 2023, resulting in a target headcount of 3,291. To achieve the target and balance natural attrition we estimate nearly 1,300 new officers into policing in the 48 months between April 2019 and March 2023. Given the scale and pace of change this represents, we expected to see and are experiencing 'growing pains' and an implementation dip before we see the full positive potential of uplift investment in policing realised. Our risks and challenges related to this include:
- The huge logistical exercise of attracting, vetting, conducting medicals, inducting and on-boarding, training, tutoring, posting and supporting the huge numbers of new and inexperienced officers places record demands on our enabling services such as Recruitment and HR, Training and Tutors, Vetting, Occupational Health and others and entails significant collaboration and coordination between operational and enabling services and our HEI partner to deliver the numbers on time and effectively.
- The level of abstraction of PCDA and DHEP officers while undertaking their studies alongside performing their police officer

Rationale

roles. Recruiting to target officer numbers does not immediately translate to a fully deployable officers on the front line and as a result our response timeliness rates are impacted. A more experienced, deployable workforce will happen, but it will take time to achieve.

- The growth in officer numbers does not immediately translate to the growth in specialist areas we want to grow. This is true across all specialist areas, and is particularly the case as we build our investigative capacity and capability. We have plans in place to realise this specialist growth, but again they will take time to fully realise. As a result our overall positive outcome rate remains too low at 12%, reflecting the continued efforts we need to make in improving investigative standards as we build capability.
- The changes introduced this year through the Attorney General guidelines for disclosure and the Director General guidelines for charging have created additional pressures on front line officers and staff. Un-addressed this has the potential to significantly impact on officer and staff capacity, undermining the benefits of officer Uplift. We are working with other forces to highlight these concerns and seek pragmatic solutions.

Attraction and retention in an increasingly challenging marketplace:

- We are seeing locally and nationally increases against the projected leaver rates for police officers
- A number of roles have become 'harder to fill' as the pay rates in the market have risen quite rapidly and a lot in some areas, particularly where there are shortages for in-demand technical skills
- Many have talked about the impact of the pandemic on 'the great resignation' linked to employees re-evaluating what they want from their work and work/life balance
- Public sector pay has been relatively stagnant for some time with it be argued that police officers especially have fallen behind compared to cost of living increases and pay in other roles that are less complex, risky and demanding
- The attractiveness of policing as an 'employer' has taken a hit alongside wider trust and confidence following the widely publicised incidents of serious misconduct and concerns about sub-cultures in policing. This has a suppressive effect on our ability to recruit, especially from under-represented communities in whom there is already a trust deficit, and it also potentially dents morale and the ability to retain.

Institutionalising inclusion, investing in leadership and culture:

- Serious questions have arisen about policing culture and leadership against the backdrop of declining public confidence in wake of a series of misconduct cases nationally and stubborn inequalities in the police workforce and service delivery
- Increase in volume and seriousness misconduct referrals/reporting and misconduct cases locally
- Stubborn disparities in workforce experience and service delivery adversely affecting under-represented communities especially and adding to a trust and confidence deficit; understandable concerns about the relative glacial pace of change in some areas/aspects of our work
- Growing levels of consciousness, internal and external activism, on the issues and impacts associated with inequality and discrimination, diversity and inclusion deficits
- Concerns from some that there is too much negative focus on the "<1%" and that this will dent morale of the majority
- A lack of understanding and acceptance in some quarters that there are deep systemic and institutional roots that also need confronting in a systemic way
- High levels of scrutiny and media attention to these issues
- Some reluctance and challenges in engaging all parts of the workforce in learning the knowledge and competencies we expect them to have in order to be able to promote an inclusive culture
- Impacts of wellbeing and procedural justice on behaviour
- Questions about the effectiveness and rigour of our recruitment/selection processes in identifying, predicting and addressing those who do not demonstrate the right values and behaviours joining policing
- Questions about the capacity of our internal professional standards, counter corruption, complaints and grievance management capabilities to meet need and demand
- Questions about the maturity and extent of our ability to use our data effectively to identify patterns or early warning signals to enable targeted and tailored intervention

Corporate Risk latest assessment - mitigated risk

Mitigated Assessment
Mitigated Impact Score
Mitigated Likelihood Score

15
5
3

Rationale

Unprecedented growth and a changing workforce composition:

- A tightly managed uplift programme with high-levels of collaborative and coordinated action across operations and enabling services which has so far met the targets largely thanks to good governance, forward planning, disciplined delivery controls, and pump-primed capacity increased to key delivery functions; careful tracking and monitoring of the data; lots of local, regional and national reporting and scrutiny
- An agreed clear uplift design for where the new resources will go within our operating model to achieve the benefits we are aiming for; a workforce planned approach to sequencing the on-boarding and posting of those resources in a controlled and considered way as the numbers and capabilities are realised
- Introduction of a wider range of entry routes and mechanisms
- Influencing national and local curriculum delivery to balance abstraction against the need to get the investment in learning right for now and the future
- Targeted focus on addressing the shortfall in detectives/investigations capability with a multi-faceted strategy
- Concerted efforts to minimise growing pains and implementation dip with a strategic approach alongside investments in leadership and culture development
- Focused programme of work to release productive capacity and minimise bureaucracy so that more time can be focused on what matters most
- Proactively continuing to work on internal engagement, narrative and communication through staff survey to avoid hazard fixation and to build hope, optimising and future focus

Attraction and retention in an increasingly challenging marketplace

- We are focused on a range of actions and activity to better understand what is driving attrition and retention and we have established a multi-pronged retention strategy.
- We are exploring interventions to address market pay challenges including market pay supplements and we are also considering where alternative means of meeting our resourcing requirements needs to be used, for example commercial arrangements with suppliers.
- Through our leadership and culture work and the action on the People Survey we are working to create an environment in which people want to stay and are positive about working with us. The People Survey shows agreement with 'I am happy at work' remaining high at 70% and high levels of people saying that they would recommend working for here to others.
- We have wherever possible introduced through the post pandemic resetting work measures to enable staff to benefit from hybrid/blended working which we know many value as it supports flexibility.
- We are working on the culture, trust and confidence issues as above and continue to present the many positive aspects of our organisation through our employer brand and through proactive positive communications.
- We continue to invest in a proactive outreach capability to shape and influence sentiment towards us as an employer and to support and encourage people to work for us, especially those from underrepresented communities.
- We're providing leadership to make clear the kind of behaviours and standards we expect and to promote a culture of Institutional Inclusion.
- We've gained a raft of industry awards for our work that set us out as a progressive, modern, and highly regarded employer

within our sector and beyond.

Institutionalising inclusion, investing in leadership and culture:

- We are in the process of strengthening independent confidential reporting systems
- We're accelerating a piece of work to enable us to exploit our data to provide early warnings and insight into patterns of behaviour to enable targeted preventative intervention
- We're investing further in our counter corruption capacity and capability
- We are going to make some considered investments to expand our internal communications and engagement capacity and capability so that we can influence and inform cultural change, including courageous conversations (which have started in earnest) and move the passive and disengaged
- We have used recognised industry standards and independent assessment to drive systemic improvement (e.g. NES, Workforce Equality Index Top 100 Employer, Disability Confident Leader, ENEI, CIPD People Awards); we continue to strive for further improvement achieve these to enhance our inclusive practices. We've drawn learning from our Recruit for Difference Pilot and we're tackling alignment through our selection processes.
- We have built a range of mechanisms for listening to employee engagement and measuring inclusion sentiment including our award winning People Survey and our response to it.
- We have invested in multi-layered training for leaders and practitioners to build confidence and capability, influence and inform including Inclusive Policing with Confidence in Partnership with local providers and Cultural Intelligence Training. We're investing in equipping leaders with tools, language and guidance to role model and lead for inclusion effectively.
- We engage in a number of positive action and developmental schemes designed to support progression of those from underrepresented backgrounds including Stepping Up.
- We are working systematically on the findings of the Desmond Browne report into disparities and have a rigorous governance and project discipline to oversee this. We have senior governance oversight of diversity and inclusion activity and results through both the Confidence and Legitimacy Committee and the People Committee.
- In total we have 1901 officers and staff booked to attend Leadership Courses in the next 3 months through the Leadership Academy.
- 60.4% agreement with Learning and Development theme in People Survey, representing a 5.9% increase on 2020 at a time when other themes saw reductions on last year; 11.2% increase agreement in 'there are opportunities for me to develop my career' since 2019;
- Leadership academy offers clear pathways or leadership journeys to support development and progress
- Segmented development options from first line to senior leaders aligned to a national framework; substantial investment in leadership development for the whole workforce.
- Our outreach work is building relationships and breaking down barriers to joining policing but also helping to influence and develop our culture through constructive challenge and engagement.
- We have an active programme of engagement and strong communication and consultation channels with our staff associations and staff networks.

Earlier assessments

Mitigated risk score Q4 2021/22

15

Mitigated risk score Q1 2022/23

15

Mitigated risk score Q2 2022/23

Mitigated risk score Q3 2022/23

Corporate Risk - audit trail of risk management

Date of update	PMO notes
12/07/2022	<p>This risk was reviewed by the Chief Officer for People and Organisational Development on 8th July 2022.</p> <p>There is no change to the mitigated risk value, which remains as 15. While there are variations in the nature of how the risk is playing out, it is a broad and multifaceted risk and overall given the mitigations in place, I do not think on balance that it is any more likely to materialize at the at the present time than since it was last reported.</p>
16/02/2022	<p>This risk was reviewed at the Risk Management Advisory Group on 15th February by members of Chief Officer Group. The content the risk record was agreed and an assessment of the risk score was made. As reported above, our unmitigated assessment of this risk is 20, and based on the internal controls and mitigating activities, we assess the mitigated score to be 15.</p> <p>Our next review of this risk is scheduled for the next meeting of the Risk Management Advisory Group on 28th June 2022.</p>



Corporate Risk - overview information

Corporate Risk URN	PR000739	Current Mitigated Score	16
Corporate Risk Title	Data and digital assets are not governed and controlled or used legitimately, ethically, appropriately or effectively for policing purposes	Mitigated Impact Score	4
Corporate Risk Owner(s)	Sarah Crew, Nikki Watson, Nick Adams, Dan Wood, Jon Reilly, Will White	Mitigated Likelihood Score	4
		Date of Risk Review	28/06/2022

Corporate Risk Description	<p>Data is a critical asset for the constabulary and significant investment has been made to facilitate operational use of data. Effective and innovative use of data will be critical for the force to deliver it's vision of outstanding policing for everyone, and show sustained improvement against the four priorities in the Police and Crime Plan 2021-25. In order to fully realise the ambition to be a data-driven organisation, officers and staff need easily accessible, trusted data and analytics with clear purpose to help make evidence-based decisions to drive internal and public-focused outcomes.</p> <p>The recent Data Strategy and Roadmap for change, co-developed with an external partner, outlined the recommended steps for the force to continue on this trajectory of pushing boundaries and innovating with data. However, the Strategy also recognised the increasing demand on Information Governance and Data Ethics, and related functions, to ensure innovation is secure, ethical and compliant.</p>
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Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment	20
Unmitigated Impact Score	5
Unmitigated Likelihood Score	4

Rationale

There is a complex data architecture with a lack of interoperability between systems and data. We hold data in multiple systems and across personal files and hard drives, which compromise the ability to build a single view of the data to inform making, planning and activity.

MOPI and CPIA compliance are a key focus for the constabulary and we recognised that both statutory/legislative compliance and Crime Data Integrity require improvement.

Data literacy is improving, however it should remain a focus in order to keep pace with the organisational appetite to be more data driven.

There has been strong investment in future technologies such as advanced analytics, robotics and automation. However, the aforementioned foundational issues may pose challenges to the success of innovative techniques.

Corporate Risk latest assessment - mitigated risk

Mitigated Assessment

Mitigated Impact Score

Mitigated Likelihood Score

16

4

4

Rationale

The Data Strategy and Roadmap was presented to our Strategic Planning Meeting (SPM) in January 2022, having been developed following extensive engagement with key stakeholders and a commercial partner (Agilysis). The aim of the Data Strategy is "to understand and safely unlock the power of data across the Constabulary and our partners to best support outstanding policing, whilst building staff, partner and public trust and confidence in its use". There are four key investment areas identified in the strategy and roadmap, those are:

- Modern data platform
- Data entry solution
- Data quality and review retention and deletion solution
- Information governance and data governance demand and capacity review.

While the data strategy and roadmap represent a step in the right direction, we are yet to agree how we will deliver on the direction set in these documents and consequently we cannot at this stage rely on these to reduce the risk. During Q1 of 2022/23, Agilysis, the commercial partner who helped develop the Data Strategy came back into the force to support with an Information Governance and Data Ethics review to help further progress the force's digital ambitions. This work is now complete and the final report is with the Head of Legal and Compliance Services.

We continue to see reduction in Data Quality issues within our Niche system, with a reduction from 115,000 in September 2021 to 33,000 at end of May 2022. Our data insights in this area have developed to inform understanding of errors generated from specific parts of the organisation, which allows focussed messaging and interventions to support an improving culture of data quality. Furthermore, our investment in Robotic Process Automation (RPA) has enabled us to gain greater control over our legacy data, which was proving to be problematic and is significant in scale that human resources alone could not reduce the amount of errors. The RPA has rectified over 1.1 million records, solving issues link addresses not being linked, deleting blank record entities and linking record information such as phone and email.

Earlier assessments

Mitigated risk score Q4 2021/22
Mitigated risk score Q1 2022/23
Mitigated risk score Q2 2022/23
Mitigated risk score Q3 2022/23

20
16

Corporate Risk - audit trail of risk management

Date of update
28/06/2022
16/02/2022

PMO notes
<p>The risk was reviewed by the Risk Management Advisory Group on 28th June 2022.</p> <p>We discussed the risk mitigation score and reflected that while we have yet to make investment decisions on the interventions required to enable the Data Strategy delivery, we continue to undertake other activity which is mitigating the risk materialising. Our commercial partners have continued to support us on the journey, delivering critical work to understand requirements around Information Governance and Data Ethics, which will form the building blocks of the proposed future state outlined in the Data Strategy.</p> <p>Additionally, we have seen the innovation such as Robotic Process Automation (RPA) yield significant gains in the management of our live and legacy data sets. The continual reduction in overall data quality errors is encouraging and shows the signs of cultural understanding on the importance of data being understood.</p> <p>The investment needed will ultimately be the intervention that moves the needle and enables us to greatly reduce the risk, but as we plan and consider what our next step might be, we recognise there are some positive outcomes to reflect upon. With this in mind, the risk has been reviewed and the unmitigated risk assessment remains 20, while the mitigated risk assessment has reduced to 16.</p> <p>Our next review of this risk is scheduled for the next meeting of the Risk Management Advisory Group on 14th September 2022.</p>
<p>This risk was reviewed at the Risk Management Advisory Group on 15th February by members of Chief Officer Group. The content the risk record was agreed and an assessment of the risk score was made. As reported above, our unmitigated assessment of this risk is 20, and based on the internal controls and mitigating activities, we assess the mitigated score to be 20.</p> <p>We recognise the inherent risk, however, as yet no decisions have been made on the investment needed and business cases are being developed to scope the level of investment options available to us. As reflected in the mitigating assessment, as we develop our delivery plans more clearly we would expect this risk to begin to reduce.</p> <p>Our next review of this risk is scheduled for the next meeting of the Risk Management Advisory Group on 28th June 2022.</p>



CORPORATE RISK 6: INFRASTRUCTURE & ASSETS

JULY 2022

Corporate Risk - overview information

Corporate Risk URN	PR000738	Current Mitigated Score	10
Corporate Risk Title	Failure to maintain, invest in or optimise our infrastructure and assets	Mitigated Impact Score	5
Corporate Risk Owner(s)	Sarah Crew, Nikki Watson, Nick Adams, Dan Wood, Jon Reilly, Will White	Mitigated Likelihood Score	2
		Date of Risk Review	28/06/2022

Corporate Risk Description

Our infrastructure should help us to be at the forefront of best practice, and enable the organisation to be modern, innovative and future-proof. We must ensure that our infrastructure, assets and services are developed sustainably, in a way that is mindful of our financial, political, social and environmental landscape and, in a way that offers value for money.

For the clarity, this risk focuses on infrastructure, which includes our physical assets (buildings, fleet) and facilities, as well as the specialist services that provide and maintain those assets. It also encompasses a range of professional services that support our operational directorates. We recognise the IT infrastructure is also a critical enabler of our success and the risks associated with IT infrastructure are reflected on Corporate Risk 5 - Digital and Data.

Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment	15
Unmitigated Impact Score	5
Unmitigated Likelihood Score	3

Rationale

Officers, staff and volunteers need to be able to count on having the working environment, tools, equipment and information available to them do their jobs effectively. We must ensure that our estate is maintained to support delivery of services and that the public have access to us when needed. In the post pandemic world and move to blended working arrangements for our workforce, the estate requirements will need to be reviewed to ensure they support the model of working. Our estate also requires managing to ensure it is optimised and that maximum value is being utilised from each asset. The energy consumption and carbon footprint of our estate requires careful management and investment in electric charging infrastructure for electric vehicles, which form part of the fleet of the future. We also need to take into consideration our corporate social responsibility for sustainable practices.

Corporate Risk latest assessment - mitigated risk

Mitigated Assessment
Mitigated Impact Score
Mitigated Likelihood Score

10
5
2

Rationale

<p>The Constabulary approved its third Sustainability Plan at Constabulary Management Board (CMB) in December 2021. The plan established new, stretching targets for the organisation by 2026/7, within a framework of broader Sustainability objectives aligned to four over-arching themes:</p> <ol style="list-style-type: none"> 1. Climate Action 2. Responsible Consumption 3. Sustainable Communities 4. Partnerships – internal and external to deliver change <p>The annual Sustainability Report was presented to Constabulary Management Board in June 2022, with performance updates, headline risks and next steps against each of the four over-arching themes noted above. The report brings into sharp focus where we need to do significantly more to decarbonise heat in our buildings, understand and reduce the carbon footprint of our supply chain and design sustainability in to new or substantially refurbished buildings from the start. We are applying this learning into out existing and planned built infrastructure projects, as well as implementing a new Regional Sustainable Procurement policy will help to drive sustainability benefits from our supply chain.</p> <p>Operationally, out Transport Services Team are preparing to introduce 17 electric vehicles to our fleet this year, with the first vehicles coming into use at the end of June 2022. These cars will be available for use by Neighbourhood Policing teams, Investigations and CSI. These vehicles are the first of nearly 200, due for deployment by 2027, moving our fleet to 20% electric vehicle.</p>

Earlier assessments

Mitigated risk score Q4 2021/22
Mitigated risk score Q1 2022/23
Mitigated risk score Q2 2022/23
Mitigated risk score Q3 2022/23

10
10

Corporate Risk - audit trail of risk management

Date of update	PMO notes
28/06/2022	<p>The risk was reviewed by the Risk Management Advisory Group on 28th June 2022.</p> <p>Following the review of our associated organisational risks in this area and considering our strategic position currently, the group made the decision that the risk would remain unchanged at a mitigated level of 10. There are several areas where we continue learn and develop our understanding of what is required as an organisation to achieve the goals we have set ourself in our strategy, will our annual sustainability report in June 2022 providing opportunity for reflection on our currently trajectory to achieving our objectives.</p> <p>The Leapwise governance review, see Corporate Risk 1, has recommended some addition control and assurance needed for Corporate Change activity and these will help support and strengthen our estate and asset management governance in the future.</p> <p>Our next review of this risk is scheduled for the next meeting of the Risk Management Advisory Group on 14th September 2022.</p>
23/02/2022	<p>This risk was reviewed at the Risk Management Advisory Group on 15th February by members of Chief Officer Group. The content the risk record was agreed and an assessment of the risk score was made. As reported above, our unmitigated assessment of this risk is 15, and based on the internal controls and mitigating activities, we assess the mitigated score to be 10.</p> <p>Our rationale for the risk being reduced is we recently refreshed court infrastructure strategy, and the sustainability plan within it. We have also strengthened our governance of our delivery by establishing to boards that sit under the Finance and Asset Committee, these being Fleet Asset Management Board and Estate Asset Management Board, which led by senior leaders are overseeing service delivery and change projects.</p> <p>Our next review of this risk is scheduled for the next meeting of the Risk Management Advisory Group on 28th June 2022.</p>

ANNUAL REPORT 1 APRIL 2021 – 31 MARCH 2022

AVON AND SOMERSET JOINT AUDIT COMMITTEE

INTRODUCTION

The principles of good governance as set out by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Financial Management Code of Practice for the Police Service of England and Wales, mandate the need for a Joint Audit Committee (JAC) as an independent body to serve and oversee the Police and Crime Commissioner (PCC) and the Chief Constable (CC).

The purpose of the JAC is to provide independent oversight and advice on governance and risk management. This will help ensure public trust and assure confidence in the governance of the PCC and CC. The JAC also helps the PCC discharge their statutory duties in holding the force to account, managing risk and in approving annual accounts and audit opinions.

This is the annual report of the independent JAC for the PCC and CC of Avon and Somerset.

CIPFA suggests that the annual report is a helpful way to hold the committee to account and sets out a number of aspects that should be considered:

- whether the committee has fulfilled its agreed terms of reference
- whether the committee has adopted recommended practice
- whether the development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities
- whether the committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review
- what impact the committee has on the improvement of governance, risk and control within the authority.

This annual report will be structured around these five criteria.

HAS THE COMMITTEE FULFILLED ITS AGREED TERMS OF REFERENCE

The JAC terms of reference require meeting four times a year. Although there were five meetings in the last financial year (dates below), the meeting in April dealt with the business of the previous financial year.

22nd April 2021

14th July 2021

20th October 2021

15th December 2021

16th March 2022

In accordance with the terms of reference all meetings were quorate. July and October had three members in attendance; December had all members for part of the meeting and three for the remainder; March had all members present. The meetings were also attended by relevant parties from the Office of the PCC, the Constabulary, Internal Audit and External Audit. Papers and minutes have been published.

In accordance with the PCC and CC ways of working (as a result of COVID-19) the JAC continued to discharge its functions successfully using video calls for meetings.

Commissioned Internal Audit 2021/22

Audits

During the year under review, South West Audit partnership (SWAP) completed nine substantive audits – in accordance with the 2021/22 plan – with the below assurance opinions:

- High Limited – 5
- Low Reasonable – 2
- Mid-Reasonable – 1
- High Reasonable – 1

There were 23 Priority 2 recommendations and 14 Priority 3 recommendations that resulted from these nine audits.

An internal audit plan for 2022/23 was agreed at the March 2022 meeting of the JAC.

Annual report of the Internal Auditor

SWAP – acting as the joint head of Internal Audit – have given an annual opinion of reasonable assurance on the overall adequacy and effectiveness of the PCC's and CC's frameworks of governance, risk management and internal control. There were no significant risks identified and no priority 1 recommendations.

At first look it may seem contradictory that the annual opinion is one of reasonable assurance where more audits completed in that year had limited assurance opinions. It has been discussed, and accepted by the JAC, that the legitimate reason for this is that both organisations have a sound understanding of their risks and many of these audits have been intentionally targeted where there are recognised control weaknesses.

Part of the remit of the JAC is to ensure value for money. One element of this is the JAC's appointment of the Internal Auditor and ensuring they are working effectively. At the start of their tenure SWAP set out how they measure their performance and this is reported on in their annual report. There are three areas of performance: completion of audit plan, quality of audit work and value. The audit plan was almost entirely complete except for one aspect of regional work so that element of performance was good. Quality and value were both 100% compliant.

External Audit

Grant Thornton continued as external auditor appointed through the Public Sector Audit Appointments (PSAA) process. In the last year the PCC and CC have opted into the PSAA sector led option for the appointment of external auditors to police bodies for five financial years from April 2023.

2020/21 annual accounts

The external auditor has given the following opinion on 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 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

2021/22 annual accounts

Draft accounts have been published, and the public inspection period closes 10th August 2022.

HAS THE COMMITTEE ADOPTED RECOMMENDED PRACTICE

The committee has used the CIPFA good practice framework to review itself as part of the Annual Report process (Appendix 1).

HAVE THE DEVELOPMENT NEEDS OF COMMITTEE MEMBERS HAVE BEEN ASSESSED AND WHETHER COMMITTEE MEMBERS ARE ACCESSING BRIEFING AND TRAINING OPPORTUNITIES

Over the last year the JAC had briefings, from Avon and Somerset Police, on the following topics:

- Organisational resilience
- New risk management system
- Data quality
- IT
- Assurance mapping

HAS THE COMMITTEE ASSESSED ITS OWN EFFECTIVENESS OR BEEN THE SUBJECT OF A REVIEW AND THE CONCLUSIONS AND ACTIONS FROM THAT REVIEW

The Committee has assessed its own effectiveness against the consideration of effective police audit committees. The Chair also undertakes a detailed 360 which collects feedback from both the offices of the PCC and CC. This is used as part of continuous audit and improvement.

WHAT IMPACT HAS THE COMMITTEE HAD ON THE IMPROVEMENT OF GOVERNANCE, RISK AND CONTROL WITHIN THE AUTHORITY

The most significant areas where the JAC adds value is in the oversight of the external audit, commissioned internal audit and the scrutiny of the organisations' Strategic Risk Registers.

JUDE FERGUSON

CHAIR AVON AND SOMERSET JOINT AUDIT COMMITTEE

Contact Officers: Paul Butler, PCC CFO

**Appendix 1 – Self-assessment of good practice
(CIPFA – Audit Committees Practical Guidance for Local Authorities and Police 2018
Edition)**

This assessment reflects how the JAC sits within the broader structure of governance within Avon and Somerset; it does not reflect the effectiveness of the committee or the performance.

Audit Committee Purpose and Governance	Yes	Partly	No
1. Do the organisations have a dedicated audit committee?	✓		
2. Does the audit committee report directly to full council? (Applicable to local government only).	-	-	-
3. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓		
4. Is the role and purpose of the audit committee understood and accepted across the organisations?	✓		
5. Does the audit committee provide support to both organisations in meeting the requirements of good governance?		✓	
6. Are the arrangements to hold the committee to account for its performance operating satisfactorily?		✓	
Functions of the Committee	Yes	Partly	No
7. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?		✓	
• Good Governance	✓		
• Assurance Framework, including partnership and collaboration arrangements		✓	
• Internal Audit	✓		
• External Audit	✓		
• Financial Reporting	✓		
• Risk Management	✓		
• Value for Money (VfM) or Best Value		✓	
• Counter-fraud and corruption	✓		
• Supporting the ethical framework		✓	
8. Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓		
9. Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?			✓
10. Where coverage of core areas has been found to be limited, are plans in place to address this?			✓
11. Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓		

Membership and Support	Yes	Partly	No
12. Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of committee that is not unwieldy • consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement) 	✓		
13. Have independent members appointed to the committee been recruited in an open and transparent way and approved by the PCC and Chief Constable as appropriate for the organisation.	✓		
14. Does the chair of the committee have appropriate knowledge and skills?	✓		
15. Are arrangements in place to support the committee with briefings and training?	✓		
16. Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		✓	
17. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer (CFO)?	✓		
18. Is adequate secretariat and administrative support to the committee provided?	✓		
Effectiveness of the Committee	Yes	Partly	No
19. Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?		✓	
20. Are meetings effective with a good level of discussion and engagement from all members?	✓		
21. Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with responsible officers?		✓	
22. Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?		✓	
23. Has the committee evaluated whether and how it is adding value to the organisation?		✓	
24. Does the committee have an action plan to improve any areas of weakness?		✓	
25. Does the committee publish an annual report to account for its performance and explain its work?	✓		



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

Report of Internal Audit Activity- July 2022

Executive Summary

SWAP 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 on our [website](#).

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 2022/23 Internal Audit Plan

Work is underway to complete the 2022/23 audit plan and copies of the following reports which have been finalised since our last update in March 2022 are submitted with this Quarterly Update:

- Management of Evidential Property;
- IT Service Desk;
- Representative Workforce; and

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	23%
In Progress	23%
Scoping	31%
Not Yet Allocated	15%
Not Started	8%

Audit Opinion:

We are able to provide a low **Reasonable** assurance opinion 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:

It has been agreed with the Committee that we will follow up on recommendations raised as part of Clinical Governance within Custody, Complaints Handling and Remote Working Limited assurance audits from the 2021/22 audit plan throughout this year. The follow up of Victims Support Services will be included within the 2023/24 audit plan and actions raised as part of the Criminal Justice audit will be subject to management confirmation only with no specific follow up conducted by SWAP.

Internal Audit Plan Progress 2022/23

Regional Audit Work

Ten days has been allocation to regional work in this year's audit plan. Potential areas of coverage include a review of Digital Forensics Outsourcing and Recruitment and Retention benchmarking. However, we are awaiting confirmation from the regional Directors of Finance on the exact areas to be covered as part of this programme.

The regional audit of Pensions Administration from 2021/22 is still on-going. Testing has been scheduled with the pension providers throughout July to conclude the work and a report should be produced by the next Committee.

Internal Audit Plan Progress 2022/23

Appendix A

Link(s) to Corporate Risk Register	Audit Area	Period	Audit Days	Status	Opinion	No of Recs	1 = Major	↔	3 = Minor
							Recommendations		
							1	2	3
Risk 4 - People - Growing, developing and then maintaining the workforce and leadership culture, capacity and capability we need.	Representative Workforce	Q1	15	Completed	Reasonable	3	-	0	3
Risk 3 - Service Delivery - Failure to meet expectations of improved performance and service delivery. Risk 6 – Infrastructure and Assets - Maintaining, investing in and optimising our infrastructure and assets.	IT Service Desk	Q1	15	Completed	Limited	8	-	4	4
Risk 3 - Service Delivery - Failure to meet expectations of improved performance and service delivery.	Management of Evidential Property	Q1	15	Completed	Limited	6	-	4	2
Risk 2 - Finance - Ability to deliver a sustainably balanced budget.	Key Financial Controls	Q2	18	In Progress	-	-	-	-	-
Risk 3 - Service Delivery - Failure to meet expectations of improved performance and service delivery	Firearms Licencing	Q2	15	In Progress	-	-	-	-	-
Risk 4 - People - Growing, developing and then maintaining the workforce and leadership culture, capacity and capability we need.	Reasonable Adjustments	Q2	15	In Progress	-	-	-	-	-
Risk 1 - Governance - The application of effective and well-understood governance arrangements and internal controls.	Policy and Procedure Management	Q3	13	Scoping	-	-	-	-	-

Internal Audit Plan Progress 2022/23

Appendix A

Link(s) to Corporate Risk Register	Audit Area	Period	Audit Days	Status	Opinion	No of Recs	1 = Major	↔	3 = Minor
							Recommendations		
							1	2	3
Risk 1 - Governance - The application of effective and well-understood governance arrangements and internal controls.	Risk Management Follow Up	Q3	7	Scoping	-	-	-	-	-
Risk 3 - Service Delivery - Failure to meet expectations of improved performance and service delivery Risk 4 - People - Growing, developing and then maintaining the workforce and leadership culture, capacity and capability we need.	Detective Numbers	Q4	15	Scoping	-	-	-	-	-
Risk 1 - Governance - The application of effective and well-understood governance arrangements and internal controls.	Assurance Mapping	Q4	12	Scoping	-	-	-	-	-
Risk 1 - Governance - The application of effective and well-understood governance arrangements and internal controls.	Follow Up	Q1-4	5	Not Started	-	-	-	-	-
Collaborations	Contribution to Regional Police Audits	Q4	10	Not Yet Allocated	-	-	-	-	-
N/A	Contingency	Q1-4	5	Not Yet Allocated	-	-	-	-	-



11B

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

Internal Audit Annual Opinion Report 2021/22

Contents

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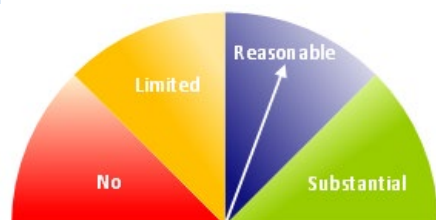
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Internal Audit Annual Opinion – 2021/22: 'At a Glance'

Annual Opinion 2021/21



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.

The Headlines

	No Significant Risks identified.
	No Priority 1 actions.
	All actions were accepted by management.
	11 reviews were delivered in accordance with the 2021/22 Internal Audit Plan in addition to four 'Follow Up' audits and two Regional Audits.

Internal Audit Assurance Opinions

Substantial	0
Reasonable	4
Limited	5
No	0
Advisory	2

Internal Audit Agreed Actions 2021/22

Priority 1	0
Priority 2	23
Priority 3	14

Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the organisation's risk management, control and governance processes.



Purpose

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

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

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

Executive Summary

Three Lines Model

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

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

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

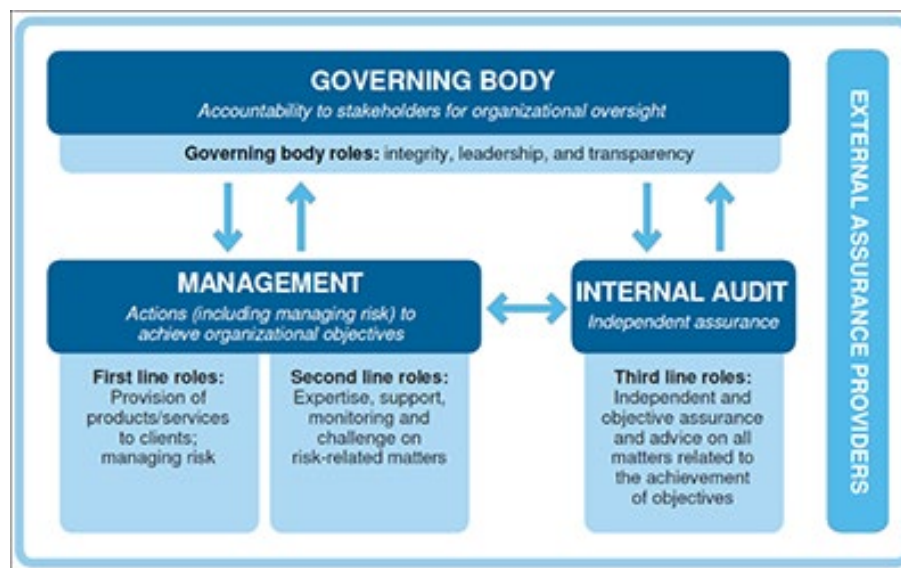


Background

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

Internal Audit provides an independent and objective opinion on the control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the year 2021/22.

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



Internal Audit Annual Opinion 2021/22

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

- Completed audits (during the year 2021/22) which evaluate risk exposures relating to the organisation's governance, information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.
- Observations from consultancy/advisory support.
- Follow up of previous audit activity, including agreed actions.
- Notable changes to the organisation's strategy, objectives, processes or IT infrastructure.
- Assurances from other providers, including third parties, regulator reports etc.



Annual Opinion

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

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

The assurance opinions resulting from Internal Audit work completed in 2021/22 received either a Limited or Reasonable assurance opinion. No significant risks which would require inclusion within the Annual Governance Statement were identified as part of our work in 2021/22. Giving consideration to our Internal Audit Work and the adequacy and effectiveness of the wider governance and risk management arrangements at Avon & Somerset Police and OPCC, I am able to offer a **Reasonable** Annual Opinion. Further detail on the areas informing our opinion have been discussed below.

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

A summary of the assurance opinions provided during the course of the year, together with details of the number of recommendations raised, is included in Appendix A.

We would like to take this opportunity to thank management for their collaboration and support throughout the year.

Internal Audit Annual Opinion 2021/22

Annual Opinion continued

Opinion on Internal Control

As stated above, our Internal Audit work in 2021/22 resulted in the provision of either a Limited or Reasonable assurance opinion. Given consideration to the wider control, risk management and governance framework, this has led to a **Reasonable** Annual Opinion overall. On an individual assignment level, we define this as:

“There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.”

A summary of the assurance opinions provided during the course of the year, together with details of the number of recommendations raised, is included in Appendix A.

Governance

We have not completed a specific piece of assurance work around governance at either Force or OPCC during 2021/22, however we have naturally incorporated elements of governance within our work and made recommendations as necessary. At an individual engagement level, we consider and assess the control framework related to the area under review against three thematic themes of leadership and culture, learning and diversity and inclusion. Our assessments throughout the year have not identified any significant concerns. In addition, as part of our Organisational Learning from Covid-19 audit, we highlighted that the Force’s governance responded quickly and effectively to the threat of Covid-19 with a well-defined command structure for sound decision making. We are satisfied that governance arrangements are kept under regular review and updated where necessary to ensure these remain effective. From an internal audit perspective, there is strong engagement with SWAP across all levels of the organisations and a commitment to delivery of independent assurance in particular by senior management.

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

Internal Audit Annual Opinion 2021/22

Definitions of Corporate Risk

High Risk

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

Medium Risk

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

Low Risk

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

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

Risk Management

As part of our Internal Audit work in 2021/22, we conducted a review of Risk Management which found that the Force were in the early stages of their risk management journey having recently refreshed the way in which they plan and approach the identification, evaluation and management of risks in order to improve their risk maturity. The audit was advisory in nature and a number of recommendations were raised and agree to help ensure that a sound risk management framework is in place and embedded. A further follow up audit of Risk Management is planned for 2022/23.

Significant Corporate Risks

During the course of the year, no significant / high corporate risks were identified.

Recommendations

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

Changes to the Internal Audit Plan

Originally, 11 assurance audits were planned to be completed as part of the 2021/22 internal audit plan. Two of these audits (Risk Management and Assurance Mapping) were changed to advisory / consultancy pieces as a result of work still underway to implement and embed controls and processes related to these areas. An assurance audit is planned in both these areas for 2022/23.

Summary of Audit Work

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

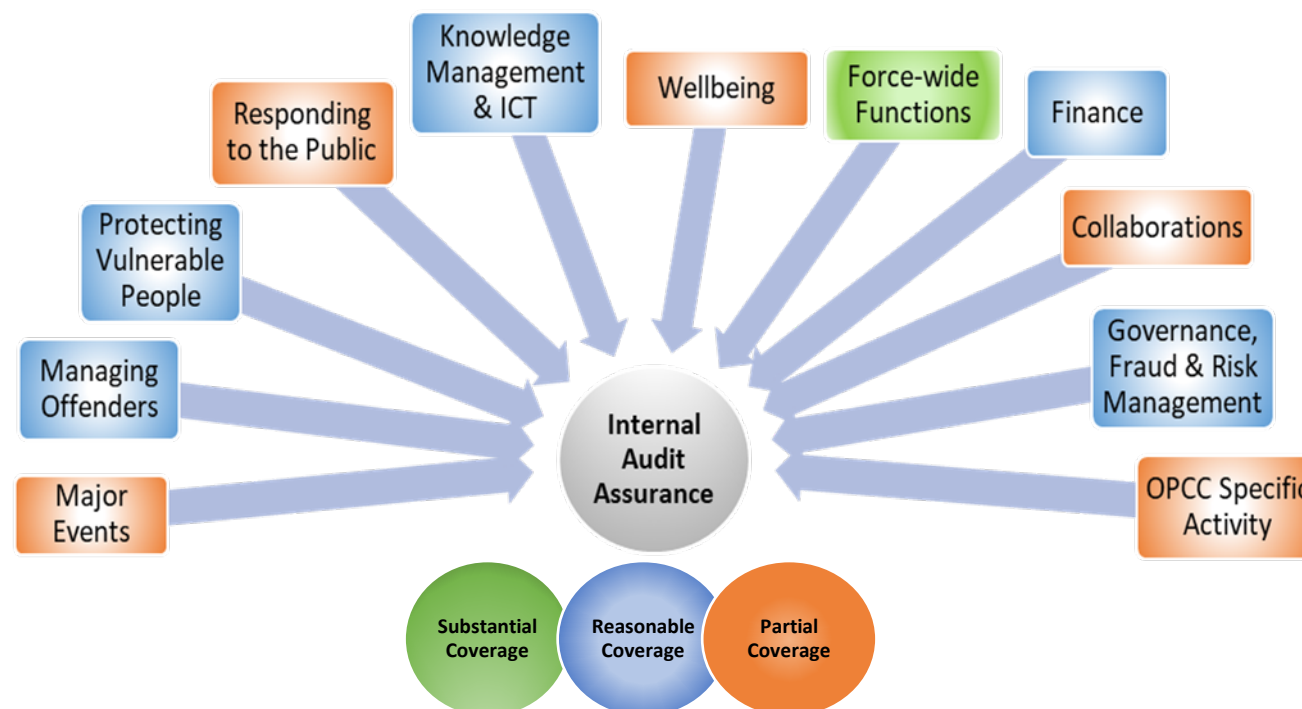
We have set out how the audits from the 2021/22 Internal Audit Plan provides coverage of the key components set out in the Force Management Statement (FMS), against which we have aligned our audit universe.

We have set out the coverage against the FMS areas where audits provided coverage/ assurance over the course of the year. In 2021/22, at least partial audit coverage was provided across each FMS area.



Audit Coverage by Force Management Statement Areas

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



Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud. It should also be noted that where an assurance opinion is provided, this is based on the work completed and commensurate with the audit budget, not the entire control framework pertaining to the particular area concerned.

Summary of Audit Work

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

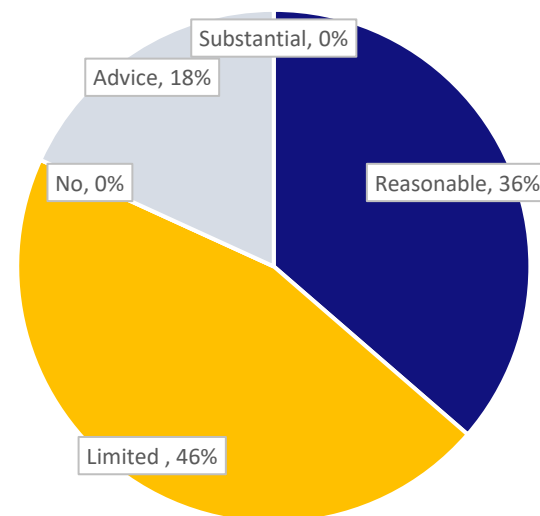
Assurance Definitions

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



Summary of Control Assurance Opinions

Summary of Audit Opinions for 2021/22 Internal Audit Plan



The chart above details the spread of assurance opinions across our work during 2021/22. Four Reasonable and five Limited opinions were given. There were no 'No' assurance opinions or 'Substantial' assurance opinions provided in 2021/22. Two advisory audits of Risk Management and Assurance Mapping were also completed in 2021/22. As mentioned above, an assurance audit is planned for both these areas in 2022/23. In addition to our assurance and advisory audits, four 'Follow Ups' of 2020/21 audits were also completed over the last year.

Further to the above, two Regional Audits of Digital Forensics and Fraud Baseline Assessment were also completed and, at the time of writing, another related to Pensions Administration is currently on-going. These have been discussed further below.

Summary of Audit Work

SWAP Performance - Summary of Audit Actions by Priority

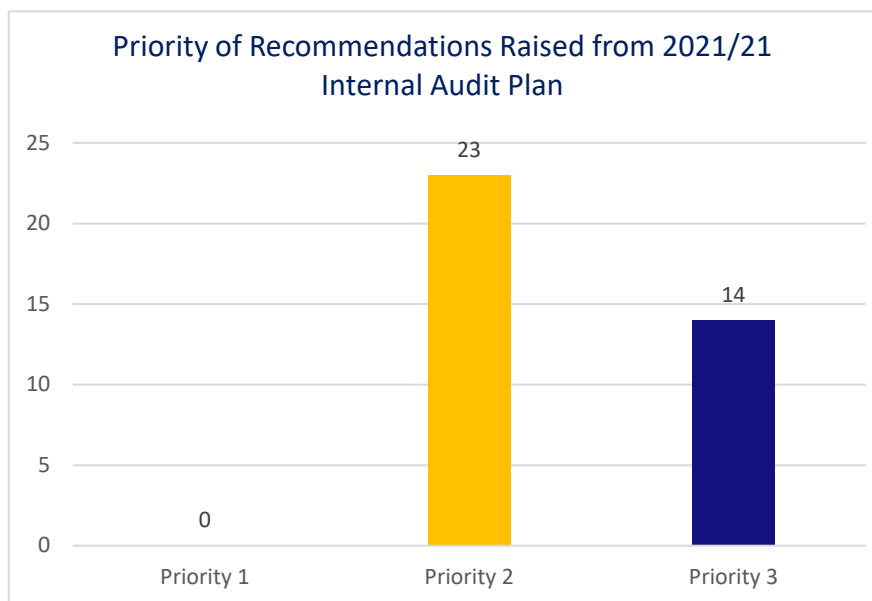
Categorisation of Actions

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.



Priority Actions

A graph outlining the priority level of the recommendations raised during the course of producing the Internal Audits for 2021/22 is detailed below.



A total of 37 recommendations were raised as part of our audit work in 2021/22. This is an increase of 37% in comparison to the previous financial year. It is pleasing to note that there were no Priority 1 actions raised this year and all recommendations were accepted by management.

An internal process is in place whereby the Improvement Team maintains a record of recommendations raised (from Internal Audit and from other sources) and record progress towards implementation. This is reported to the Joint Audit Committee (JAC). In addition, a programme of follow up work is also scheduled each year.

Plan Performance 2021/22

Added Value

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



Added Value

Throughout the year, SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

With the help of SWAP's Data Analysts, data analytics has been included as part of our auditing wherever possible. This allows us not only the opportunity to test whole populations of data, but where this is not possible or appropriate, to be able to use data analytics to target our testing in a more effective manner. Some notable examples of data analytics performed across 2021/22 are outlined below:

- **Key Financial Controls** – Analysis of duplicate payments and suppliers.
- **Criminal Justice** – A comparison of two data sets related to action plans provided by the Crown Prosecution Service (CPS) to strengthen criminal cases. This work resulted in a recommendation which should introduce this comparison more regularly into criminal justice processes internally with a view to reducing the number of action plans returned by the CPS.
- **Complaints Handling** – Force data reviewed in order to identify potential cases of interest for example, by duration, complaint type, common themes etc.

We have also:

- Embedded 'agile' auditing to our processes to help improve timeliness, efficiency and reporting of findings.
- Completed two regional pieces of work. One related to Digital Forensics which sought to provide assurance that capacity and capability is effectively managed by Southwest Forensics; that sufficient scrutiny takes place at gateways/handover points by the individual Forces; and that internal and external performance management is effective. The second related to completing a Fraud Baseline Assessment which sought to assess and compare the fraud maturity across all five Forces. A further regional piece for Pensions Administration is currently ongoing.
- Provided benchmarking information from other Forces on Positive Action and Absence Management to management.
- Included consideration of three thematic areas during the course of each audit (Leadership and Culture, Learning and Diversity & Inclusion).

Plan Performance 2020/21

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



Internal Audit Team Performance

SWAP's performance is subject to regular monitoring and review by both the Executive Board and the Member Board. The respective outturn performance results for Avon and Somerset Police & OPCC for 2021/22 are:

Performance Measure	Performance
<u>Audit Plan – Percentage Progress</u> Complete In Progress (<i>One Regional Audit - Pensions Administration</i>)	97% 3%
<u>Quality of Audit Work</u> Overall Client Satisfaction (<i>did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation?</i>)	100%
<u>Value</u> Percentage of Recommendations Accepted	100%







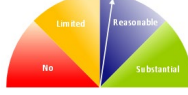
At the time of writing, one Regional Audit of Pensions Administration from 2021/22 is currently still in progress. This has been delayed for completion as a result engagement from the pension providers and intended to be finalised in early 2022/23.




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

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

Overview of Audits Completed 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	 High Reasonable	3	-	1	2	
Knowledge Management & ICT	Remote Working – Cyber / Data Security	Q1	12	Completed	 High Limited	4	-	3	1	
Governance, Fraud & Risk Mgt.	Assurance Mapping	Q1-4	10	Completed	N/A - Advice	-	-	-	-	
Managing Offenders, Protecting Vulnerable People	Use of Force	Q2	12	Completed	 Mid - Reasonable	3	-	2	1	
Force-wide Functions, Responding to the Public	Complaints Handling	Q2	12	Completed	 High Limited	7	-	6	1	
Force-wide Functions, Knowledge Management & ICT	Criminal Justice	Q3	12	Completed	 High Limited	3	-	2	1	
Force-wide Functions, Finance	Environmental Sustainability	Q3	15	Completed	 Low Reasonable	2	-	2	-	
Finance	Key Financial Controls: Accounts Payable, General Ledger & Fixed Assets	Q3	20	Completed	 Low Reasonable	5	-	1	4	


Link(s) to FMS	Audit Area	Period	Audit Days	Status	Opinion	No of Recs	1 = Major		3 = Minor
							Recommendations		
							1	2	3
Force-wide Functions, Managing Offenders, Protecting Vulnerable People	Clinical Governance within Custody	Q4	10	Completed		4	-	3	1
Force-wide Functions, Protecting Vulnerable People	Victim Support Services	Q4	10	Completed		6	-	3	3
Governance, Fraud & Risk Mgt.	Risk Management	Q4	12	Completed	N/A - Advice	4	-	3	1
Collaborations	Contribution to Regional Police Audits	Q1-4	5	In Progress-2/3 Complete	To Be Confirmed	-	-	-	-
Governance, Fraud & Risk Mgt.	Follow Up	Q1-4	10	Completed	N/A – Follow Up	-	-	-	-

Audit Objective

To provide assurance that the Force's Service Desk function effectively and efficiently assists the 'customer' (i.e. officer and staff) in their use of the Force's technology and thereby helps the Force realise its digital policing ambitions.

Link to SRR

Service Delivery: Failure to meet expectations of improved performance and service delivery.

Assurance Opinion	Number of Actions		Audit Assessment of Agreed Themes		Risk Reviewed	Assessment
	Priority	Number	Theme		The Service Desk Customer Journey may prevent officers and staff access to technology and systems they need to effectively discharge their duties. This will result in undermining staff productivity and a reduction of capability to deliver public safety.	Medium
	Priority 1	0	Leadership & Culture			
	Priority 2	4	Learning			
	Priority 3	4	Diversity & Inclusion			
	Total	8	Please see Appendix One for more detail.		Risk Management Awareness	Satisfactory

Key Findings

	We examined the FAQ/Self Help for IT support on Pocketbook and established that there was a lack of ownership and responsibility for updating and maintaining this.
	We established that there are no controls in place to maintain the forms used by customer to log and/or complete their IT support issues online, or to further improve or develop the customer experience using the IT Portal.
	We examined the current approach to knowledge bases within each line of support within the Service Desk and found that these do not have a consistent structure and there is no cross interaction between the support teams for access to their knowledge bases.
	We walked through the escalation process from the Service Desk and found that there is a lack of clearly defined responsibility for keeping the customer in contact and up to date once the call is handed off from the Service Desk. We evidenced that this was impacting follow up calls and putting pressure on the Service Desk.

Audit Scope

We focused on consideration of the following as part of the audit:

- Undertake a walkthrough to establish the Service Desk customer journey from the raising of a Service Desk Request through to the resolution of that Request using the available customer interaction channels (i.e. online vs phone).
- Assess the adequacy of communication with the customer in support of those customer contact points, including the adequacy of the customer's self-service access to relevant information and/or actions.
- Confirm what data is currently collected and what metrics are measured to inform the Force's understanding of the customer's experience to help facilitate a continuous improvement of the Service Desk offered to the customer.

Added Value

As part of the fieldwork for this audit we have undertaken a review of the customer experience of the Service Desk function, to establish the customer satisfaction points within the process and where interruptions to the customer experience are, as well as established a process flow chart for the Service Desk.

Appendix 1

Findings & Action Plan

1.1 Finding: FAQ/Self Help tools

We examined the FAQ/Self Help for IT Support on Pocketbook. We established that this was migrated to Pocketbook from the IT portal approximately three years ago. However, we were unable to evidence any review or update of these FAQs since the migration and we were unable to confirm who had ownership over this content. We also established that an FAQ section also existed on the IT portal however on examination, this page was blank with no subsequent re-direction or navigation.

1.1 Recommendation

We recommend that management review the current process for access and maintenance to the FAQ/Self Help element for IT support. This content should be reviewed regularly with clear lines of ownership with regards to the update and maintenance.

Agreed Action

Agreed as above.

Priorit	2	SWAP Ref.	47162
Responsible Officer	Service Desk Manager		
Timescale	31 st January 2023		

1.2 Finding: IT Portal UX/UI

We examined the customer experience and interaction (UX/UI) of the IT Portal. The objective of this is to increase the self-service element for the customer using the portal which will direct them away from calling the service desk. Consequently, by using a combination of self-help and forms will allow the customer to log and/or complete their IT support issue online. Although we evidenced no current issues with the online forms, we established that there were no controls in place to either maintain these forms or further improve or develop the customer experience using the IT Portal.

1.2 Recommendation

We recommend that management ensure that there is a review of the wider customer experience (UX/UI) of the IT Portal including exploring opportunity for greater self-service and a review of the current effectiveness of the online forms.

Agreed Action

Agreed as above.

Priorit	2	SWAP Ref.	47163
Responsible Officer	Service Desk Manager		
Timescale	31 st January 2023		

1.3 Finding: Knowledge Bases

We examined the current approach to knowledge bases within each line of support within the Service Desk. Knowledge bases are key tools to enable potential first line fixes, the expansion of customer self-serve, and the sharing of common issues across support teams. We evidenced that although there are some knowledge bases in place, these do not have a consistent structure across them and apart from the Service Desk and the Application Team, there is no cross-interaction between the support teams for access to their knowledge bases. Various reasons for this. Some store in excel for example. Service Desk wouldn't know where it is, how to reach etc. This, therefore, means that there is potentially knowledge base content that could be used by the Service Desk for first line resolution that would prevent a subsequent hand off to second or third line.

1.3 Recommendation

We recommend that management revise the current approach to knowledge bases across each level of support teams. Whilst we appreciate that some information within knowledge bases (such as IP networking) will want to be retained by that individual support team, we would set the objective of identifying those elements within knowledge bases that could further facilitate first line call resolution, a resolution via the IT portal and a self-service FAQ.

Agreed Action

It may not be feasible to review all knowledge bases across the Directorate at this stage, however it will be ensured that there will be review with Teams of any information that the Service Desk requires to undertake their role, and ensure that this is included on the Service Desk knowledge base.

Priorit	2	SWAP Ref.	47166
Responsible Officer	Delivery Manager - Service		
Timescale	31 st January 2023		

1.4 Finding: Escalation Process

We walked through the escalation process from the Service Desk and evidenced that there is a lack of clearly defined responsibilities for keeping the customer in contact and up to date once the call is handed off from the first line Service Desk. This is currently resulting in customers having to contact the Service Desk for follow up of unresolved calls. However, we established that this is putting pressure on the Service Desk who no longer have responsibility for either the progress or resolution of the call once it has been handed to second or third line. We evidenced that the impact of this for the customer is to call the service desk for follow up calls. We established that although there were 256 requests for follow up support tickets in April 2022, the method of recording this within ASSYST, means that the subsequent calls to further chase the follow up are recorded in the original follow up support ticket. This means that it is difficult to obtain accurate data on the true amount of follow up requests received by the Service Desk.

1.4 Recommendation

We recommend that management undertake a review of the end-to-end resolution journey for a service desk call when it is handed off the second and third-line support. This should include clarification on responsibilities regarding recording of activity on the call and how to maintain customer contact before the call is resolved. We would also advise management to engage with ASSYST into how multiple follow ups for a specific call can be reported. This may form the business case into how issues with current controls in relation to the second and third-line resolution can be addressed pro-actively.

Agreed Action

Agreed as above.

Priorit	2	SWAP Ref.	47168
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Due to the scope and timing of the audit, we were unable to establish from second and third-line support what their agreed processes were in terms of customer contact and updating ASSYST with progress.

Responsible Officer	Delivery Manager – Service, Service Desk Manager
Timescale	1 st May 2023

1.5 Finding: IT Portal Accessibility

We examined the Pocketbook intranet site that provides customers with the link to the IT portal. We evidenced that the links to the IT portal were not given sufficient priority on the page and that on clicking the link, an additional navigation page is required to be clicked to take the user to the IT portal. In total, we established that the customer's navigation from the Pocketbook home page to the IT portal ready to submit a support ticket took 4 clicks.

1.5 Recommendation

We recommend that management review the ease of accessibility to the IT portal direct from the Pocketbook home page. This should include more prominence of the IT portal link and a direct link on first click to the support ticket submission on the IT portal.

Agreed Action

Agreed as above, however this will require discussion with the Digital 7 projects team and this may affect the action undertaken.

Priority	3	SWAP Ref.	47161
Responsible Officer	Service Desk Manager		
Timescale	31 st January 2023		

1.6 Finding: Service Desk Contact Details

We examined the telephone contact channel for customers outside of the online IT portal. We evidenced that these contact numbers were not available outside of the Pocketbook intranet. Therefore, if the customers device was not working or had they lost internet connection, there was no other means of finding the Service Desk contact number. We were informed that customers with mobile devices were advised to store the Service Desk contact number in their contacts, but this advice was not mandatory.

1.6 Recommendation

We recommend that management review the communication channels as to how the contact number for the Service Desk are available when a device is not working, or internet access is down. However, we appreciate that this should be balanced against the continued aim of customers using the IT portal as standard to access Service Desk resources if access to the internet is available.

Agreed Action

Agreed as above, however this will require review with the Digispoc community and this may affect the action undertaken.

Priority	3	SWAP Ref.	47164
Responsible Officer	Service Desk Manager		
Timescale	31 st January 2023		

1.7 Finding: Automated Password Resets

We examined the self-service aspect for customer password resets via the IT portal. We established that the highest volume of password resets in May 2022 were for SAP where there were 2,140 requests. Further data analysis revealed that although 71% of these were reset via self-service, 29% of the requests (621 in May 2022) were direct calls to the Service Desk. We established that there was a potential confidence issue in the resolution of SAP password resets with customers whereby using the online function could take up to 24 hours for a reset, however calling the Service Desk resulted in the reset being done immediately. Therefore, going forward, it would be unlikely that the customer would use the self-service in future for an SAP password reset which will continue to place resource on the telephone channel of the Service Desk.

1.7 Recommendation

We recommend that management examine the current configuration for the automated SAP password reset with the aim of ensuring that the time for a completed reset matches that of a customer calling the service desk. This will require a pro-active approach to ensure the improvement of confidence in the online SAP password reset process to ensure that the current percentage of calls to the service desk do not increase in the interim.

Agreed Action

Agreed as above.

Priority	3	SWAP Ref.	47165
Responsible Officer	Service Desk Manager		
Timescale	31 st January 2023		

1.8 Finding: Support Ticket Re-opening

We examined the current controls around the re-opening of support tickets that had previously been classified as resolved. We understand that this may happen sometimes if a specific problem can re-occur and is a recognised practice within IT Service Management processes. Data analysis of all calls in April 2022 revealed that 27 support tickets were classed as re-opened from a previous status of resolved. We established that there are currently two different methods for re-opening a call based on the length of time that customer has responded. If the customer gets back within 3 days, the support ticket can be re-opened. However, if the customer comes back after 3 days, a new support ticket is raised however there is not necessarily recorded as a re-opened support ticket. This is currently resulting in both a confused practice for the Service Desk and potentially management information that will not provide the full value around the data for support tickets being re-opened.

1.8 Recommendation

We recommend that management revise the process for the re-opening of support tickets to provide clarity for the customer and consistent management information to address future issues and trends relating support desk resolution. We would advise referring to current ITIL best practice that suggests that a new support ticket is raised each time with a specific reference back to the original support ticket to maintain the audit trail. This way, new elements to the support ticket can be raised such as changes to the categorisation and the priority.

Agreed Action

Agreed as above, however this will require further investigation before making changes to the current process, once this is completed feedback and justification will be provided if this exact action is not undertaken.

Priority	3	SWAP Ref.	47167
Responsible Officer	Service Desk Manager		
Timescale	31 st January 2023		



Audit Assessment of Agreed Themes		
Theme	RAG Rating	Rationale
Leadership & Culture		Roles and responsibilities are not always clearly defined and issues have arisen due to this.
Learning		There is a large quantity and good quality of data recorded and analysed to promote improvements and identify learning opportunities.
Diversity & Inclusion		Not assessed.

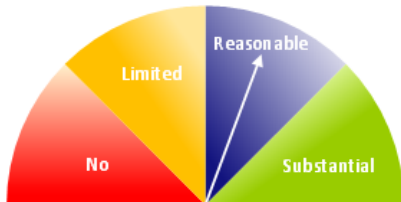
Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found at <https://www.swapaudit.co.uk/audit-framework-and-definitions>

Audit Objective


To provide assurance over the effectiveness of controls in place to ensure the Force is representative of the communities it serves.

Link to CRR

Risk 4: People - Growing, developing and then maintaining the workforce and leadership culture, capacity and capability we need.

Assurance Opinion	Number of Actions		Audit Assessment of Agreed Themes		Risk Reviewed	Assessment
	Priority	Number	Theme			
	Priority 1	0	Leadership & Culture			
	Priority 2	0	Learning			
	Priority 3	3	Diversity & Inclusion			
	Total	3	Please see Appendix 1 for more details.			
					The Force is not representative of the communities it serves which could result in reputational damage, legal challenge and a loss of public confidence in policing.	Medium
					Risk Management Awareness	Satisfactory

Key Findings

	<p>In 2018, the Force agreed '5 Big Ideas' to accelerate the ambition of the then Chief Constable to become the UK's most inclusive police service. Since 2018, the Force has seen an overall increase in Black, Asian and Minority Ethnic (BAME) individuals from 2.7% to 3.6%. However, according to the 2011 census data, in order for the Force to be representative of its BAME community, this needs to increase to 6.7% (and likely further when 2021 census data is published later in the year). If all BAME applicants were to be successful as part of the national Uplift Programme, the Force would still not be representative by 2023. Attraction therefore remains a challenge. In May 2021, an internal 'Spotlight Report' was presented to the People Committee which highlighted improvements to be made to workforce representation. As a result, a Silver Group was set up to help drive improvement by implementing the recommendations made in the report. The Silver Group is chaired by the Head of Organisational Development, meets fortnightly and reports to the People Committee.</p>
	<p>Over 300 'leaders' at inspector and police staff equivalent level and above have been provided training on how to become more 'culturally intelligent'. Inclusive Policing with Confidence training which aims to increase understanding and empathy across the organisation leading to better recognition, respect, and valuing of difference has been delivered to approximately 2,500 front line officers and staff. Whilst significant inclusion and diversity training and awareness has been delivered in recent years, the Force will need to look at how it continues this momentum and maintains training going forward.</p>
	<p>One of the actions of the Silver Group is to engage with other Forces / benchmark to understand what positive action activity is being used by other Forces to see how Avon and Somerset Police can enhance their own activity. In recent years, the Force has engaged with Forces regionally and nationally such as the Metropolitan Police, West Midlands Police and Nottinghamshire Police. However, it would be beneficial for the Force to engage with more police forces.</p>

Audit Scope

We considered the following areas as part of the audit:

- The Force's measures to help eliminate discrimination, promote equality and opportunity within its recruitment and retention processes and to develop its employer brand and culture.
- Mechanisms in place to monitor and manage performance surrounding positive action initiatives and to help ensure benefits are realised over this area.
- Benchmarking against other Forces considered to be successfully implementing positive action measures.

Conclusion

Avon and Somerset Police's workforce is not representative of the communities it serves. In particular, BAME and female individuals are underrepresented in the workforce. Although there has been incremental improvements in recent years, significant work is still needed to achieve representation which will require the organisation to overcome difficult institutional, social, economic, and cultural challenges. Actual change therefore may not be seen for quite some time or at a pace which management, the Chief Constable and the Police and Crime Commissioner desire. The review has however found the Force's journey in recent years to achieve its ambition of becoming the UK's most inclusive police service as wholly positive and that generally, there is a sound system of controls in place to help deliver this objective. Our assurance opinion is therefore reflective of the controls in place **to help ensure** the Force is representative of the communities it serves and **not whether the Force is actually representative**.

Appendix 1

Findings & Action Plan

1.1 Finding: - Maintaining inclusion and diversity training and awareness

One of the Force's '5 Big Ideas' is to embed inclusion and diversity training and understanding across all levels of the organisation. 'Cultural Intelligence for Inclusive Leadership' for all leaders at inspector, and police staff equivalent level, and above has been provided. This has helped equip individuals on how to become more 'culturally intelligent' supportive and inclusive leaders and how to engage with communities in a more informed and intelligent way. Over 300 leaders have been trained to date.

'Inclusive Policing with Confidence' training, which aims to increase understanding and empathy across the organisation leading to better recognition, respect, and valuing of difference, has been delivered to around 2,500 front line officers and staff by Stand Against Racism & Inequality (SARI) since October 2021.

The Force has therefore made significant progress with regards to this objective. However, it must now consider next steps and how it will maintain training going forward in order to truly embed it. Discussions are taking place around this already. However, at the time of writing, no future training programme has yet been formalised.

The Force has around 65 Diversity Champions who are responsible for training, mentoring, upskilling and supporting applicants through stages of the recruitment processes. Just under half have undergone a course in training and mentoring. The Force should ensure all Diversity Champions who have not completed the course do so at the earliest opportunity in order to ensure they have the required skills and expertise to support applicants.

1.1a Recommendation

We recommend that the Head of Organisational Development ensures a programme of inclusion and diversity training, which includes refresher training, is implemented across the Force for all officers and staff. Existing and new Diversity Champions should be prioritised.

Agreed Action

Once the evaluation report for the Inclusive Policing with Confidence programme has been finalised a proposal for further work will be drawn up to ensure inclusion and diversity training continues delivered by different learning methods through the Leadership Academy for all officers and staff. By the end of July, a proposal for further work will be completed and further design of an inclusion and diversity programme will be created and rolled out.

Priority	3	SWAP Reference	47233
Responsible Officer	Head of Organisational Development		
Timescale	31/07/2022		

1.2 Finding: - Benchmarking against other Forces

We sought to consider benchmarking against other Forces as part of the scope for the audit. However, data in relation to which Forces are 'doing well' in respect of diversity and inclusion is not readily / publicly available to inform benchmarking. The Force will tend to find out which Forces are doing well regionally and nationally through internal links and collaboration (e.g., through engagement with the National Police Chiefs Council (NPCC)).

One of the objectives from the Silver Group convened in May 2021 (to drive forward diversity and inclusion improvement) is to engage with other police forces across the country. Over the last year, this has included engagement with the Metropolitan Police, West Midlands Police, Nottinghamshire Police and Merseyside Police. The Force found that they were conducting similar activity.

The findings align with a positive action benchmarking exercise that SWAP performed across the five regional south-west Forces in 2021/22, which was shared with relevant stakeholders at the time (including Avon and Somerset Police). The Force has adopted activity found to work well at other forces. For example, the Force's Aspiration Programme which helps prepare student officers for

1.2a Recommendation

We recommend that the Head of Organisational Development regularly engages with all UK police forces to understand what positive action activity is being used elsewhere to inform their own activity.

Agreed Action

The I&D lead within force will contact forces on a regular basis to understand Positive action activity and share best practise. Contact to be made with 5 forces every 6 months from September 22 onwards.

Priority	3	SWAP Reference	47235
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assessment centres, is based on a similar programme implemented by Merseyside Police. The Force plans to engage with other police forces regularly (every 6-12 months) but should aim to engage with all police forces across the country if possible.

Responsible Officer	Head of Organisational Development
Timescale	30/09/2022

1.3 Finding: - Inclusion and diversity reporting

We reviewed a cross section of documents such as agendas, minutes, accompanying reports and actions of the People Committee and Silver Group over the last year. We found diversity and inclusion reporting tended to focus mainly on race/ethnicity and consideration of other protected characteristics under the Equality Act 2010 such as sex, age, sexual orientation, religion etc. was less frequent.

A Spotlight Report presented to the People Committee in May 2021, that resulted in the creation of the Silver Group, delved into more detail on other protected characteristics such as gender, but this was an exception over the period we reviewed. Management information in regard to equality data is available to members of the People Committee via Qlik but should also be formally reported on more frequently for review and scrutiny. We noted an action from the minutes of the People Committee held in November 2021 to include 'region/faith' data for review. In addition, we also found reporting of management information to tend to only outline what current representation was across officer and staff groups and not where it needed to be in order to be considered as representative.

1.3a Recommendation

We recommend that the Head of Organisational Development ensures equality reporting / statistics to the People Committee is not focused predominantly on race / ethnicity but also regularly takes into consideration other protected characteristics. Reporting should compare the organisation's representation against population data (e.g. from the Census) for comparison.

Agreed Action

With the Data from the census in 2021 this will be reviewed against the I&D dashboard presented at the People Committee and reviewed against all protected characteristics. This will be reviewed every 3 months at the people committee.

Priority	3	SWAP Reference	47234
Responsible Officer	Head of Organisational Development		
Timescale	31/10/2022		

Audit Assessment of Agreed Themes

Theme	RAG Rating	Rationale
Leadership & Culture		Avon and Somerset Police is committed to becoming the UK's most inclusive police service. The Force became the first police force in the country to achieve the National Equality Standard (NES) in 2020. NES was developed for businesses and sets equality, diversity and inclusion criteria against which organisations are independently assessed. The Force has also been placed in the Top 100 companies by the Stonewall Workplace Equality Index coming in at number 75 in February 2022. The Force recognises what it needs to do in order to achieve its goal and is progressing a programme of work to deliver this which is regularly reviewed by the People Committee (that reports directly to the Constabulary Management Board).
Learning		The Force needs to engage with more police forces across the country in order to assess and enhance their current activities and identify any learning which has led to an amber rating.
Diversity & Inclusion		The Force has assessed itself against the key performance question "are we becoming a more inclusive and diverse organisation?" as 'requiring improvement'. A Silver Group was convened in May 2021 to deliver change in this space following a Spotlight Report which highlighted the need for improvement to workforce representation. Although we accept that activity in recent years has been largely positive and a step in the right direction, significant work is still required to ensure that the Force is representative of the communities it serves. For example, in order for the Force to be representative of its female population, it must recruit just under 600 new female officers which equates to over 130% of the total uplift over the next few years.



MEETING NAME	DATE	AGENDA NO
Finance and Assets Committee	8 th June 2022	12
DIRECTORATE / DEPARTMENT	AUTHOR	COG SPONSOR
Directorate of the Chief of Staff	Abby Rollings	Nick Adams
NAME OF PAPER	PURPOSE OF THE PAPER	SESSION
Audit Progress Review	Information/Decision	7.1

INTRODUCTION

This report is from the Inspection and Evidence Based Policing Team and provides an update on the following points:

- Overall numbers of open recommendations
- Number outstanding and late for action
- Total for sign off by F&AC
- Any issues for escalation to CMB

OVERVIEW

Internal Audit Recommendations

Total	Total Number of Recommendations	Total Open	Total Overdue	Total Complete
Internal Audit Recommendations	140	66	5	69

- Please note out of the 66 open recommendations, 26 are for sign off by F&AC.

Internal audit recommendations are tracked and closed once the internal auditors agree the action is complete. Governance is provided via the Joint Audit Committee. SWAP undertake follow up audits throughout the year to review progress. IEBT meet with SWAP every month to review progress.

The Auditors review all recommendations where the overall audit opinion is limited or below, however, this is only performed through the follow-up report once the last date for completion has been reached; the I&EBPT track all recommendations that fall due in the meantime. The I&EBPT track all recommendations that result from an audit with an overall opinion of 'reasonable' and above. The business lead confirms when a recommendation is considered closed or where a revised date for completion is required; the auditors are advised where a follow-up is due but has not been completed.

Open Recommendations

- **2018/19**
Follow Up – Volunteers – 1x recommendations deadline of 31st March 2022. – This recommendation is ready to be closed and currently awaiting sign off from the F&AC.

Key Financial Controls – 1x recommendation (Specials Coordinator) with a deadline of 31st January 2022. – New deadline set for 31st December 2022.
- **2019/20**
IT Cyber Security 2x open recommendations have deadlines of 30 November 2021.
1.1 - New deadline set for 31st March 2023.
1.3 - New deadline set for 31st December 2022.

- **2020/21**

15 open recommendations, leads will be chased for responses nearer the deadline dates.

10x recommendations are awaiting sign off from F&AC

2x recommendation overdue (deadline 31st May 2022): Police Officer and Staff Training & Performance Management

- **2021/22**

53 open recommendations, leads will be chased for responses nearer the deadline dates.

15 of which are ready for sign off by the F&AC.

3x recommendations overdue (clinical governance in custody)

	Total Recommendations	Open	Open Out of Timescale	Completed
RSM 2018/2019				
Follow Up - Volunteers	1	1	0	0
Key Financial Controls	1	1	0	0
Total	2	2	0	0
SWAP 2019/2020				
Workforce Plan	3	0	0	3
Payroll and Expenses	5	0	0	5
Overtime Payments	3	0	0	3
Personal Issue of Assets	9	0	0	9
IT Cyber Security	3	2	0	1
Data Quality	5	0	0	5
Fleet Management	8	0	0	8
IT Business Continuity	4	0	0	4
Strategic Framework	8	0	0	8
Accounts Payable	6	0	0	6
Total	54	2	0	52
SWAP 2020/2021				
Data Protection - Incident Reporting	2	0	0	2
Health & Safety Management of Frontline Officers and Staff	4	2	0	2
Records Retention	5	0	0	5
Key Financial Controls	3	0	0	3
Delivering the Digital Strategy	2	2	0	0
Payments to Staff - Absence Management	2	1	0	1
Police Officer and Police Staff Training	2	0	1	1
Performance Management	4	3	1	0
Follow up Fleet	2	2	0	0
Follow up Data Quality	2	2	0	0
Recruitment and Vetting	1	0	0	1
Partnership Arrangements	2	1	0	1
Total	31	13	2	16

SWAP 2021/2022				
Complaints Handling	7	7	0	0
Organisational Learning from COVID-19	3	3	0	0
Remote Working	3	3	0	0
Key Financial Controls	5	5	0	0
Environmental Sustainability	2	2	0	0
Victim Support Services	6	6	0	0
Risk Management	4	4	0	0
Criminal Justice	3	3	0	0
Clinical Governance in Custody	5	2	3	0
Regional Digital Forensic Collaboration	12	12	0	0
Use of Force	3	2	0	0
Total	53	50	3	0

RECOMMENDATIONS
No recommendations at this time.