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**Date :**28th October 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 **Via Teams** at **13:30-15:00** on **7<sup>th</sup> November 2022**.

The agenda for the meeting is set out overleaf.

Yours sincerely

**Alaina Davies**  
**Office of the Police and Crime Commissioner**

## INFORMATION ABOUT THIS MEETING

- (i) Car Parking Provision

N/A – meeting being held via Teams

- (ii) Wheelchair Access

N/A – meeting being held via Teams

- (iii) Emergency Evacuation Procedure

N/A – meeting being held via Teams

- (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:

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- (v) REPORT NUMBERS CORRESPOND TO AGENDA NUMBER

## **AGENDA**

**7<sup>th</sup> November 2022, 13:30-15:00**

**Meeting to be held via Teams**

- 1. Apologies for Absence**
- 2. Emergency Evacuation Procedure**  
N/A – Meeting being held via Teams
- 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](mailto: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. Annual Accounts and Governance Statement (Report 5)**
  - a) Annual Accounts and Governance Statement**
  - b) Joint Audit Committee Member Questions and Answers (final for publication)**
- 6. External Audit: Audit Findings Report (Report 6)**

<b>MEETING:</b> Joint Audit Committee	<b>Date:</b> 7 <sup>th</sup> November 2022	Agenda No
<b>DEPARTMENT:</b> Finance and Business Services	<b>AUTHORS:</b> Emma Snailham	5a
<b>NAME OF PAPER:</b> Amendments to the Statement of Accounts		<b>COG Sponsor:</b> Nick Adams

## **Summary**

Since the first draft set of statement of accounts were presented at the last JAC meeting, there have been several changes as a result of the audit review process.

This year A&S were selected by Grant Thornton to be one of the Forces included in a special technical review, whereby their specialist technical accounting team reviewed our accounts in line with the CIPFA Code and best practice. As a result of this review various updates have been made to the financial statements which are outlined below.

## **Presentational amendments**

- Within the PCC and OCC's Balance sheet we have combined the Pension asset and Pension liability figures to the line 'Net Defined Pension Liability'. In accordance with CIPFA guidance, the Pension liability should be shown as a net value. This change has resulted in the prior period opening balances being restated as well.
- Allocation of intragroup adjustments within the PCC and OCC's CIES. The re-measurement of pension assets & liabilities have been reallocated from "Taxation and non-specific grant income" to "Other comprehensive income" in accordance with CIPFA guidelines.
- In the PCC's accounts "The Remeasurement of Pension assets and Liabilities" now includes the "return on pensions asset" figure to be more transparent when following this through the rest of the statements.
- The pension top-up grant has been reviewed in respect of the treatment of allocation between PCC accounts and OCC accounts. Previously this line would show both the income and expenditure and net to zero, now the income is shown in "other operating expenditure" and the expenditure is included in "net cost of services". Within the OCC CIES the pension top up previously had been shown to net to zero under Taxation & non-specific income" and this has also been moved to "net cost of services".
- OCC MIRS, upon review of the accounting treatment between the OCC and PCC and because the PCC holds all the reserves for the group then the MIRS statement now shows no movements as all are transferred to the PCC within the intragroup adjustments within the CIES.

## **Critical Judgements**





In both sets of financial statements there has been a detailed review of the critical judgements included in the notes. We have removed the detail on the long-term debtor as this does not fulfil the criteria of a critical judgement. We have expanded on the narrative to explain the accounting treatment between the PCC and OCC entities.

### **Cash and Cash Equivalents**

We had previously separately identified the bank overdraft figure from the Cash and Cash equivalent lines within the cashflow and also within the notes of the Group accounts. The CIPFA guidance states that the overdraft should be included. Therefore, the total Cash & Cash equivalent at the bottom of the cashflow has been amended and note 22 now includes the bank overdraft figure.

### **Valuation**

Following discussions with the auditors, our surveyor has altered the valuation and classification of the Yeovil property, and this has now been classified as a surplus asset and valued at fair value instead of existing use.

We acknowledge this change and have proposed that this is amended for the 22/23 accounts as it is below the materiality level. Grant Thornton are currently reviewing this decision together with other immaterial adjustments.

### **Expenditure & Funding Analysis table (note 6 in both sets of accounts)**

This note is currently being reviewed and may be amended to add more detail.

### **Other adjustments**

There has been a number of small grammar and phrasing amendments, which are listed in the attached document.



Chief / Group	Note	Change	Reason	From	SOA Updated
Both	Nature of expense	Victim support -1,556 Other Specific grant -10,606	Incorrect allocation of the serious grant for PCC, due to change in working in I&E	ES	Y
Group	Narrative (pg 4)	21/22	Throughout the entirety of 2020/2021 we have continued to live and work through the COVID-19 global pandemic.	JAC	Y
Group	Narrative (pg 8)	Add in 21/22 MTFP figures	To fit with narrative	JAC	Y
Both	Pay table	Add in gender pay report	More detail	JAC	Y
Both	17 /18	Amend RPI rate	Should be using 15 years in line with CPI	GT	Y
Both	Balance sheet	Combine Pension asset & liability to net defined liability ( will require prior period note & last year figures	Bring in line with the code	GT	Y
Both	2	Remove Pension valuation paragraph & point 3	Not a critical judgement	GT	Y
Both	4	Remove covid paragraph, remove service cost lines of sensitivity table	No longer relevant	GT	y/n
Both	13 /16	Officer value in second table needs to be 3,931,493		GT	Y
Group	29.1	Amend to show money market funds & CCLA as fair value Cash & cash equivalents	Inconsistent with 29.3	GT	Y
Group	22 & 29	Include bank overdraft in cash & cash equivalents	Part of the code	GT	Y
PCC	Cashflow	Add bank overdraft to the cash & cash equivalents		GT	Y
Both	1.6	Keep first paragraph - add in "The PCC has entered in to collaborative arrangements with other police forces and local authorities. Where it recognises it's share of the assets, liabilities and expenditure relating to its involvement in the joint operations. Details of these are disclosed in the notes to the accounts"	Reallocating wording to accounting policy instead of the note	GT	Y
Both	12 - Joint arrangements	remove text above the table, replace with " The PCC participates in a number of joint arrangements, contributions to which are disclosed below:	Reallocating wording to accounting policy instead of the note	GT	Y
Both	3	Will update as follows - • Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards: • IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS • IAS 37 (Onerous contracts) – clarifies the intention of the standard • IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material	No updated	GT	Y
Both	12.3	remove 'reported separately'	removes confusion	GT	Y
Both	Page 32	remove intangible asset in bold		GT	Y
Both	Page 47	include account to collection fund adjustment		GT	Y
Both	Page 48	staff value should be 60,748	Typo	GT	Y
Group	19	second table add (note 20) next to the PFI line		GT	Y
Both	21	OCC is nil in both years - remove line		GT	Y
Both	29.2	add in '- The fair value of the PFI Liability has been assessed using level 2 of the fair value hierarchy, using AA-rated Corporate bond yields as at the balance sheet date to discount the future liability costs'		GT	Y
Both	29.6	remove paragraph about receipts in advance		GT	Y
Group	CIES	Note reference on pension figure should be note 16 not 15		GT	Y
CC	Page 17	References section 4.5-4.11 but only goes up to 4.7		GT	Y
CC	Page 30/31	References section above 4.7 but only goes up to 4.7		GT	Y
CC	Page 55	Table with assets % has extra column of 0's - remove / hide this		GT	Y

Both	CIES	Move intragroup remeasurement up to F&F section		GT	Y
Both	Audit fees	Add a narrative to state that full fees are not yet agreed, table includes PSA confirmed fee		GT	N/A
Both	CIES	Move Pension top up grant expenditure intra group up to net cost of services		GT	Y
PCC	Page 78	Table should be total financial asset not liabilities		GT	Y
PCC	Page 81	Amend sentence to 'Debtors classified at amortised cost Typos, grammar etc: PCC page 4 - final paragraph of section 3.1 missing a full stop.  PCC page 6 - final paragraph, missing word? "...with a further inspection not now expected <b>until</b> later in 2022/2023."  PCC page 9 - third para of section 6.4 "...progress through the pay scales gradually increasing <b>to</b> the average cost of a police officer." Is the 'to' needed?  PCC page 14. Final paragraph in section 1 is missing a full stop.  PCC page 16. First para under 2.3. "The PCC has a statutory duty to secure an efficient and effective <b>police for their Since</b> ...." Word missing? Sentence does not make sense.  PCC page 17 - second bullet. Typo March <b>2021</b> . PCC page 22. First para under 3.6.2. Double space "...It was recognised that a new".  PCC page 22. Second para under 3.6.2. Typo "...together in on report" Should be 'one'. Also missing a full stop at the end of this paragraph.  PCC page 34, section 1.1. Refers to 2020/21 Code not 2021/22.  PCC page 35. Section 1.7.3.1. Second paragraph typo "balanced <b>ed</b> sheet".  PCC page 35. Section 1.7.3.1, second para typo "discounted at <b>tis</b> single rate".  PCC page 37, final bullet point section missing a full stop at the end.  PCC page 63 paragraph under the first table is missing a full stop at the end.  CC narrative report has inconsistent use of COVID/Covid		GT	Y
	Grammar / Spelling				
Both	Balance sheet	Adding in proir period restatement for the reclassification of net pensions assets			Y
Both	Main statements	Added * and narrative to changes to presentation			Y
Group	Financial asset	Value of fair value missed one investment line amended value			Y
Group	EFA	Table to reflect the movement from the figures included in the Narrative report to the CIES			
Both	Critical Judgments	Updated to be more relevant			Y

# 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



## **Statement of Accounts 2021/2022**

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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 2021/2022 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 until 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.

	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000
Budget requirement	348,140	358,707	370,838	381,993	392,914	402,500
Less total funding	-339,879	-356,364	-365,479	-377,006	-383,978	-390,925
<b>Surplus(-)/deficit before savings</b>	<b>8,261</b>	<b>2,343</b>	<b>5,359</b>	<b>4,987</b>	<b>8,936</b>	<b>11,575</b>
Savings	-7,261	-3,000	-3,179	-3,245	-3,312	-3,379
Planned use of reserves	-1,000	657				
<b>Surplus(-)/deficit after savings</b>	<b>0</b>	<b>0</b>	<b>2,180</b>	<b>1,742</b>	<b>5,624</b>	<b>8,196</b>

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 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.uk](http://www.avonandsomerset-pcc.org.uk)<sup>1</sup>.

This statement covers the group accounts, incorporating governance arrangements of both the PCC and the OCC, and outlines how these ensure appropriate practice in accordance with the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)". Here within, the detailed arrangements are outlined to support the view of the PCC and their Chief Finance Officer (CFO) that the financial management arrangements conform to the governance requirements of the CIPFA statement on the role of the CFO in Local Government published in 2016.

In discharging this overall responsibility, the PCC is responsible for establishing proper arrangements for the governance of its affairs in accordance with the Joint Scheme of Governance,

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<sup>1</sup> [www.avonandsomerset-pcc.gov.uk/reports-publications/policies-procedures/joint-governance-framework/](http://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.

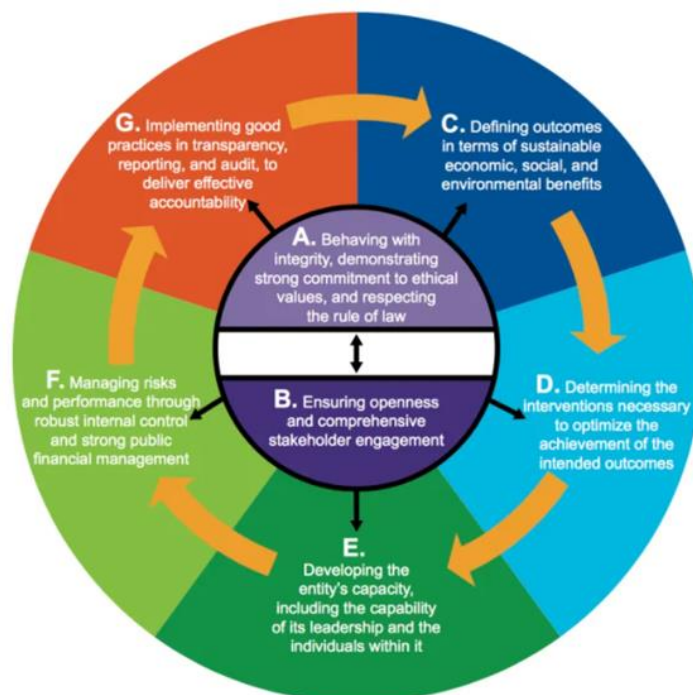


Figure 1: CIPFA Principles of Good Governance

### **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 force**. 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](http://www.avonandsomerset-pcc.gov.uk).<sup>2</sup>

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

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<sup>2</sup> [www.avonandsomerset-pcc.gov.uk/wp-content/uploads/2022/03/AS-Police-Crime-Plan-2021-2025-HR-Spreads.pdf](http://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.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>3</sup>. 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.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>4</sup>.

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*<sup>5</sup> 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

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<sup>3</sup> [www.avonandsomerset-pcc.gov.uk/working-for-you/partnerships/violence-reduction-units/](http://www.avonandsomerset-pcc.gov.uk/working-for-you/partnerships/violence-reduction-units/)

<sup>4</sup> [www.avonandsomerset-pcc.gov.uk/reports-publications/independent-custody-visiting-schemes-annual-reports/](http://www.avonandsomerset-pcc.gov.uk/reports-publications/independent-custody-visiting-schemes-annual-reports/)

<sup>5</sup> [www.avonandsomerset-pcc.gov.uk/wp-content/uploads/2022/01/Identifying-Disproportionality-Report.pdf](http://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.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>6</sup>).

#### **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.

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<sup>6</sup> [www.avonandsomerset-pcc.gov.uk/reports-publications/police-crime-board-reports/](http://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 one 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.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>7</sup>.

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.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>8</sup>. 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.

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<sup>7</sup> [www.avonandsomerset-pcc.gov.uk/reports-publications/performance/](http://www.avonandsomerset-pcc.gov.uk/reports-publications/performance/)

<sup>8</sup> [www.avonandsomerset-pcc.gov.uk/reports-publications/joint-audit-committee-reports/](http://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
<p><b>Failure to deliver the Police and Crime Plan (SR2)</b></p>	<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>
<p><b>Financial incapability or ineffectiveness (SR3)</b></p>	<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>
<p><b>Lack of capacity/capability within the OPCC (SR6)</b></p>	<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
<b>Expenditure</b>						
467,342	-45,124	422,218	Police Services - OCC restated	544,486	-46,347	498,139
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
<b>475,833</b>	<b>-50,507</b>	<b>425,326</b>	<b>Net cost of police services</b>	<b>554,823</b>	<b>-50,618</b>	<b>504,205</b>
		-53,418	Police pension top-up grant (note 17) *			-52,775
		-125	Gain on disposal of non-current assets			-101
		<b>-53,543</b>	<b>Other operating expenditure</b>			<b>-52,876</b>
		5,993	External interest payable			5,876
		-406	Interest and investment income			-260
		80,821	Net interest on pensions			86,681
		<b>86,408</b>	<b>Financial and investment income and expenditure</b>			<b>92,297</b>
		-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
		-129,140	Council tax - local authorities (note 12)			-138,171
		<b>-319,340</b>	<b>Taxation and non-specific grant income</b>			<b>-341,445</b>
		<b>138,851</b>	<b>Deficit on provision of services</b>			<b>202,182</b>
		752,781	Re-measurement of pension assets and liabilities (note 16) **			-260,724
		-4,613	Gain on revaluation			-16,976
		<b>748,168</b>	<b>Other comprehensive income and expenditure</b>			<b>-277,700</b>
		<b>887,019</b>	<b>Total comprehensive income and expenditure</b>			<b>-75,518</b>

\* Pension top-up grant income has moved from taxation and non-specific grant income to other operating expenditure. The expenditure value has moved into net cost of services.

\*\* Re-measurement of pension assets and liabilities also now includes the return on asset value.



# 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
<b>Expenditure</b>						
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
<b>8,491</b>	<b>-5,383</b>	<b>3,108</b>	<b>Net cost of police services before funding</b>	<b>10,337</b>	<b>-4,271</b>	<b>6,066</b>
467,342	-45,124	422,218	Intragroup funding adjustment	544,486	-46,347	498,139
<b>475,833</b>	<b>-50,507</b>	<b>425,326</b>	<b>Net cost of police services</b>	<b>554,823</b>	<b>-50,618</b>	<b>504,205</b>
		-53,418	Police pension top-up grant (note 17) *			-52,775
		-125	Gain on disposal of non-current assets			-101
		<b>-53,543</b>	<b>Other operating expenditure</b>			<b>-52,876</b>
		5,993	External interest payable			5,876
		-406	Interest and investment income			-260
		80,821	Intragroup adjustment (pension interest cost)			86,681
		<b>86,408</b>	<b>Financial and investment income and expenditure</b>			<b>92,297</b>
		-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
		-129,140	Council tax - local authorities (note 12)			-138,171
		<b>-319,340</b>	<b>Taxation and non-specific grant income</b>			<b>-341,445</b>
		<b>138,851</b>	<b>Deficit on provision of services</b>			<b>202,182</b>
		752,781	Intragroup adjustment (Re-measurement of pension assets and liabilities) **			-260,724
		-4,613	Gain on revaluation			-16,976
		<b>748,168</b>	<b>Other comprehensive income and expenditure</b>			<b>-277,700</b>
		<b>887,019</b>	<b>Total comprehensive income and expenditure</b>			<b>-75,518</b>

\* Pension top-up grant income has moved from taxation and non-specific grant income to other operating expenditure. The expenditure value has moved into net cost of services.

\*\* Intragroup adjustment – re-measurement of pension assets & liabilities as moved from taxation and non-specific grant income to other comprehensive income and expenditure.



## 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
<b>Balance as at 31 March 2020</b>	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
<b>Balance as at 31 March 2021</b>	<b>51,455</b>	<b>5,602</b>	<b>57,057</b>	<b>-4,285,268</b>	<b>-4,228,211</b>

Movement in reserves statement 2021/2022					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
<b>Balance as at 31 March 2021</b>	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
<b>Balance as at 31 March 2022</b>	<b>53,868</b>	<b>6,375</b>	<b>60,243</b>	<b>-4,212,935</b>	<b>-4,152,692</b>

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

# Police & Crime Commissioner for Avon & Somerset

## PCC Movement in Reserves Statement 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
<b>Balance as at 31 March 2020</b>	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
<b>Balance as at 31 March 2021</b>	<b>51,455</b>	<b>5,602</b>	<b>57,057</b>	<b>-4,285,268</b>	<b>-4,228,211</b>

Movement in reserves statement 2021/2022					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
<b>Balance as at 31 March 2021</b>	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
<b>Balance as at 31 March 2022</b>	<b>53,868</b>	<b>6,375</b>	<b>60,243</b>	<b>-4,212,935</b>	<b>-4,152,692</b>

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

# Police & Crime Commissioner for Avon & Somerset

## Group Balance Sheet as at 31 March 2022

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

Restated Group 2020 £'000	Restated OCC £'000	Restated PCC £'000	Restated Group 2021 £'000	Balance Sheet	OCC £'000	PCC £'000	Group 2022 £'000	Notes
				<b>Property, plant and equipment</b>				19
186,049	0	188,209	188,209	Land and buildings	0	201,507	201,507	
17,716	0	14,208	14,208	Vehicles, plant and equipment	0	16,224	16,224	
5,581	0	507	507	Assets under construction	0	544	544	
	0	0	0	Surplus Assets	0	250	250	
1,259	0	606	606	Intangible fixed assets	0	490	490	
				<b>Long term assets</b>				
5	0	0	0	Loans to officers	0	0	0	
1,202	0	3,102	3,102	Prepayments	0	1,311	1,311	
0	4,378,221	0	0	Long Term Liability - intragroup adjustment	4,325,494	0	0	
<b>211,812</b>	<b>4,378,221</b>	<b>206,632</b>	<b>206,632</b>	<b>Total non-current assets</b>	<b>4,325,494</b>	<b>220,326</b>	<b>220,326</b>	
908	0	1,102	1,102	Inventories (stock)	0	1,127	1,127	
23,000	0	24,000	24,000	Short term investments	0	23,000	23,000	
31,112	0	32,746	32,746	Debtors and payments in advance	0	39,855	39,855	21
35,058	0	37,799	37,799	Cash and cash equivalents	0	37,744	37,744	22
3,078	0	1,098	1,098	Assets held for sale	0	519	519	
	15,222	0	0	Intragroup debtor	15,709	0	0	
<b>93,156</b>	<b>15,222</b>	<b>96,745</b>	<b>96,745</b>	<b>Total current assets</b>	<b>15,709</b>	<b>102,245</b>	<b>102,245</b>	
-623	0	-1,509	-1,509	Bank overdraft	0	-2,185	-2,185	
-1,286	0	-1,923	-1,923	Short term borrowing	0	-3,647	-3,647	23
-39,335	-10,912	-26,948	-37,860	Creditors and receipts in advance	-11,280	-28,311	-39,591	24
0	0	-15,222	0	Intragroup creditor	0	-15,709	0	
-2,832	-4,310	-238	-4,548	Short term provisions	-4,429	-374	-4,803	25
-1,615	0	-1,766	-1,766	Short term PFI Lease liability	0	-1,877	-1,877	20
<b>-45,691</b>	<b>-15,222</b>	<b>-47,606</b>	<b>-47,606</b>	<b>Total current liabilities</b>	<b>-15,709</b>	<b>-52,103</b>	<b>-52,103</b>	
-44,757	0	-44,309	-44,309	Long term borrowing	0	-40,662	-40,662	23
-9,115	-50	-9,932	-9,982	Provisions	-25	-7,311	-7,336	25
-66	0	0	0	Capital grants receipts in advance	0	0	0	
-53,336	0	-51,570	-51,570	PFI liability	0	-49,693	-49,693	20
0	0	-4,378,171	0	Pensions - intragroup adjustment	0	-4,325,494	0	
-3,493,195	-4,378,171	0	-4,378,121	Net Defined Pension Liability *	-4,325,469	0	-4,325,469	
<b>-3,600,469</b>	<b>-4,378,221</b>	<b>-4,483,982</b>	<b>-4,483,982</b>	<b>Total long term liabilities</b>	<b>-4,325,494</b>	<b>-4,423,160</b>	<b>-4,423,160</b>	
<b>-3,341,192</b>	<b>0</b>	<b>-4,228,211</b>	<b>-4,228,211</b>	<b>Net assets</b>	<b>0</b>	<b>-4,152,692</b>	<b>-4,152,692</b>	
48,950	0	57,057	57,057	Total usable reserves	0	60,243	60,243	7
-3,390,142	0	-4,285,268	-4,285,268	Total unusable reserves	0	-4,212,935	-4,212,935	7
<b>-3,341,192</b>	<b>0</b>	<b>-4,228,211</b>	<b>-4,228,211</b>	<b>Total reserves</b>	<b>0</b>	<b>-4,152,692</b>	<b>-4,152,692</b>	

\* Restated with prior period due to presentational change: Pension asset and Police pension liability have been combined to Net Defined Pension Liability.

**Paul Butler**  
Chief Finance Officer to PCC

# Police & Crime Commissioner for Avon & Somerset

## Group Cash Flow Statement

OCC £'000	PCC £'000	Restated Group £'000	Cash Flow Statement	OCC £'000	PCC £'000	Group 2021/2022 £'000
-752,781	891,632	138,851	<b>Net surplus(-)/deficit on the provision of services</b>	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	1,544	2,411
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	-49	-49
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
<b>752,781</b>	<b>-903,886</b>	<b>-151,105</b>	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	<b>-260,724</b>	<b>46,133</b>	<b>-214,591</b>
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
<b>0</b>	<b>-3,671</b>	<b>-3,671</b>	<b>Adjust net surplus or deficit on the provision of services that are investing or financing activities</b>	<b>0</b>	<b>-4,477</b>	<b>-4,477</b>
<b>0</b>	<b>-15,925</b>	<b>-15,925</b>	<b>Net cash flows from operating activities</b>	<b>0</b>	<b>-16,887</b>	<b>-16,887</b>
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
<b>0</b>	<b>6,787</b>	<b>6,787</b>	<b>Net cash flow from investing activities</b>	<b>0</b>	<b>8,168</b>	<b>8,168</b>
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
<b>0</b>	<b>7,283</b>	<b>7,283</b>	<b>Net cash flow from financing activities</b>	<b>0</b>	<b>9,450</b>	<b>9,450</b>
<b>0</b>	<b>-1,855</b>	<b>-1,855</b>	<b>Net increase(-)/decrease in cash and cash equivalents</b>	<b>0</b>	<b>731</b>	<b>731</b>
<b>0</b>	<b>-34,435</b>	<b>-34,435</b>	Cash and cash equivalents at the beginning of the reporting period *	<b>0</b>	<b>-36,290</b>	<b>-36,290</b>
<b>0</b>	<b>-36,290</b>	<b>-36,290</b>	Cash and cash equivalents at the end of the reporting period *	<b>0</b>	<b>-35,559</b>	<b>-35,559</b>

\* Cash and Cash equivalents includes the bank overdraft value.

# 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 2021/2022, 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 balance 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 **the 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 current 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 CIPFA code of guidance 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 PCC recognises its share of the assets, liabilities and expenditure relating to its involvement in the joint operations.

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:

- As a result of the Police Reform and Social Responsibility Act 2011 (the Act), two corporations sole were formed - the Police and Crime Commissioner (PCC) for Avon and Somerset and the Office of the Chief Constable (OCC). The PCC is responsible for the formal oversight of the Avon and Somerset Police and the Chief Constable, including setting the strategic direction and holding the police to account; whilst the Chief Constable has the direction and control over the force's officers and staff. For accounting purposes, the PCC is the parent entity of the Office of the Chief Constable and together they form the PCC group. The accounting recognition of the PCC Group assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

The PCC receives all government funding and income, and the Chief Constable uses the PCC's financial resources against an annual budget in order to discharge their operating policing responsibilities. The Chief Constable does not hold any cash or reserves. The PCC has the responsibility for managing the financial relationship with third parties.

All the assets, liabilities and reserves of the PCC Group are recognised on the PCC Balance Sheet except for the liabilities for employee benefits. As a result, there is a nil balance on



the Chief Constable's Movement of Reserves Statement and no cash transactions on the Chief Constable's cashflow statement. The financial results of the PCC resources used by the Chief Constable are shown in the Comprehensive Income and Expenditure Statement (CIES). As the Chief Constable does not hold reserves the financial consequences recognised in the CIES are offset by intra-group adjustments to reflect the funding of PCC resources consumed at the request of the Chief Constable to give a nil balance on the General Reserves of the Chief Constable at the year end. These intra-group adjustments are mirrored in the PCC accounts to reflect the funding of resources at the request of the Chief Constable.

Police pension costs are recognised in the Chief Constable's Accounts in accordance with IAS 19 (Employee Benefits). The liability for police pensions on the Chief Constable's Balance Sheet however is offset by an intra-group debtor reflecting the PCC's responsibility to provide funds from the police fund each year to enable the Chief Constable to administer police pension payments. Similarly, within the Chief Constable's CIES the IAS 19 pension costs are offset by intra-group funding adjustments within the Net Cost of Policing Services and within 'Financing and Investment' lines. The PCC's Balance Sheet shows a matching liability and police pension reserve to reflect its responsibility to provide funds for the payment of police pensions. The same accounting treatment has been adopted in respect of accumulated absences due to employees, but not taken at the reporting date. The liabilities in the Chief Constable's Balance Sheet are offset by an intra-group transfer from the PCC's to reflect the fact that the PCC ultimately funds the Chief Constable's employee costs.

- 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.

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

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.

<b>Police Officer Sensitivity Analysis</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	3,859,563	3,931,493	4,004,932
<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	3,940,197	3,931,493	3,922,843
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	3,995,655	3,931,493	3,868,626
<b>Adjustment to life expectancy assumptions</b>	<b>+1 year</b>	<b>None</b>	<b>-1 year</b>
Present value of total obligation	4,118,672	3,931,493	3,753,227

<b>Police Staff Sensitivity Analysis</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	860,297	882,422	905,139
<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	884,878	882,422	879,991
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	902,538	882,422	862,823
<b>Adjustment to life expectancy assumptions</b>	<b>+1 year</b>	<b>None</b>	<b>-1 year</b>
Present value of total obligation	917,718	882,422	848,542

## 4.2 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.

## 4.3 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.

## 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		Group Expenditure and Funding Analysis	2021/2022		Net expenditure chargeable to general fund	Net expenditure in the comprehensive I & E
	Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E		Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E		
£'000	£'000	£'000		£'000	£'000	£'000	£'000
364,017	58,201	422,218	Police Services - OCC	383,999	114,140	498,139	
1,553	0	1,553	OPCC	1,801	0	1,801	
1,555	0	1,555	Commissioning costs	4,265	0	4,265	
<b>367,125</b>	<b>58,201</b>	<b>425,326</b>	<b>Net cost of police services</b>	<b>390,065</b>	<b>114,140</b>	<b>504,205</b>	
0	-125	-125	Gain on disposal of non-current assets	0	-101	-101	
<b>0</b>	<b>-125</b>	<b>-125</b>	<b>Other operating expenditure</b>	<b>0</b>	<b>-101</b>	<b>-101</b>	
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	
<b>0</b>	<b>86,408</b>	<b>86,408</b>	<b>Financial and investment income and expenditure</b>	<b>0</b>	<b>92,297</b>	<b>92,297</b>	
-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	
-11,378	0	-11,378	Council tax support and transition grant	-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	
-53,418			Pension Top up Grant	-52,775	0	-52,775	
0	0	0	Local council tax support grant	-2,266	0	-2,266	
<b>-373,612</b>	<b>854</b>	<b>-319,340</b>	<b>Taxation and non-specific grant income</b>	<b>-392,478</b>	<b>-1,741</b>	<b>-394,219</b>	
<b>-373,612</b>	<b>87,137</b>	<b>-286,475</b>		<b>-392,478</b>	<b>90,455</b>	<b>-302,023</b>	
<b>-6,487</b>	<b>145,338</b>	<b>138,851</b>	<b>Surplus(-)/deficit on provision of services</b>	<b>-2,413</b>	<b>204,595</b>	<b>202,182</b>	
<b>44,968</b>			<b>Opening balance of general fund</b>	<b>51,455</b>			
<b>6,487</b>			Transfers to reserves made in year	<b>2,413</b>			
<b>51,455</b>			<b>Closing balance of general fund</b>	<b>53,868</b>			

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

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

<b>Group Movement in Reserves Statement 2021/2022</b>	<b>Revenue General Fund £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Collect Fund Adjustment £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Pensions Reserve Account £'000</b>	<b>Short Term Absences Account £'000</b>	<b>Capital Adjustment Account £'000</b>	<b>Total Unusable Reserves £'000</b>
<b>Balance as at 31 March 2021</b>	<b>51,455</b>	<b>5,602</b>	<b>57,057</b>	<b>-1,235</b>	<b>70,402</b>	<b>-4,378,121</b>	<b>-9,710</b>	<b>33,396</b>	<b>-4,285,268</b>
Total comprehensive income and expenditure	-202,181	0	-202,181	0	16,976	260,724	0	0	277,700
<b>Adjustments between accounting &amp; funding basis under regulations</b>									
<b>Reversal of items included to I&amp;E</b>									
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
<b>Insert amounts excluded in I&amp;E</b>									
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
<b>Other adjustments include:</b>									
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
<b>Balance as at 31 March 2022</b>	<b>53,868</b>	<b>6,375</b>	<b>60,243</b>	<b>202</b>	<b>87,202</b>	<b>-4,325,469</b>	<b>-10,396</b>	<b>35,526</b>	<b>-4,212,935</b>

<b>PCC Movement in Reserves Statement 2020/2021</b>	<b>Revenue General Fund £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Collect Fund Adjustment £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Pensions Reserve Account £'000</b>	<b>Short Term Absences Account £'000</b>	<b>Capital Adjustment Account £'000</b>	<b>Total Unusable Reserves £'000</b>
<b>Balance as at 31 March 2020</b>	<b>44,968</b>	<b>3,982</b>	<b>48,950</b>	<b>-71</b>	<b>65,997</b>	<b>-3,493,195</b>	<b>-7,157</b>	<b>44,284</b>	<b>-3,390,142</b>
Total comprehensive income and expenditure	-891,632	0	-891,632	0	4,613	0	0	0	4,613
<b>Adjustments between accounting &amp; funding basis under regulations</b>									
<b>Reversal of items included to I&amp;E</b>									
Amortisation of intangible assets	654	0	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
<b>Insert amounts excluded in I&amp;E</b>									
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
<b>Other adjustments include:</b>									
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
<b>Balance as at 31 March 2021</b>	<b>51,455</b>	<b>5,602</b>	<b>57,057</b>	<b>-1,235</b>	<b>70,402</b>	<b>-4,378,121</b>	<b>-9,710</b>	<b>33,396</b>	<b>-4,285,268</b>

<b>PCC Movement in Reserves Statement 2021/2022</b>	<b>Revenue General Fund £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Collect Fund Adjustment £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Pensions Reserve Account £'000</b>	<b>Short Term Absences Account £'000</b>	<b>Capital Adjustment Account £'000</b>	<b>Total Unusable Reserves £'000</b>
<b>Balance as at 31 March 2021</b>	<b>51,455</b>	<b>5,602</b>	<b>57,057</b>	<b>-1,235</b>	<b>70,402</b>	<b>-4,378,121</b>	<b>-9,710</b>	<b>33,396</b>	<b>-4,285,268</b>
Total comprehensive income and expenditure	58,543	0	58,543	0	16,976	0	0	0	16,976
<b>Adjustments between accounting &amp; funding basis under regulations</b>									
<b>Reversal of items included to I&amp;E</b>									
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
<b>Insert amounts excluded in I&amp;E</b>									
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
<b>Other adjustments include:</b>									
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
<b>Balance as at 31 March 2022</b>	<b>53,868</b>	<b>6,375</b>	<b>60,243</b>	<b>202</b>	<b>87,202</b>	<b>-4,325,469</b>	<b>-10,396</b>	<b>35,526</b>	<b>-4,212,935</b>

## 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	<b>259,886</b>	Employee costs	276,705	1,456	<b>278,161</b>
15,327	0	<b>15,327</b>	Premises costs	14,508	0	<b>14,508</b>
4,135	1	<b>4,136</b>	Transport costs	5,017	5	<b>5,022</b>
33,807	197	<b>34,004</b>	Supplies & services	31,499	233	<b>31,732</b>
14,836	121	<b>14,957</b>	Partnership costs	16,140	136	<b>16,276</b>
13,140	0	<b>13,140</b>	Misc, central, & grants	14,070	0	<b>14,070</b>
0	6,938	<b>6,938</b>	Commissioning	0	8,508	<b>8,508</b>
20,150	0	<b>20,150</b>	Depreciation, amortisation, & impairment	11,695	0	<b>11,695</b>
53,877	0	<b>53,877</b>	Employee benefit expenses	122,077	0	<b>122,077</b>
80,821	0	<b>80,821</b>	Net interest on pensions	86,681	0	<b>86,681</b>
53,418	0	<b>53,418</b>	Police pension top up grant	52,775	0	<b>52,775</b>
0	5,993	<b>5,993</b>	Interest payments	0	5,876	<b>5,876</b>
0	-125	<b>-125</b>	Gain on disposal of fixed assets	0	-101	<b>-101</b>
-1,247,526	1,247,526	<b>0</b>	Intragroup adjustment	-317,667	317,667	<b>0</b>
<b>-699,363</b>	<b>1,261,885</b>	<b>562,522</b>	<b>Total expenditure</b>	<b>313,500</b>	<b>333,780</b>	<b>647,280</b>
-15,787	-703	<b>-16,490</b>	Sales, rent, fees, & charges	-16,712	-833	<b>-17,545</b>
-1,606	0	<b>-1,606</b>	Seconded officers	-1,383	0	<b>-1,383</b>
0	-2,753	<b>-2,753</b>	Commissioning of victim support services	0	-1,556	<b>-1,556</b>
-10,074	0	<b>-10,074</b>	Counter terrorism policing grant	-11,499	0	<b>-11,499</b>
-1,124	-1,312	<b>-2,436</b>	Serious Violence grant	-774	-1,954	<b>-2,728</b>
-3,843	0	<b>-3,843</b>	Uplift grant	-2,474	0	<b>-2,474</b>
-2,828	0	<b>-2,828</b>	Officer pensions grant	-2,828	0	<b>-2,828</b>
-9,862	-615	<b>-10,477</b>	Other specific grants	-10,606	0	<b>-10,606</b>
0	-406	<b>-406</b>	Interest and investment income	0	-260	<b>-260</b>
0	-114,113	<b>-114,113</b>	Police - revenue grant	0	-121,928	<b>-121,928</b>
0	-60,654	<b>-60,654</b>	Ex-DCLG formula funding	0	-63,856	<b>-63,856</b>
0	-310	<b>-310</b>	Capital grant and contributions	0	-304	<b>-304</b>
0	-3,331	<b>-3,331</b>	Council tax freeze grant	0	-3,331	<b>-3,331</b>
0	-11,378	<b>-11,378</b>	CT Support & transition grant	0	-11,378	<b>-11,378</b>
0	-414	<b>-414</b>	Council tax income guarantee grant	0	-211	<b>-211</b>
0	0	<b>0</b>	Local council tax support grant	0	-2,266	<b>-2,266</b>
0	-129,140	<b>-129,140</b>	CT- local authorities	0	-138,170	<b>-138,170</b>
0	-53,418	<b>-53,418</b>	Police pension Top up grant	0	-52,775	<b>-52,775</b>
-8,294	8,294	<b>0</b>	Intragroup adjustment	-6,500	6,500	<b>0</b>
<b>-53,418</b>	<b>-370,253</b>	<b>-423,671</b>	<b>Total income</b>	<b>-52,776</b>	<b>-392,322</b>	<b>-445,098</b>
<b>-752,781</b>	<b>891,632</b>	<b>138,851</b>	<b>Surplus/deficit on provision of services</b>	<b>260,724</b>	<b>-58,542</b>	<b>202,182</b>



## 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	<b>86,700</b>	14,132	<b>100,832</b>
Chief Constable - A Marsh	169,366	11,128	<b>180,494</b>	0	<b>180,494</b>
	<b>256,066</b>	<b>11,128</b>	<b>267,194</b>	<b>14,132</b>	<b>281,326</b>

Disclosure of Remuneration for Senior Employees 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	<b>10,022</b>	1,634	<b>11,655</b>
PCC - M Shelford	1	76,678	0	<b>76,678</b>	12,498	<b>89,177</b>
Chief Constable - A Marsh	2	46,064	2,388	<b>48,452</b>	0	<b>48,452</b>
Chief Constable - S Crew	2	125,105	5,297	<b>130,402</b>	38,782	<b>169,184</b>
		<b>257,868</b>	<b>7,685</b>	<b>265,553</b>	<b>52,914</b>	<b>318,468</b>

### Disclosure of Remuneration for Senior Employees 2020/2021

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

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

## 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
<b>495</b>	<b>4</b>	<b>499</b>		<b>615</b>	<b>6</b>	<b>621</b>

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

For further details on gender pay please see our gender pay gap report, which has been published online at <https://www.avonandsomerset.police.uk/about/our-priorities/gender-pay-gap/>

## 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
<b>8</b>	<b>225</b>		<b>14</b>	<b>281</b>

## 11 External Audit Costs

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

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

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
<b>129,140</b>		<b>138,171</b>

## 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, contributions to which 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
<b>19,058</b>	<b>Total</b>	<b>19,648</b>

### 14.1 South West Regional Organised Crime Unit (SW ROCU)

SW ROCU is a regional collaboration set up to combat serious and organised crime across the south west of England. Avon and Somerset are the lead force with a 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).

### 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
<hr/>		<hr/>
<b>9,205</b>		<b>8,257</b>
<hr/>		<hr/>

## 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 £'000	2021/2022 £'000	2020/2021 £'000	2021/2022 £'000
<b>Comprehensive income and expenditure statement</b>				
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
<b>Total post employment benefits charged to the comprehensive income and expenditure statement</b>	<b>35,376</b>	<b>60,748</b>	<b>151,271</b>	<b>205,552</b>
<b>Other post employment benefits charged to the comprehensive income and expenditure statement</b>				
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
<b>Total other comprehensive income</b>	<b>-148,183</b>	<b>87,590</b>	<b>-604,598</b>	<b>173,134</b>
<b>Movement in reserves statement</b>				
Reversal of net charges made for retirement benefits in accordance with the code	-35,376	-60,748	-151,271	-205,552
<b>Actual amount charged against the general fund balance for pensions in the year</b>				
		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	-3,931,493
-438,341	Police staff	-393,976
<b>-4,378,121</b>		<b>-4,325,469</b>

## 17 Pensions for Police Officers - OCC

Employee contributions levels are based on percentages of pensionable pay set nationally by the Home Office. From 1 April 2014 contributions increased and officers will pay contributions ranging from 11.00% to 15.05% depending on their pay scale and the scheme they are in. Employer contributions to the Police Officer Pension Scheme are projected at £34,198,000 in financial year 2022/2023 (£33,459,000 in 21/22). 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
<b>53,418</b>	<b>Balance met from PCC Group</b>	<b>52,775</b>

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
<b>Current pensioners</b>		
Males	21.1	21.1
Females	23.4	23.3
<b>Retiring in 20 years</b>		
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
3.35	Change in Retail Price Index (RPI)	3.75
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
	<b>Movements in the year</b>	
-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
<u>-3,939,780</u>	<b>Present value of schemes liability as at 31 March</b>	<u>-3,931,493</u>

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
	<b>Movements in the year</b>	
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
<u>0</u>	<b>Present value of schemes assets as at 31 March</b>	<u>0</u>

## 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 £'000	Percentage of Employees' Contributions		Payments £'000	Percentage 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 (£17,523,000 in 21/22).

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
<b>Current pensioners</b>			
	Males	23.1	23.1
	Females	24.7	24.6
<b>Retiring in 20 years</b>			
	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
3.20	Change in Retail Price Index (RPI)	3.75
2.85	Change in Consumer Price Index (CPI)	3.30

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	%
		<b>Equities</b>		
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
<b>318,406</b>	<b>72.0</b>		<b>355,028</b>	<b>72.6</b>
		<b>Gilts - Public Sector</b>		
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
<b>25,436</b>	<b>5.7</b>		<b>24,666</b>	<b>5.0</b>
		<b>Other Bonds</b>		
20,785	4.7	UK	33,131	6.8
22,111	5.0	Overseas	14,178	2.9
<b>42,896</b>	<b>9.7</b>		<b>47,309</b>	<b>9.7</b>
30,596	6.9	<b>Property</b>	39,269	8.0
25,440	5.7	<b>Cash (invested internally)</b>	22,648	4.7
<b>442,774</b>	<b>100</b>	<b>Total assets</b>	<b>488,920</b>	<b>100</b>

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

2020/2021	Police Staff Pensions	2021/2022
£'000		£'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
<b>-438,341</b>	<b>Deficiency in fund</b>	<b>-393,976</b>

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
	<b>Movements in the year</b>	
-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
<b>-881,115</b>	<b>Present value of defined obligations as at 31 March</b>	<b>-882,896</b>

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
	<b>Movements in the year</b>	
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
<b>442,774</b>	<b>Fair value of scheme assets as at 31 March</b>	<b>488,920</b>

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



## 19 Property, Plant and Equipment

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

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

Nature of assets held as at 31 March 2021	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Owned	111,707	14,208	507	<b>126,422</b>
PFI (Note 20)	76,502	0	0	<b>76,502</b>
	<b>188,209</b>	<b>14,208</b>	<b>507</b>	<b>202,924</b>

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	<b>137,560</b>
PFI (Note 20)	80,965	0	0	0	<b>80,965</b>
	<b>201,507</b>	<b>16,224</b>	<b>544</b>	<b>250</b>	<b>218,525</b>

## 20 Finance Leases – PFI

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

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

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

The following tables show PFI assets and liabilities.

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

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
<b>53,336</b>	<b>Finance Liability at 31 March</b>	<b>51,570</b>

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
<b>Rentals payable in future years</b>				
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
<b>Total</b>	<b>44,736</b>	<b>19,094</b>	<b>45,632</b>	<b>51,570</b>

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.

PCC £'000	Total 2021 £'000	Debtors and Payments in Advance	PCC £'000	Total 2022 £'000
28,016	28,016	Trade debtors	36,292	36,292
4,702	4,702	Prepayments	3,546	3,546
28	28	Other	17	17
<b>32,746</b>	<b>32,746</b>	<b>Balance as at 31 March</b>	<b>39,855</b>	<b>39,855</b>

## 22 Cash and Cash Equivalents

2021 £'000	Cash and Cash Equivalents	2022 £'000
159	Cash in hand	109
-1,509	Bank Overdraft *	-2,185
37,640	Short term deposits	37,635
<b>36,290</b>	<b>Balance as at 31 March</b>	<b>35,559</b>

\* Inclusion of bank overdraft as part of the cash and cash equivalent figure

## 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
<b>46,232</b>	<b>Total</b>	<b>44,309</b>
	Less:	
-1,923	Transferred to short term borrowings (repayable in 2022/2023)	-3,647
<b>44,309</b>		<b>40,662</b>

## 24 Creditors and Receipts in Advance

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

OCC	PCC	Total	Creditors and Receipts in Advance	OCC	PCC	Total
2021	2021	2021		2022	2022	2022
£'000	£'000	£'000		£'000	£'000	£'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
<b>10,912</b>	<b>26,948</b>	<b>37,860</b>	<b>Balance as at 31 March</b>	<b>11,280</b>	<b>28,311</b>	<b>39,591</b>

## 25 Short and Long Term Provisions

Short and Long Term Provisions	Balance	Reversed	Used	New	Balance
	1 April	Unused	in Year	in Year	31 March
	2021				2022
	£'000	£'000	£'000	£'000	£'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
	<b>14,530</b>	<b>-2,523</b>	<b>-2,572</b>	<b>2,704</b>	<b>12,139</b>

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

<b>Revenue Reserves 2021/2022</b>	<b>Balance 1 April 2021 £'000</b>	<b>Reserves Used in Year £'000</b>	<b>Transfers to Reserves £'000</b>	<b>Balance 31 March 2022 £'000</b>
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
<b>Total discretionary reserves</b>	<b>7,483</b>	<b>-3,436</b>	<b>708</b>	<b>4,755</b>
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
<b>Total non-discretionary reserves</b>	<b>7,342</b>	<b>-2,336</b>	<b>3,067</b>	<b>8,073</b>
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
<b>Total capital and PFI reserves</b>	<b>24,216</b>	<b>-2,617</b>	<b>7,024</b>	<b>28,623</b>
Council tax income guarantee reserve	414	0	3	417
<b>Total earmarked reserves</b>	<b>39,455</b>	<b>-8,389</b>	<b>10,802</b>	<b>41,868</b>
General Fund	12,000	0	0	12,000
<b>Total General Fund Balance</b>	<b>51,455</b>	<b>-8,389</b>	<b>10,802</b>	<b>53,868</b>

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

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

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

The buildings and sustainability reserve is held to capture any underspend in relation to our buildings repairs and maintenance budgets, so that these funds can be used in future years to support necessary work on our estate. It is also used to support projects and initiatives which will reduce and make more efficient our use of natural resources.

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

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

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

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

The budget support reserve has been established to provide funds to help support the expected budget pressures in the 2021/2022 financial year. 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
	<b>Capital investment</b>	
7,977	Property, plant and equipment	10,298
	<b>Sources of finance</b>	
-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
<b>100,633</b>	<b>Closing capital finance requirements</b>	<b>97,072</b>
	<b>Explanation of movements in year</b>	
-2,576	Increase/decrease(-) in underlying need to borrow	-3,561
<b>-2,576</b>	<b>Increase/decrease(-) in capital financing requirement</b>	<b>-3,561</b>

## 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	Current			Non-current	Total
	Bank overdraft £'000	Borrowings £'000	Creditors £'000	Borrowings £'000	31st March 2022 £'000
Fair value through profit or loss	0	0	0	0	0
Amortised cost	1,509	3,647	23,124	40,662	68,942
Amortised cost -PFI liabilities	0	1,877	0	49,693	51,570
<b>Total financial liabilities</b>	<b>1,509</b>	<b>5,524</b>	<b>23,124</b>	<b>90,355</b>	<b>120,512</b>
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
<b>Total</b>	<b>1,509</b>	<b>5,524</b>	<b>39,591</b>	<b>90,355</b>	<b>136,979</b>

Financial liabilities 2020/2021	Current			Non-current	Total
	Bank overdraft £'000	Borrowings £'000	Creditors £'000	Borrowings £'000	31st March 2021 £'000
Fair value through profit or loss	0	0	0	0	0
Amortised cost	623	1,923	20,707	44,309	67,562
Amortised cost -PFI liabilities	0	1,766	0	51,570	53,336
<b>Total financial liabilities</b>	<b>623</b>	<b>3,689</b>	<b>20,707</b>	<b>95,879</b>	<b>120,898</b>
Other liabilities not defined as financial instruments:					
Tax	0	0	6,241	0	6,241
OCC payroll accruals	0	0	10,912	0	10,912
<b>Total</b>	<b>623</b>	<b>3,689</b>	<b>37,860</b>	<b>95,879</b>	<b>138,051</b>

Financial assets 2021/2022	Current			Total 31st March 2022 £'000
	Cash and cash equivalents £'000	Investments £'000	Debtors £'000	
Fair value through profit or loss	12,970	0	0	12,970
Amortised cost	24,829	23,000	32,461	80,290
<b>Total financial asset</b>	<b>37,799</b>	<b>23,000</b>	<b>32,461</b>	<b>93,260</b>
Other assets not defined as financial instruments:				
VAT	0	0	3,848	3,848
Payments in advance	0	0	3,546	3,546
<b>Total</b>	<b>0</b>	<b>0</b>	<b>39,855</b>	<b>100,654</b>

Financial assets 2020/2021	Current			Total 31st March 2021 £'000
	Cash and cash equivalents £'000	Investments £'000	Debtors £'000	
Fair value through profit or loss	8,396	0	0	8,396
Amortised cost	26,662	24,000	26,425	77,087
<b>Total financial asset</b>	<b>35,058</b>	<b>24,000</b>	<b>26,425</b>	<b>85,483</b>
Other assets not defined as financial instruments:				
VAT	0	0	1,619	1,619
Payments in advance	0	0	4,702	4,702
<b>Total</b>	<b>0</b>	<b>0</b>	<b>32,746</b>	<b>91,804</b>

## 29.2 Financial Liabilities

As the financial liabilities are not held for trading, they are all initially measured at fair value and subsequently carried at their amortised cost. The fair value of the financial liabilities may therefore differ from their carrying value.

	31 March 2022		31 March 2021	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
<b>Financial liabilities held at amortised cost</b>				
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
Creditors	23,124	23,124	20,707	20,707
PFI liabilities	51,570	77,188	53,336	88,435
<b>Total</b>	<b>119,003</b>	<b>156,295</b>	<b>120,275</b>	<b>171,655</b>

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.. 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
<b>5,275</b>	<b>Total</b>	<b>5,275</b>				

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

The fair value of the PFI Liability has been assessed using level 2 of the fair value hierarchy, using AA-rated Corporate bond yields as at the balance sheet date to discount the future liability costs

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
<b>Financial assets held at amortised cost</b>				
Cash and cash equivalents	22,589	22,924	27,894	27,712
Investments - Short term	23,000	22,900	24,000	24,064
Debtors	32,461	32,461	26,425	26,425
<b>Total</b>	<b>78,050</b>	<b>78,285</b>	<b>78,319</b>	<b>78,201</b>
<b>Financial assets held at Fair Value</b>				
Cash and cash equivalents	12,970	12,970	8,396	8,396
<b>Total</b>	<b>12,970</b>	<b>12,970</b>	<b>8,396</b>	<b>8,396</b>

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
	<b>61,640</b>		<b>Total</b>		<b>60,635</b>	

Debtors, classified at amortised cost, 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 bad debt provision 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 provisions was £172,190 (31 March 2021 £191,789). The remaining value of debtors less these provisions 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
<hr/> <b>1,808</b> <hr/>		<hr/> <b>1,946</b> <hr/>

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

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

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

# Police & Crime Commissioner for Avon & Somerset

## Glossary of Terms

<b>Term</b>	<b>Definition</b>
ACC	Assistant Chief Constable
Accounting policies	These are a set of rules and codes of practice we use when preparing the accounts.
APCC	The Association of Police and Crime Commissioners
Balance sheet	This represents our overall financial position as at 31 March.
Capital programme	This is a list of projects for buying or improving fixed assets.
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.

<b>Term</b>	<b>Definition</b>
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



<b>Term</b>	<b>Definition</b>
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:

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

<b>Employees</b>	<b>Actual 2021/2022 FTE</b>	<b>Actual 2021/2022 Headcount</b>	<b>Actual 2021/2022 % Part-Time</b>
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%
<b>Total</b>	<b>6,125</b>	<b>6,511</b>	<b>19%</b>

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 2021/2022 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
<b>Constabulary sub total</b>	<b>335,593</b>	<b>335,641</b>	<b>48</b>
Office of the PCC	1,757	1,709	-48
Commissioning	3,529	3,529	0
<b>Total revenue expenditures</b>	<b>340,879</b>	<b>340,879</b>	<b>0</b>

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

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
	£'000	£'000	£'000	£'000	£'000	£'000
Budget requirement	348,140	358,707	370,838	381,993	392,914	402,500
Less total funding	-339,879	-356,364	-365,479	-377,006	-383,978	-390,925
<b>Surplus(-)/deficit before savings</b>	<b>8,261</b>	<b>2,343</b>	<b>5,359</b>	<b>4,987</b>	<b>8,936</b>	<b>11,575</b>
Savings	-7,261	-3,000	-3,179	-3,245	-3,312	-3,379
Planned use of reserves	-1,000	657				
<b>Surplus(-)/deficit after savings</b>	<b>0</b>	<b>0</b>	<b>2,180</b>	<b>1,742</b>	<b>5,624</b>	<b>8,196</b>

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*.

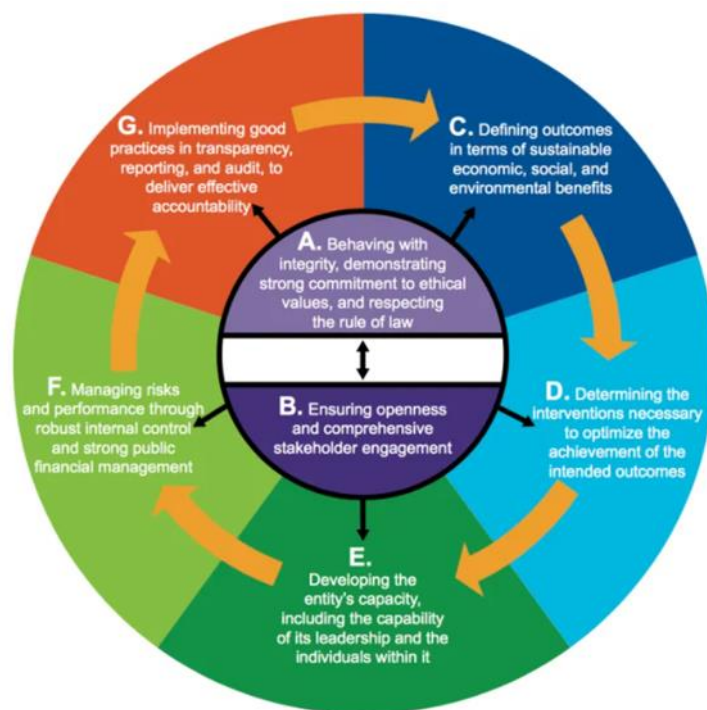


Figure 1: CIPFA Principles for Good Governance (taken from their publication 'Delivering Good Governance in Local Government: Framework 2016 Edition').

#### 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 onboarding, 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 Unity (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
<p><b>Chair</b>   Deputy Chief Constable</p> <p><b>Frequency</b>   Quarterly</p> <p><b>Type</b>   Statutory</p> <p><b>Remit</b>   Monitoring compliance with the Health and Safety Policy. Implementing health and safety legislation. Consider reports of injuries, accidents, assaults, near misses and dangerous occurrences</p>	<p><b>Chair</b>   Deputy Chief Constable</p> <p><b>Frequency</b>   Monthly</p> <p><b>Type</b>   Governance</p> <p><b>Remit</b>   Police officer / staff conduct, complaints, whistleblowing / confidential reporting, grievances, statutory case reviews, information governance, security, crime recording, external inclusion &amp; diversity matters (e.g. disproportionality in police processes)</p>	<p><b>Chair</b>   Chief Officer for People &amp; Organisational Development</p> <p><b>Frequency</b>   Monthly</p> <p><b>Type</b>   Governance</p> <p><b>Remit</b>   Workforce diversity, inclusion, health, wellbeing, learning, development, people analytics workforce planning</p>	<p><b>Chair</b>   ACC Investigations &amp; Operational Support</p> <p><b>Frequency</b>   Quarterly</p> <p><b>Type</b>   Governance</p> <p><b>Remit</b>   Compliance with Demand Status and Allocation Policy</p> <p>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</p>	<p><b>Chair</b>   Chief Officer Finance, Resources and Innovation</p> <p><b>Frequency</b>   Bi-monthly</p> <p><b>Type</b>   Governance</p> <p><b>Remit</b>   Medium Term Financial Planning. Ensure effective asset management planning for physical assets &amp; procurement activity. Annual joint internal audit planning</p>

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.



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

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	
<b>None</b>	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.
<b>Limited</b>	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.
<b>Reasonable</b>	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.
<b>Substantial</b>	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	
<b>High</b>	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
<b>Medium</b>	Issues which should be addressed by management in their areas of responsibility.
<b>Low</b>	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:	
<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Priority 3</b>	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 4.6](#), 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 4.6](#) 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 in 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.

Restated OCC Expenditure £'000	Restated OCC Income £'000	Restated Total 2020/2021 £'000	Comprehensive Income and Expenditure Statement - OCC			
			OCC Expenditure £'000	OCC Income £'000	Total 2021/2022 £'000	
467,342	-45,124	422,218	Police Services *	544,486	-46,347	498,139
-467,342	45,124	-422,218	Intragroup funding adjustment	-544,486	46,347	-498,139
<b>0</b>	<b>0</b>	<b>0</b>	<b>Net cost of police services</b>	<b>0</b>	<b>0</b>	<b>0</b>
		80,821	Net interest on pensions			86,681
		-80,821	Intragroup adjustment (pension interest cost)			-86,681
<b>0</b>	<b>0</b>	<b>0</b>	<b>Financial and investment income and expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>0</b>	<b>Taxation and non-specific grant income</b>			<b>0</b>
		<b>0</b>	<b>Surplus(-)/deficit on provision of services</b>			<b>0</b>
		-752,781	Intragroup adjustment (Re-measurement of pension assets and liabilities) **			260,724
		752,781	Re-measurement of pension assets and liabilities (note 13) ***			-260,724
<b>0</b>	<b>0</b>	<b>0</b>	<b>Other comprehensive income and expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>Total comprehensive income and expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Pension top-up grant has moved from Taxation and non-specific grant income to net cost of services.

\*\* Intragroup adjustment (re-measurement of pension assets and liabilities) has moved from taxation and non-specific grant income to Other comprehensive income and expenditure.

\*\*\* Re-measurement of pension assets and liabilities have been combined with return on assets.

# 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					
	Restated Revenue General Fund	Restated Capital Receipts Reserves	Restated Total Usable Reserves	Restated Total Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 31 March 2020</b>	0	0	0	0	0
Total comprehensive income and expenditure	0	0	0	0	0
Adjustments between accounting & funding basis under regulations	0	0	0	0	0
Increase/decrease(-) in 2020/2021	0	0	0	0	0
<b>Balance as at 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Movement in reserves statement 2021/2022					
	Revenue General Fund	Capital Receipts Reserves	Total Usable Reserves	Total Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 31 March 2021</b>	0	0	0	0	0
Total comprehensive income and expenditure	0	0	0	0	0
Adjustments between accounting & funding basis under regulations	0	0	0	0	0
Increase/decrease(-) in 2021/2022	0	0	0	0	0
<b>Balance as at 31 March 2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The prior period has been restated to reflect the presentational changes in the Comprehensive income and expenditure, this has resulted in no further adjustments required as there are no reserves held by the OCC.

# 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.

Restated 2020 £'000	Restated 2021 £'000	Balance Sheet	2022 £'000
		<b>Long term assets</b>	
3,493,195	4,378,221	Long term intragroup debtor (note 2)	4,325,494
<b>3,493,195</b>	<b>4,378,221</b>	<b>Total non-current assets</b>	<b>4,325,494</b>
10,827	15,222	Intragroup debtor (note 2)	15,709
<b>10,827</b>	<b>15,222</b>	<b>Total current assets</b>	<b>15,709</b>
-8,151	-10,912	Creditors (note 17)	-11,280
-2,676	-4,310	Short term provisions (note 18)	-4,429
<b>-10,827</b>	<b>-15,222</b>	<b>Total current liabilities</b>	<b>-15,709</b>
		<b>Long term liabilities</b>	
0	-50	Provisions (note 18)	-25
-3,493,195	-4,378,171	Net defined pension liability (note 13 to 15) *	-4,325,469
<b>-3,493,195</b>	<b>-4,378,221</b>	<b>Total long term liabilities</b>	<b>-4,325,494</b>
<b>0</b>	<b>0</b>	<b>Net assets</b>	<b>0</b>
0	0	Total usable reserves	0
0	0	Total unusable reserves	0
<b>0</b>	<b>0</b>	<b>Total reserves</b>	<b>0</b>

\* Restated prior period due to presentational change, where the Police pension asset and Police pension liability have been combined to Net defined pension liability.

**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	<b>Net surplus(-)/deficit on the provision of services</b>	<b>260,724</b>
-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
<b>752,781</b>	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	<b>-260,724</b>
<b>0</b>	<b>Net increase(-)/decrease in cash and cash equivalents</b>	<b>0</b>



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

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:

- As a result of the Police Reform and Social Responsibility Act 2011 (the Act), two corporations sole were formed - the Police and Crime Commissioner (PCC) for Avon and Somerset and the Office of the Chief Constable (OCC). The PCC is responsible for the formal oversight of the Avon and Somerset Police and the Chief Constable, including setting the strategic direction and holding the police to account; whilst the Chief Constable has the direction and control over the force's officers and staff. For accounting purposes, the PCC is the parent entity of the Office of the Chief Constable and together they form the PCC group.

The accounting recognition of the PCC Group assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

The PCC receives all government funding and income, and the Chief Constable uses the PCC's financial resources against an annual budget in order to discharge their operating policing responsibilities. The Chief Constable does not hold any cash or reserves. The PCC has the responsibility for managing the financial relationship with third parties.

All the assets, liabilities and reserves of the PCC Group are recognised on the PCC Balance Sheet except for the liabilities for employee benefits. As a result, there is a nil balance on the Chief Constable's Movement of Reserves Statement and no cash transactions on the Chief Constable's cashflow statement. The financial results of the PCC resources used by the Chief Constable are shown in the Comprehensive Income and Expenditure Statement (CIES). As the Chief Constable does not hold reserves the financial consequences recognised in the CIES are offset by intra-group adjustments to reflect the funding of PCC resources consumed at the request of the Chief Constable to give a nil balance on the General Reserves of the Chief Constable at the year end. These intra-group adjustments are mirrored in the PCC accounts to reflect the funding of resources at the request of the Chief Constable.

Police pension costs are recognised in the Chief Constable's Accounts in accordance with IAS 19 (Employee Benefits). The liability for police pensions on the Chief Constable's Balance Sheet however is offset by an intra-group debtor reflecting the PCC's responsibility to provide funds from the police fund each year to enable the Chief Constable to administer police pension payments. Similarly, within the Chief Constable's CIES the IAS 19 pension costs are offset by intra-group funding adjustments within the Net Cost of Policing Services and within 'Financing and Investment' lines. The PCC's Balance Sheet shows a matching liability and police pension reserve to reflect its responsibility to provide funds for the payment of police pensions. The same accounting treatment has been adopted in respect of accumulated absences due to employees, but not taken at the reporting date. The liabilities in the Chief Constable's Balance Sheet are offset by an intra-group transfer from the PCC's to reflect the fact that the PCC ultimately funds the Chief Constable's employee costs.

- 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.

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

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.

<b>Police Officer Sensitivity Analysis</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	3,859,563	3,931,493	4,004,932
<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	3,940,197	3,931,493	3,922,843
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	3,995,655	3,931,493	3,868,626
<b>Adjustment to life expectancy assumptions</b>	<b>+1 year</b>	<b>None</b>	<b>-1 year</b>
Present value of total obligation	4,118,672	3,931,493	3,753,227

<b>Police Staff Sensitivity Analysis</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	860,297	882,422	905,139
<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	884,878	882,422	879,991
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	902,538	882,422	862,823
<b>Adjustment to life expectancy assumptions</b>	<b>+1 year</b>	<b>None</b>	<b>-1 year</b>
Present value of total obligation	917,718	882,422	848,542

## **4.2 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		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			Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E
£'000	£'000	£'000		£'000	£'000	£'000
310,599	58,201	<b>368,800</b>	Police Services	384,000	114,139	<b>498,139</b>
-310,599	-58,201	<b>-368,800</b>	Intragroup adjustment	-384,000	-114,139	<b>-498,139</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>Net cost of police services</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	80,821	<b>80,821</b>	Net interest on pensions	0	86,681	<b>86,681</b>
0	-80,821	<b>-80,821</b>	Intragroup adjustment (Pension interest cost)	0	-86,681	<b>-86,681</b>
0	-752,781	<b>-752,781</b>	Intragroup adjustment (Re-measurement of pension assets & liabilities)	0	260,724	<b>260,724</b>
<b>0</b>	<b>-752,781</b>	<b>-752,781</b>	<b>Financial and investment income and expenditure</b>	<b>0</b>	<b>260,724</b>	<b>260,724</b>
<b>0</b>	<b>0</b>	<b>0</b>	Taxation and non-specific grant income	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>-752,781</b>	<b>-752,781</b>	<b>Surplus(-)/deficit on provision of services</b>	<b>0</b>	<b>260,724</b>	<b>260,724</b>



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	<b>58,201</b>	Police Services	-2,322	121,391	-4,929	<b>114,139</b>
-9,911	-51,324	3,034	<b>-58,201</b>	Intragroup adjustment	2,322	-121,391	4,929	<b>-114,139</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Net cost of police services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	80,821	0	<b>80,821</b>	Net interest on pensions	0	86,681	0	<b>86,681</b>
0	-80,821	0	<b>-80,821</b>	Intragroup adjustment (Pension interest cost)	0	-86,681	0	<b>-86,681</b>
0	-752,781	0	<b>-752,781</b>	Intragroup adjustment (Re-measurement of pension assets & liabilities)	0	260,724	0	<b>260,724</b>
<b>0</b>	<b>-752,781</b>	<b>0</b>	<b>-752,781</b>	<b>Financial and investment income and expenditure</b>	<b>0</b>	<b>260,724</b>	<b>0</b>	<b>260,724</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Taxation and non-specific grant income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>-752,781</b>	<b>0</b>	<b>-752,781</b>		<b>0</b>	<b>260,724</b>	<b>0</b>	<b>260,724</b>
<b>0</b>	<b>-752,781</b>	<b>0</b>	<b>-752,781</b>	<b>Difference between surplus on the general fund and deficit on the provision of services</b>	<b>0</b>	<b>260,724</b>	<b>0</b>	<b>260,724</b>

## 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	31,500
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
<b>-699,363</b>	<b>Total expenditure</b>	<b>313,501</b>
-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	-10,606
-8,294	Intragroup adjustment	-6,500
<b>-53,418</b>	<b>Total income</b>	<b>-52,776</b>
<b>-752,781</b>	<b>Surplus/deficit on provision of services</b>	<b>260,725</b>

## 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	<b>180,494</b>	0	<b>180,494</b>
	<b>169,366</b>	<b>11,128</b>	<b>180,494</b>	<b>0</b>	<b>180,494</b>

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	<b>48,452</b>	0	<b>48,452</b>
Chief Constable - S Crew	1	125,105	5,297	<b>130,402</b>	38,782	<b>169,184</b>
		<b>171,168</b>	<b>7,685</b>	<b>178,853</b>	<b>38,782</b>	<b>217,636</b>

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	<b>29,607</b>	4,369	<b>33,976</b>
Chief Officer - Finance, Resources and Innovation	1	87,863	9,181	<b>97,044</b>	14,322	<b>111,366</b>
Chief Officer - People and Organisational Development		113,617	0	<b>113,617</b>	17,279	<b>130,896</b>
Deputy Chief Constable		136,303	7,375	<b>143,678</b>	42,254	<b>185,932</b>
ACC - Investigations & Operational Support		122,321	7,398	<b>129,719</b>	0	<b>129,719</b>
ACC - Neighbourhoods, Partnerships & Response		120,763	7,034	<b>127,797</b>	36,583	<b>164,380</b>
ACC - Regional Collaborations		117,618	0	<b>117,618</b>	34,137	<b>151,755</b>
Force Medical Officer - D Bulpitt		150,372	0	<b>150,372</b>	24,511	<b>174,883</b>
		<b>875,663</b>	<b>33,789</b>	<b>909,452</b>	<b>173,455</b>	<b>1,082,907</b>

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	<b>37,096</b>	10,672	<b>47,768</b>
Temporary Deputy Chief Constable	2	111,411	0	<b>111,411</b>	0	<b>111,411</b>
ACC - Investigations & Operational Support		33,331	0	<b>33,331</b>	0	<b>33,331</b>
Temporary ACC - Investigations & Operational Support	3	84,521	0	<b>84,521</b>	24,464	<b>108,985</b>
ACC - Neighbourhoods, Partnerships & Response	4	2,372	0	<b>2,372</b>	719	<b>3,090</b>
ACC - Neighbourhoods, Partnerships & Response	4	125,546	0	<b>125,546</b>	36,594	<b>162,140</b>
Chief Officer - Finance, Resources and Innovation		119,220	12,677	<b>131,897</b>	19,433	<b>151,330</b>
Chief Officer - People and Organisational Development		118,576	6,229	<b>124,805</b>	18,564	<b>143,368</b>
Force Medical Officer - D Bulpitt		154,884	0	<b>154,884</b>	25,246	<b>180,130</b>
		<b>784,287</b>	<b>21,576</b>	<b>805,863</b>	<b>135,691</b>	<b>941,554</b>

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
<b>495</b>		<b>615</b>

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

For further details on gender pay please see our gender pay gap report, which has been published online at <https://www.avonandsomerset.police.uk/about/our-priorities/gender-pay-gap/>.

## 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
<b>8</b>	<b>225</b>		<b>14</b>	<b>281</b>

## 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
14	<b>Chief Constable:</b> 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, contributions to which 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
<b>19,058</b>	<b>Total</b>	<b>19,648</b>

### 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
<b>Comprehensive income and expenditure statement</b>				
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
<b>Total post employment benefits charged to the comprehensive income and expenditure statement</b>	<b>35,376</b>	<b>60,748</b>	<b>151,271</b>	<b>205,552</b>
<b>Other post employment benefits charged to the comprehensive income and expenditure statement</b>				
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
<b>Total other comprehensive income</b>	<b>-148,183</b>	<b>87,590</b>	<b>-604,598</b>	<b>173,134</b>
<b>Movement in reserves statement</b>				
Reversal of net charges made for retirement benefits in accordance with the code	-35,376	-60,748	-151,271	-205,552
<b>Actual amount charged against the general fund balance for pensions in the year</b>				
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	-3,931,493
-438,341	Police staff	-393,976
<b>-4,378,121</b>		<b>-4,325,469</b>

## 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
<b>53,418</b>	<b>Balance met from PCC Group</b>	<b>52,775</b>

A full valuation of the pension scheme liabilities was undertaken for 31 March 2021. This work was carried out by independent actuaries who have taken account of the requirements of IAS 19 to assess the liabilities of the fund. Liabilities have been calculated by reference to police officers who are members of the fund as well as those who are already receiving pensions. The estimate of the weighted average duration of the scheme's liabilities is 18 years. Using the assumptions detailed in the tables below an estimate of the costs and liabilities associated with police officers pensions has been made.

Life Expectancy from Age 65 Years	2021/2022	2020/2021
<b>Current pensioners</b>		
Males	21.1	21.1
Females	23.4	23.3
<b>Retiring in 20 years</b>		
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
3.35	Change in Retail Price Index (RPI)	3.75
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
	<b>Movements in the year</b>	
-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
<b>-3,939,780</b>	<b>Present value of schemes liability as at 31 March</b>	<b>-3,931,493</b>

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
	<b>Movements in the year</b>	
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
<b>0</b>	<b>Present value of schemes assets as at 31 March</b>	<b>0</b>

## 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 £'000	Percentage of Employees' Contributions		Payments £'000	Percentage 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
<b>Current pensioners</b>			
	Males	23.1	23.1
	Females	24.7	24.6
<b>Retiring in 20 years</b>			
	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
3.20	Change in Retail Price Index (RPI)	3.75
2.85	Change in Consumer Price Index (CPI)	3.30

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	%
		<b>Equities</b>		
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
<b>318,406</b>	<b>72.0</b>		<b>355,028</b>	<b>72.6</b>
		<b>Gilts - Public Sector</b>		
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
<b>25,436</b>	<b>5.7</b>		<b>24,666</b>	<b>5.0</b>
		<b>Other Bonds</b>		
20,785	4.7	UK	33,131	6.8
22,111	5.0	Overseas	14,178	2.9
<b>42,896</b>	<b>9.7</b>		<b>47,309</b>	<b>9.7</b>
30,596	6.9	<b>Property</b>	39,269	8.0
25,440	5.7	<b>Cash (invested internally)</b>	22,648	4.7
<b>442,774</b>	<b>100</b>	<b>Total assets</b>	<b>488,920</b>	<b>100</b>

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

2020/2021	Police Staff Pensions	2021/2022
£'000		£'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
<b>-438,341</b>	<b>Deficiency in fund</b>	<b>-393,976</b>



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
	<b>Movements in the year</b>	
-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
<b>-881,115</b>	<b>Present value of defined obligations as at 31 March</b>	<b>-882,896</b>

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
	<b>Movements in the year</b>	
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
<b>442,774</b>	<b>Fair value of scheme assets as at 31 March</b>	<b>488,920</b>

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

## 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
	<b>4,360</b>	<b>-938</b>	<b>-1,164</b>	<b>2,196</b>	<b>4,454</b>

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

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

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

# Office of the Chief Constable for Avon & Somerset

## 20 Glossary of Terms

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



<b>Term</b>	<b>Definition</b>
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.

<b>Term</b>	<b>Definition</b>
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



JAC Member	Group or CC A/c's?	Page Ref	Query	Response
ZR			"Throughout the entirety of 2020/2021 we have continued to live and work through the COVID-19 global pandemic." Should this read 2021/2022?	Yes we will amend
ZR			<p><i>"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."</i></p> <p>What are the longer term plans to manage the increase in demand? Will the secondary communication centre remain open?</p>	<p>We continue to see an increase in call demand post pandemic. The biggest increase is in the volume of 999 emergency calls we are receiving into the control room. Between July 2020-June 2021 the control room received 951, 961 calls of which 243, 953 were 999 calls. In July 2021 – June 2022 the control room received 1,017,571 calls of which 326,814 were 999 calls. This shows an increase of 82,861 x 999 calls in the same timeframe, amounting to an additional 227 more 999 calls per day. These emergency calls will always take priority which then results in unavoidable delays on the 101 line. The 101 switchboard is in place to triage risk and there is an option for the team to transfer any 101 calls that are deemed emergency nature to the 999 line. We have a 101 call back system on our secondary line where if you are waiting for any longer than 3 minute you can request a call back, retain your place in the non-emergency queue and the system will call you when you reach the front. This is very popular with ASP communities and we have seen an increase over the last few months due to the elongated wait. There are non-urgent online crime reporting services via our force website 24/7 and this reporting method has increased in number month on month this year.</p> <p>See further response to question raised below.</p>
ZR			Please could you include an explanation of what call abandonment is?	There is a national service level agreement (SLA) for 999 which is to answer 90% of 999 calls within 10 seconds. There is no national SLA for 101 calls and some forces work to answer times and some to abandonment rates. In Avon and Somerset we work to achieving an abandonment rate on 101 of 5% or less. We class an abandoned call as anything on the non-emergency 101 line that abandons after 1 minute.
ZR			<p>"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".</p> <p>Is it still valid to assume increases in local council tax, given the cost of living crisis?</p>	<p>Our primary planning assumption remains an increase in the average band d council tax of +£10 (c. 4%) in each of the next two years. Each £1 in council tax is the equivalent of £0.6m in funding, so in total this assumption generates an additional £6.0m in funding p.a. in each of the next 2 years.</p> <p>The final decision on the precept is ultimately the PCC's to make, with reference to the Police and Crime Panel who can endorse the proposal or veto this requiring a reconsideration. This decision will be informed by public consultation and by the</p>



				implications arising from alternative scenarios at a time when we as a public service face the same inflationary challenges as those being experienced by households (e.g. fuel and utilities inflation).
ZR			“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.” I think there is a risk that this reads as a slightly negative description of people going on maternity leave. There are positives here too. The loss in experience is temporary and there are new developmental opportunities created for others as a result (which is important for staff retention). Could a slight re-word be considered?	Whilst we appreciate the point being made we do not propose to change the wording. Primarily in this instance, as a matter of fact, none of these maternity posts were filled internally. All were external candidates with no previous experience of OPCCs and at least two of the three of them will be leaving the organisation after their temporary contracts end taking with them all the time and knowledge we have invested in them.
ZR			Provision for overtime liability for undercover work. When is this expected to be concluded? (response provided at the meeting) NB: the briefing note (included in the JAC papers) makes clear this liability relates to undercover overtime. I can't find reference to it being undercover in the actual statement – it talks about overtime in a general sense. Should this be made clear in the actual statement?	We recognise the point raised however we do not intend to change as this liability in part relates to ongoing legal cases and consequently we do not wish to unduly prejudice our position by making this too overt.
ZR			Staff paid £50k+ pa, How does this breakdown by protected characteristics e.g. gender, ethnicity? Could all salary scales be included? (response provided at the meeting)	This note is a statutory requirement, so we provide the information as required. We will be including a link to the gender pay report within the narrative section of the accounts
JF			You record a 36% increase in 999 calls. A) Has the second call centre remained open to address this and does it work more effectively than one centre. B) How does this increase compare nationally?	A) In April 2022 the control room co-located back together at our Headquarters site in Portishead. The secondary control room at Express Park remains in place as a contingency site and training location for the control room team. However in light of the increase in 999 demand and the recruitment challenges we are considering plans to reopen the control room for call handling purposes. This will assist staff living south of the force with the rising cost of living and will also open up more inclusive and diverse recruitment opportunities. These considerations do not extend to dispatch which will remain at Headquarters for operational benefits of having the command team in one location. B) Regionally and nationally police forces, along with other blue light services such as ambulance are seeing unprecedented demand on 999 lines. In July 2022 there were severe pressures on 999 nationally with the highest daily calls answered ever. Seasonality, alongside hot weather and a rise in covid rates were some of the reasons for this. Work is ongoing with forces supporting each other with 999 demand and collaborative work between partners such as police, ambulance and mental health services is also being undertaken.
JF			Why was the budget incorrectly understated by £2m?	Prior to 2021/22 we accounted for the grant funding received from the Ministry of Justice for the funding of victims services as part of the overall funding against which we balanced our forecast expenditure. This was done in this way at the request of the previous PCC CFO for transparency. However, it was not the correct treatment as the MoJ victims funding is ring-fenced



				<p>for a specific purpose and therefore not part of our general funding. In setting the 2021/22 budget we amended the presentation of this so that the MoJ victims grant funding was included as part of our calculations that made up our budget requirement, thereby accounting for this ring-fenced grant funding correctly. When this change was made, our processes for reconciling back to our finance system (SAP) were not fully updated. This was an error. This meant that as we built the budget in SAP to account for our budget requirement we did not include a budget for this MoJ grant funding.</p> <p>Consequently we built a budget which reconciled back to our total approved budget of £340,879k without the inclusion of this additional funding offsetting against it. This issue has since been rectified, and plans have been implemented to ensure that our budget build processes and controls prevent a situation like this reoccurring.</p> <p>Review of these plans is in scope of the Internal Audit review of financial controls reporting at our next JAC meeting.</p>
JF			In section 6.1 - Why do the budget and funding totals differ from those in the associated table? Can the reasons for this be stated in the narrative to inform the reader.	As discussed at the JAC meeting in July we will add 21/22 figures to the table which will resolve this confusion
JF			How often are the cost of contributions to partnership working reviewed? a) to ensure parity b) to ensure cost effectiveness.	<p>Each of the Joint arrangements have boards, which include the directors of finance, to review both quarterly / year end costs and the budget process for future years. There are percentages of the split of costs between the relevant forces which are written into the agreements and are adhered to when contributions are provided.</p> <p>In the majority of instances there is commonality in the financial model used, which is based on our relative funding positions as forces. Where this standard approach is not used there is scope for this to be reconsidered through annual budget setting process, which has recently been the case for the cost sharing arrangement in place for our forensics collaboration.</p>
JF			Overtime expenses carried forward at the year end have increased. What is the reason for an increase in overtime payments? Is the overtime carried forward paid at the rate of pay applying in the year in which it occurred?	This provision is for the legal assessment for undercover overtime, legal update this based on current cases. Yes the rate of overtime will be at the time it relates too.
JF			Is consideration being given to the investment of reserves in the light of a turbulent global market?	Investment is governed by the OPCC Treasury Management Strategy. The OPCC CFO commissions treasury management services including implementing policy to Treasury Management Officers at SCC. This is done by using only the agreed investment instruments, and credit criteria set out in the TMS
ALL			Can we include the 21/22 year in the MTFP table so the movements explained in the bullet points below can be agreed to the table?	Agreed - 21/22 added to the table
ALL			Can we include reference and link to our gender pay report under the table on pay?	Agreed - we will include
MS			The number of personnel paid £50-£60K has risen from 387 to 490. Is there an explanation?	There are a few new starters within this grouping, however majority of the increase is due to overtime or on call payments increasing salaries in to the £50k banding





MS			Collaboration - It would be useful to know when these initiatives were started, what the proportion of the budget from each SW Constabulary is invested and what benefits have accrued?	In terms of the benefits for the collaborations when they were up it would have largely been about cost savings in terms of smaller estates footprints, not requiring hubs/labs (in particular for Forensics) in each force area, skill sharing, resilience particularly for the smaller forces and one Head/Director per collaboration so again a cost saving rather than having one in each force. Attached is further details on cost.
MS			It is an interesting concept to establish a new PCC Reserve of £1M ....to help support the new PCC's Programme during their first year in office. I would have thought this should be a specified amount set against an articulated plan. Is it a fund which will always be £1M? Does it lapse ...the current PCC has been in since 13 May 21....over a year?	This reserve was set aside at the time of the election for a new PCC in recognition of the potential need to reflect their strategic priorities, manifesto commitments and change agenda. The PCC has always held the reserves of the organisation but the identification of this £1m gave greater transparency to the funding of activity through reserves going forwards.
MS			I find the Revenue Budget (Section 6.1) a little difficult to follow. The table from 2022-23 to 2026-27 shows: Budget requirement rising from £359M to £403M - a difference of £44M. Yet the narrative below talks of a £58.2M pa increase. The funding totals show £356M rising to £391M - a difference of £35M. Yet the narrative forecasts a growth of £51M. The subsequent detailed breakdowns are equally hard to recognise.	As above this will be resolved by including 21/22 figures in the tables within the narrative statements.
MS			Group - CIFPA Principle C - Section 3.3. In this Annual Governance Section (Page 43 in the JAC Papers: Blue Highlighted Page 18) the outcomes of the plan's objectives are listed. I just wonder why they are couched in the phraseology used. For example: Increase the proportion of crimes reported to the Police, increase victim satisfaction and increase feelings of safety. These are lightweight statements in truth. Should these not be replaced with something on the lines of...Increase the conviction rate of crimes against the person, their property and the community. I am not convinced by the alignment here to CIFPA Principle C.	<p>The objectives listed are those in the Police and Crime Plan and these will not be changed until the plan is varied or a new plan is issued.</p> <p>The suggested statement is already covered in objective 3 "increase positive outcomes from reported crime and ASB."</p> <p>Principle C is about defining outcomes and these are the outcomes we want to achieve.</p>
MS			OCC Statements - CIPFA Principles (Various pages). Interesting how the OPCC and the OCC approach the Good Governance A-G Principles. There is some overlap. Interesting to my earlier point at Section 3.3 CIPFA Principle C...the OCC Report talks in term of Op Bluestone (Page 132: Blue Highlight 21).	Noted
DD			Financial Outlook – has the summer update been completed? Does it need revisiting given more recent economic events?	<p>The update of the MTFP hasn't yet been completed, it is a lengthy process and isn't expected to be completed till January 23. The recent economic events will be taken into account through the process.</p> <p>Early indications understandably suggest a much tighter financial position, however there remains much uncertainty around this – in particular the extent to which some of the inflationary pressures we're now forecasting represent permanent re-basing of costs, or are a temporary adjustment from which future costs might reduce.</p>
DD			Revenue Budget – can funding increases be relied on given change in government and current economic crisis?	The grant funding increases reflect the indicative three-year funding announcements made by the Government in the 2022 SR announcements. It is always possible that these will be (and may need to be) revisited, however any reduction in grant



				<p>funding will need consideration of the extent to which the flagship growth in officer numbers can be achieved.</p> <p>The same can be said for the precept increase. We are assuming a £10 increase here. We recognise the challenging backdrop against which the PCC is being asked to make his proposal to the Police and Crime Panel in February. While we will continue to check this assumption with the PCC, any reduction in this assumption will reduce our funding at the same time as our costs are increasing beyond that originally envisaged – consequently our ability to achieve and sustain the police officer uplift may be called into question.</p>
DD			Note on pensions costs – current economic events are impacting DB pensions schemes significantly. Is there similar exposure for ASP	<p>Both police officer and police staff pension schemes are undergoing current valuations which will set future employer contribution rates.</p> <p>The police staff valuation will set the new rate with effect from April 2023, and this is expected to see an increase in our costs (we had made some assumptions around this in our original MTFP however we will know more in the coming weeks as to whether this was sufficient to manage the actual increase).</p> <p>The police officer valuation will set the new rate with effect from April 2024, and it is widely anticipated that the economic situation combined with the cost of pensions remedy, will place upward pressure on the employer contribution rate. Some provision has been made in our MTFP for this, however any significant increase in the rate will require negotiations with the Home Office if police officer numbers are to be sustained post uplift.</p>
DD			Introduction – think it would be better to quote the month the Police and Crime plan was published which I think was later than December 21.	Will amend to “and published in January 2022.”
DD			Re the scrutiny panels - Can we provide any information on the outcomes of these? Not necessarily in detail but generally positive or negative? Do these panels think ASP is doing well or not	<p>Will add hyperlinks</p> <p><a href="https://www.avonandsomerset-pcc.gov.uk/independent-scrutiny-of-police-complaints-panel-reports">Independent Scrutiny of Police Complaints Panel Reports   OPCC for Avon and Somerset (avonandsomerset-pcc.gov.uk)</a></p> <p><a href="https://www.avonandsomerset-pcc.gov.uk/independent-scrutiny-of-police-powers-panel-reports">Independent Scrutiny of Police Powers Panel Reports   OPCC for Avon and Somerset (avonandsomerset-pcc.gov.uk)</a></p> <p><a href="https://www.avonandsomerset-pcc.gov.uk/out-of-court-disposals-panel-reports">Out of Court Disposals Panel Reports   OPCC for Avon and Somerset (avonandsomerset-pcc.gov.uk)</a></p>
DD			Principle E: Deputy Chief of Staff – can we elaborate on the “number of reasons” the support was needed. One or two examples would be helpful.	The reasons are already listed in the sentence after.
DD			Contacts and Conduct – what does this role do? Why was it needed?	Will add “This role supports responding to public contacts, discharges PCC duties in relation to misconduct hearings and appeals, and supports the Independent Scrutiny of Police Complaints Panel.”
DD			I think we go into too much detail on the subsequent staffing challenges. Key message is there were a number of staffing challenges which highlight the fragile nature of the resource model and limited resilience.	The detail provided substantiates the issues. Also this is in the context of a very small organisation for example having three people on mat leave is the equivalent of 10% of the organisation being on mat leave at the same time.



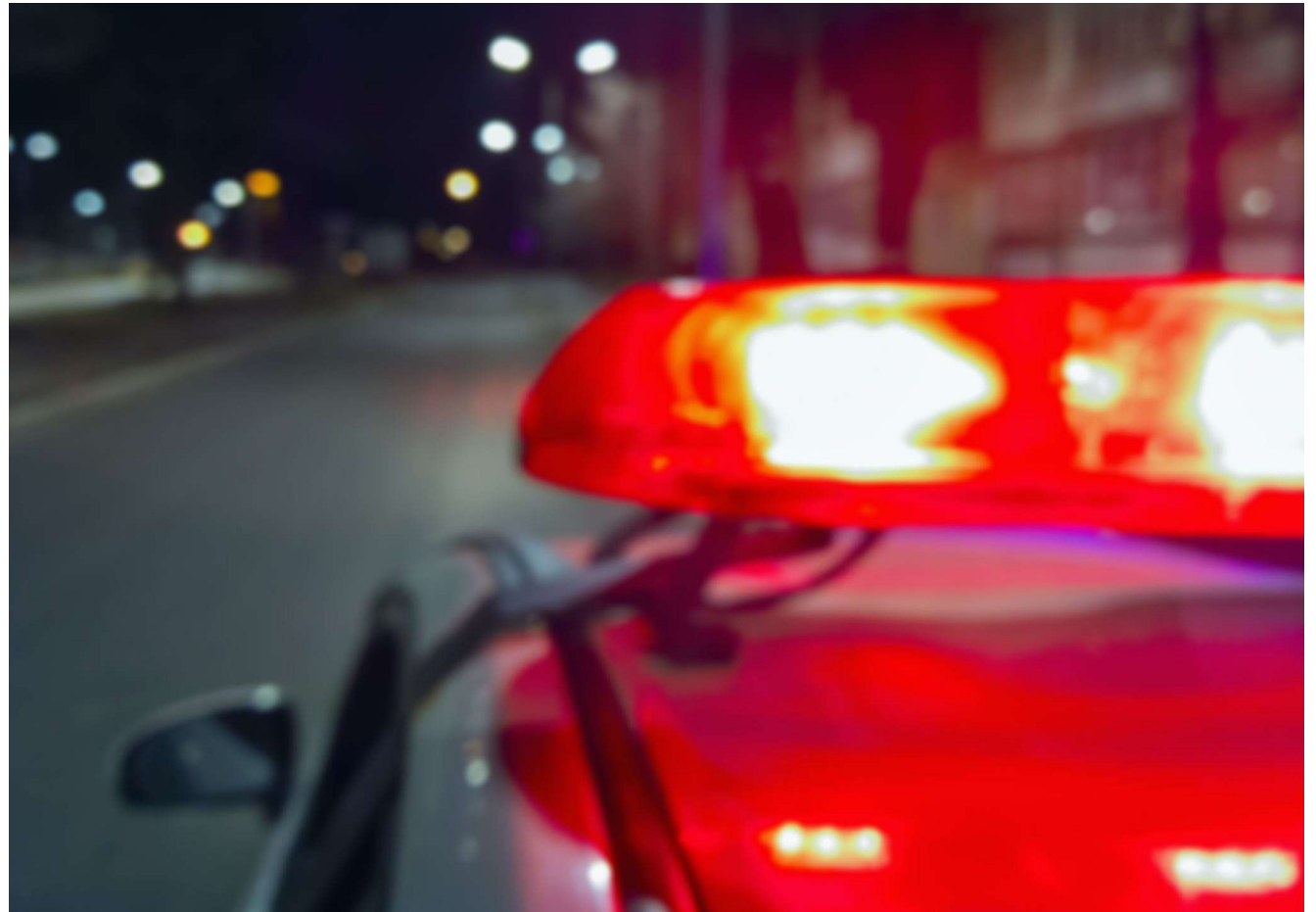


DD			New PCC Reserve - What is this for? Is this a normal/standard reserve to have? Do other PCC's have one? Seems an odd explanation as PCC has been in place for more than a year	Answered above
DD			CID Improvement Work bullets list - This section picks up on a theme running throughout the report. Given OCC's own assessment of performance and other measures indicating concern shouldn't the outcomes be articulated in a more tangible, specific and measurable manner? These are quite vague, not entirely clear what they mean and hard to objectively assess if they have or haven't been achieved	<p>The outcomes listed in the AGS for the CID work are the desired outcomes that were signed off at the point of creation of the work. I agree that they are somewhat vague.</p> <p>There has no doubt been significant work done to deliver against these desired outcomes since the AGS was finalised back in June.</p>

# The Joint Audit Findings for Avon and Somerset Police

**Year ended 31 March 2022**

7 November 2022



# Contents



## Your key Grant Thornton team members are:

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## Section

1. Headlines
2. Financial statements
3. Value for money arrangements
4. Independence and ethics

## Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees

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

### Jackson Murray

Name : Jackson Murray

For Grant Thornton UK LLP

Date: November 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 PCC and Chief Constable or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# 1. Headlines

This table summarises the key findings and other matters arising from the statutory audits of Avon and Somerset Police and Crime Commissioner ('the PCC') and Avon and Somerset Chief Constable and the preparation of the PCC's and Chief Constable's financial statements for the year ended 31 March 2022 for those charged with governance.

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## Financial Statements

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

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

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

Our audit work was completed in a hybrid of on-site working and remotely during August-November. Our findings are summarised on pages 5 to 20.

We have identified various classification adjustments in the financial statements of the Chief Constable or the PCC. Further detail can be found in Appendix C.

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

There are no matters of which we are aware that would require modification of our audit opinion for the PCC's financial statements (including the financial statements which consolidate the financial activities of the Chief Constable) or the Chief Constable's financial statements (see Appendices E and F). We have noted prior period adjustments and material disclosure changes to the financial statements (see pages 15 and 16 and appendix C). Our work is substantially complete subject to the outstanding matters listed on the following page.

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

Our anticipated audit report opinions will be unqualified.

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# 1. Headlines

Outstanding matters:

- receipt & review of responses to final queries on sample evidence and subsequent completion of our testing of journals, disposals, fees and charges income, grant and precept income and the completeness of expenditure and creditors;
- receipt & review of final pieces of evidence to support samples of employee benefit expenditure, other expenditure, creditors, the completeness of income and debtors and Police Pension Fund Account transactions;
- land and buildings revaluations – closure of final queries relating to a specific asset – Yeovil Police Station;
- finalisation of our work on provisions;
- receipt of assurances from the pension fund auditor and subsequent finalisation of our testing;
- finalisation of our review of remuneration disclosures;
- completion of our consideration of leases;
- review of the Joint Arrangements note following receipt of a reconciliation to CIES;
- receipt of managements assessment of going concern; and
- satisfactory completion of final quality reviews and any resultant queries.

We will provide updates on the completion of these items verbally to the Joint Audit Committee.

Following the satisfactory completion of all of the above, we will then be in a position to conclude the audit and issue our audit opinion following our:

- receipt of the signed management representation letter; and
- receipt and review of the final set of financial statements.

# 1. Headlines

## Value for Money (VFM) arrangements

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

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

- improving economy, efficiency and effectiveness;
- financial sustainability; and
- governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay was shared with the PCC and Chief Constable in September 2022. We expect to issue our Auditor's Annual Report by November 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

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

## Statutory duties

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

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

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

We do not expect to be able to certify the completion of the audits when we issue our audit reports on the financial statements as our work on VFM arrangements will not be complete at the time. The auditor guidance for the 2021/22 Whole of Government Accounts consolidation exercise is also yet to be issued and hence we will be required to hold our certificates until this has been issued and the related work has been completed.

## Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

## Acknowledgments

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

## 2. Financial Statements

### Overview of the scope of our audit

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

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

### Audit approach

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

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

We have not had to alter our joint audit plan, as communicated to you in May 2022.

### Conclusion

We have substantially completed our audits of your financial statements and, subject to outstanding queries as detailed on page 4 being resolved, we anticipate issuing an unqualified audit opinion on the financial statements of both the PCC and the Chief Constable following the Joint Audit Committee meeting on 7 November 2022 and in advance of 30 November 2022.



## 2. Financial Statements



### Our approach to materiality

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

Materiality levels remain the same as reported in our joint audit plan in May 2022.

	Group and PCC (£)	Chief Constable Amount (£)
Materiality for the financial statements	8,400k	8,200k
Performance materiality	6,300k	6,150k
Trivial matters	400k	410k
Materiality for senior officer remuneration	19k	19k

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. For our audit testing purposes we apply the lowest of these materialities, which is £8.2m (PY £6.055m), which equates to 1.5% of the Chief Constable's prior year gross expenditure for the year.



## 2. Financial Statements - Significant risks

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

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

### Risks identified in our Audit Plan

#### Management override of controls

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.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.

#### Relates to:

Group, PCC and Chief Constable

#### Commentary:

We have:

- evaluated the design effectiveness of management controls over journals;
- analysed the journals listing and determine the criteria for selecting high risk unusual journals;
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;
- gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

We reported to the Joint Audit Committee on 11 October 2022 that as part of our work in evaluating Management Override of Controls, we obtain an understanding of the control environment in which journals are processed, use data analytics tools to identify journals that we would consider to be at a higher risk of management override of controls, or otherwise appear unusual, and evaluate the results of our testing.

Up until 13<sup>th</sup> December 2021, the journals approach was that the preparer would email their journal to an email “journal inbox”. Based on a rota system, another individual would log in to the inbox and approve and post the journals. On 13<sup>th</sup> December 2021, a new approach to journals was introduced which replaced the need for the “journal inbox”. This was introduced to improve the controls in place around the posting of journals. The new approach uses software called “Assyst” which acts as a portal allowing the journals, once approved to be entered directly into SAP. Once a journal has been uploaded, a reviewer then logs into the software and approves and posts the journals into SAP.

Our examination of the control environment has identified three significant deficiencies, being:

- Finance team members have the ability to create and approve their own journals as there are no automated controls in the SAP financial ledger stop that will stop this. Through our work we have noted that 22% (426 journals) of manual journals are self-posted and therefore self-approved in the year with 3% (12 journals) occurring after the introduction of the Assyst portal. This is not in-line with best practice and increases the risk of fraudulent or erroneous reporting, with the segregation of duties being a key control principle in relation to financial governance. Manual journals can still be entered directly into SAP and we note that 6 journal have been posted via the direct route without going through the Assyst portal first since its introduction.
- We note that the approval of journals and accruals in Assyst is completed via a rota system, meaning that a junior team member could be approving the journals of senior team members. In addition, there are no approval limits set for individuals who can post / approve journals. This could result in inappropriate individuals approving high value journals, without the necessary experience to consider if these are correct.
- Our review of the Assyst portal has noted that there is no mandatory field for the upload of evidence to support the journal, and from a sample of journals that we have viewed, evidence was not always included. Our inquiries of journal posters has also confirmed that journals are posted and approved without the evidence being viewed. We would therefore question the appropriateness of team members approving a journal without supporting evidence, particularly where these are complex journals.

## 2. Financial Statements - Significant risks

As a result of these deficiencies the extent of our testing was increased to cover the risks identified. Management have provided evidence for each journal we selected, however we have queries outstanding on some of these and are currently working with management to get these resolved. Our work in this area therefore is on-going.

In addition to our review of the journals control environment, our IT Audit colleagues have reviewed the SAP system and have also noted a significant deficiency. This is in relation to user access rights on certain accounts which allow the user to delete or amend transactions in SAP without creating an audit trail of the amendment. This was also noted in our 2020/21 Joint Audit Findings Report. Similar to last year, we have had to perform additional procedures to assure ourselves that the transactions in SAP and associated system reports are complete and accurate. We have held discussions with the IT department on how the user access can be updated to eradicate this issue, while providing the level of access needed and maintaining an audit trail and await their final responses to our IT Audit colleague's findings.

More information on key estimates and judgements in respect of PPE and pensions valuations can be found on pages 13 to 15.

### **The revenue and expenditure cycles include fraudulent transactions (rebutted)**

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

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).

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.

#### **Relates to:**

Group, PCC and Chief Constable

#### **Commentary:**

In our Joint Audit Plan we concluded that we did not consider these to be significant risks for the PCC, Chief Constable and/or Group.

We have not made any changes to our assessments during the audit and based on our findings, and hence do not consider these to be significant risks to our audits.

### **Valuation of Land Buildings**

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.

Land and building valuations represent a significant estimate by management in the financial statements due to the size of the numbers involved (£201.5m at 31 March 2022) and the sensitivity of the estimates to changes in key assumptions.

We therefore identified valuation of land and buildings as a significant risk.

#### **Relates to:**

Group and PCC

#### **Commentary:**

In our Joint Audit Findings Report for 2020/21 we reported the following:

"We recommend that the valuation is updated for future years, with up-to date data used to form estimates of build rates, floor areas and Useful Economic Lives / obsolescence assumptions. The calculations should be in line with best practice and supporting evidence should be retained for all assumptions made in the calculations."

This reflected the issues we identified during the 2020/21 audit.

At the date of drafting this report, we have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- discussed with the valuer the basis on which the valuations were carried out to ensure that the requirements of the CIPFA Code are met;
- engaged our own valuers to assess the instructions to the PCC's valuer, the valuers report and the assumptions that underpin the valuation; and
- developed a testing strategy for this balance and tested these back to supporting evidence.

## 2. Financial Statements - Significant risks

We held discussions with the valuer, both before the final accounts audit commenced and since, to understand the process that has been followed for 2021/22.

We reported to the Joint Audit Committee on 11 October that in testing the inputs and assumptions for specialised assets, which are required to be valued using the Depreciated Replacement Cost (DRC) methodology, we have identified that our recommendations from the prior year have not been fully actioned.

We have identified that the valuer continues to base build costs, which are an input into DRC valuations, on the cost of construction of the North Somerset Police Centre in 2017 and uses indices to adjust these rates between years. For example, since 2021 the rates have been increased by the national BCIS index. We have held discussions with our own expert, who recommends that the use of national build rate tables would be considered normal practice, particularly in the current unsettled economic climate, as they draw data from a number of sources rather than a specific, single asset and to ensure that there is no bias within the valuations. It is important to note that we are not saying that the build cost data used is inaccurate or inappropriate, and we have corroborated this back to information received from a third party, however it makes corroboration of the values from an audit perspective much more challenging.

Furthermore, our recommendation that useful economic life assumption should be clearly referenced within the calculation of the obsolescence factor applied in the valuation of DRC assets has not been actioned. We are comfortable that the valuer is considering the physical, economic and functional obsolescence of the buildings, which is a requirement of RICS guidance. Through discussion with the valuer, it was apparent that they had attempted to factor in the lifespan of the asset, as required per paragraph 9.19 of RICS guidance, within the physical obsolescence % for each calculation. However, as each sub-asset does not have its own useful life within the report, it was valuer judgement that was driving the consideration of lifespan, rather than comparative useful lives, which would be what drives the depreciation of the asset. Again, this makes corroboration of the assumptions applied more challenging. Given the PCC's asset base, the majority of the assets valued at DRC and subject to these obsolescence assumptions relate to PFI assets, which were constructed within the last 10 years. Given their age, obsolescence factors are less significant to the overall valuation and this provides us with further assurance over the total valuation.

On the basis of our challenge of the valuation methodology and assumptions, and using other evidence available to us using national data, we are satisfied that specialised assets are not materially misstated at 31 March 2022. Our own high-level calculations suggest that they could be £1.1m overstated.

Our testing of non-specialised assets is largely complete. We are working through final conclusions in response to a challenge made around the valuation basis of Yeovil Police Station. We have challenged this as the Police Station is closed, and under the CIPFA Code we believed that this should be held as a surplus asset. The valuer has agreed with our findings and has updated their valuation to £2m at fair value, from the original Existing Use Value of £1.1m. We are currently reviewing corroborative market evidence to confirm that this valuation is appropriate. Please see pg. 33 for details of potential impact of this change in valuation on the accounts.

### Valuation of pension fund net liability

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.

The pension fund net liabilities are considered significant estimates due to the size of the numbers involved (a net value of £3.9bn in the Group's balance sheet for the year ended 31 March 2022) and the sensitivity of the estimate to changes in key assumptions.

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.

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.

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.

With regard to these assumptions we have therefore identified valuation of the Group's pension fund net liability as a significant risk.

### Relates to:

Group, PCC and Chief Constable

### Commentary:

At the date of drafting this report we have:

- updated our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated, and evaluated the design of the associated controls;
- evaluated the instructions issued by management to their management expert (Barnett Waddingham "the actuary") for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the group to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and

## 2. Financial Statements - Significant risks

- begun the process of undertaking 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.

We currently await a letter of assurance from Somerset Pension Fund's auditors in order to complete our work in this area, although we have informally liaised with them on any findings that they are aware of to date that could have a significant impact on the valuation or our work.

Our findings to date are:

- through testing of the consistency of the pension fund asset and liability disclosures in the financial statements back to the IAS 19 actuarial report, we have found identified disclosure adjustments to be made to the draft statement of accounts to ensure that they are consistent. These do not impact the primary statements; and
- we have noted that the pension liability has been split into gross asset and gross liability on the balance sheet, whereas CIPFA guidance states that these should be shown net. We have discussed this with management and they have agreed to make the necessary change. This results in a prior period adjustment as the changes will also be required in the prior year's balance sheet.

More information on these adjustments can be found in Appendix C.

In addition to the pension fund auditor assurances, we await receipt of a response from the actuary in respect of data that they have used in their calculations.



## 2. Financial Statements – Key findings arising from the audit

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

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

## 2. Financial Statements – key judgements and estimates

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

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £201.5m	Group and PCC	<p>Land and buildings comprises of specialised assets such as the Constabulary's main regional police centres, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end.</p> <p>The PCC engaged Jones Lang LaSalle Limited (JLL) to complete a full valuation of land and buildings as at 31 March 2020 as part of the cyclical valuation programme. As at 31 March 2021 and 31 March 2022, a desk top exercise was conducted by the internal valuer.</p> <p>The total year end valuation of land and buildings was £201.5m, a net increase of £13.3m from 2020/21 (£188.2m).</p>	<p>We have reviewed the detail of your assessment of the estimate, considering the revised requirements of ISA 540. Our work included:</p> <ul style="list-style-type: none"> <li>an assessment of management's expert, who we found to have relevant experience and professional qualifications;</li> <li>review of the completeness and accuracy of the underlying information used to determine the estimate, including the re-calculation of valuation figures using national indices to determine specific asset valuations that warrant further review;</li> <li>consultation of an auditor's expert – we have discussed the methods that the valuer has used to determine build rates with our expert and have determined that they do not reflect current good practice – see recommendation 7 in Appendix A; and</li> <li>an assessment of the adequacy of disclosure of estimate in the financial statements.</li> </ul> <p>See pages 9 and 10 for further details of our audit findings to date.</p> <p>We held a significant number of discussions with management, their expert and our own external valuation expert during our audit. We undertook an exercise whereby we compared the valuation movements of the specialised assets to standard published indices and noted that the assets were potentially £1.1m overstated, over an asset base of £171.7m. We concluded that whilst the valuation of land and buildings in the Balance Sheet was not materially misstated, management should consider changes to the valuation process for future years to ensure that it is in line with industry standard practice and that methods, inputs and assumptions can be easily corroborated. See appendix A for recommendations raised and appendix B for recommendations raised in the prior year that remains open.</p> <p>Kenneth Steele House is an asset owned by Avon and Somerset Police which is classified as 'land and buildings' in the fixed asset register. During our work we have noted that an element of this asset would be more appropriately classified as investment property due to the current use of the asset. Kenneth Steele House is currently valued at £9.27m, of which £2.8m is rented out to third parties for the purposes of generating revenue. In this instance, the basis of valuation would not change so there would be no financial impact to the financial statements as a result of this reclassification. Management have not actioned this reclassification within the final version of the financial statements.</p>	We consider the estimate is unlikely to be materially misstated however management's estimation process could be improved



# 2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment																								
<p>Net pension liability –</p> <p>LGPS : £0.4bn</p> <p>Police Officer Pension Scheme : £3.9bn</p>	Group and the Chief Constable	<p>The Group and Chief Constable's total net pension liability at 31 March 2021 is £3.9bn (PY £3.9bn). £0.4bn (PY £0.2bn) of the liability is in respect of police staff in the LGPS, administered by Somerset Pension Fund. The Group uses Barnett Waddingham to provide actuarial valuations of the assets and liabilities derived from this scheme.</p> <p>A full actuarial valuation is required every three years, with the last taking place in 2019. A roll forward approach is used in the intervening periods, which utilises key assumptions such as life expectancy, discount rates and salary growth.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movement</p>	<p>In assessing the estimate, we have considered the following:</p> <ul style="list-style-type: none"> <li>the actuary's experience, competence and professional qualifications;</li> <li>the actuary's approach, through the use of PwC as an auditors expert, used to assess the methods and assumptions used (see below table for consideration of the assumptions adopted);</li> <li>the completeness and accuracy of the underlying information used to determine the estimate by comparing it to source records and other data provided through the audit;</li> <li>the impact of any changes to valuation method – none were noted;</li> <li>the assurances provided by the auditor of Somerset Pension Fund over the process and controls in place at the Fund over the information provided to the actuary;</li> <li>the adequacy of disclosures of estimate in the financial statements; and</li> <li>the reasonableness of the PCC and Chief Constable's share of LGPS pension assets.</li> </ul> <table border="1"> <thead> <tr> <th>LGPS Assumptions</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.6%</td> <td>2.55%-2.60%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>3.15%</td> <td>3.05%-3.45%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4.15%</td> <td>1% above CPI which is equal to 3.15%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>23.1 / 24.4</td> <td>20.5-23.1 / 21.9-24.4</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>24.7 / 26.1</td> <td>23.4-25.0 / 24.9-26.4</td> <td>●</td> </tr> </tbody> </table> <p>We await formal responses from the pension fund auditor, although we have informally confirmed that there should be no significant issues reported to us by them. We also await one final confirmation from the actuary in order to conclude our work.</p>	LGPS Assumptions	Actuary Value	PwC range	Assessment	Discount rate	2.6%	2.55%-2.60%	●	Pension increase rate	3.15%	3.05%-3.45%	●	Salary growth	4.15%	1% above CPI which is equal to 3.15%	●	Life expectancy – Males currently aged 45 / 65	23.1 / 24.4	20.5-23.1 / 21.9-24.4	●	Life expectancy – Females currently aged 45 / 65	24.7 / 26.1	23.4-25.0 / 24.9-26.4	●	We consider management's process is appropriate and key assumptions are neither optimistic or cautious
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## 2. Financial Statements - key judgements and estimates

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<p>Net pension liability –</p> <p>LGPS : £0.4bn</p> <p>Police Officer Pension Scheme : £3.9bn</p>	<p>Group and the Chief Constable</p>	<p>The remaining £3.9bn (PY £3.9bn) of the net defined benefit pension liability is in respect of the Police Pension Schemes. The group uses Barnett Waddingham to provide actuarial valuations of the assets and liabilities derived from these schemes.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>As unfunded schemes, the Police Pension Schemes do not have any assets, and in-year, and shortfall in the Police Officer Pension Fund is balanced by a grant from the Home Office.</p>	<p>In assessing the estimate, we have considered the following:</p> <ul style="list-style-type: none"> <li>the actuary's experience, competence and professional qualifications;</li> <li>the actuary's approach, through the use of PwC as an auditors expert, used to assess the methods and assumptions used (see below table for consideration of the assumptions adopted);</li> <li>the completeness and accuracy of the underlying information used to determine the estimate by comparing it to source records and other data provided through the audit;</li> <li>the impact of any changes to valuation method – none were noted;</li> <li>the assurances provided by the auditor of Somerset Pension Fund over the process and controls in place at the Fund over the information provided to the actuary; and</li> <li>the adequacy of disclosures of estimate in the financial statements.</li> </ul> <table border="1"> <thead> <tr> <th>Police Pension Scheme Assumptions</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.60%</td> <td>2.55%-2.60%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>3.30%</td> <td>3.05%-3.45%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4.30%</td> <td>1% above CPI which is equal to 3.3%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>21.1 / 22.4</td> <td>20.5-23.1 / 21.9-24.4</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>23.4 / 24.9</td> <td>23.4-25.0 / 24.9-26.4</td> <td>●</td> </tr> </tbody> </table>	Police Pension Scheme Assumptions	Actuary Value	PwC range	Assessment	Discount rate	2.60%	2.55%-2.60%	●	Pension increase rate	3.30%	3.05%-3.45%	●	Salary growth	4.30%	1% above CPI which is equal to 3.3%	●	Life expectancy – Males currently aged 45 / 65	21.1 / 22.4	20.5-23.1 / 21.9-24.4	●	Life expectancy – Females currently aged 45 / 65	23.4 / 24.9	23.4-25.0 / 24.9-26.4	●	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>
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## 2. Financial Statements – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary
Prior Period Adjustment – Consolidation of Pension Assets and Liabilities	<p>The draft financial statements show the pension asset and pension liability reported separately on the Balance Sheet of the PCC and the Chief Constable at a gross level, a presentation that has been reported for the previous years. The CIPFA Code of Practice on Local Authority Accounting 2021-22 describes the presentational requirements of Pension Scheme Assets and Liabilities and states that the assets and liabilities should be netted off. The reclassification removes the pension asset in long term assets of £489m and reduces the pension liability in total long-term liabilities by the same value. As this is also material for the year ended 31 March 2021 (£443m) this also results in a prior period adjustment.</p> <p>The consolidation of the pension asset and liability to a net position also impacts the comprehensive income and expenditure statement with the ‘Return on pensions assets’ of £26m needing to be consolidated with ‘Re-measurement of pension assets and liabilities’. As this is also material for the year ended 31 March 2021 (£90m) this was also changed in the prior year figures.</p> <p>The adjustments were processed in the final versions of the financial statements.</p>
Prior Period Adjustment – pension top up grant	<p>In the draft financial statements we noted that the pension top-up grant, with a value of £53m, had been classified within ‘Taxation and non-specific grant income’ in both the PCC and Group Comprehensive Income and Expenditure Statement. Review of the CIPFA Code of Practice on Local Authority Accounting Guidance Notes 2021-22 suggests that this income could be shown in the ‘Net costs of services’ section of the Comprehensive Income and Expenditure Statement, but that a more transparent approach would be to show this as a credit to ‘Other operating expenditure’ within the Comprehensive Income and Expenditure Statement. This reclassification also affects the prior year figures (£53m) and therefore a prior period adjustment was required.</p> <p>In considering this accounting, it was also agreed that the related expenditure would be reflected within the ‘Net cost of services’ section of the Comprehensive Income and Expenditure Statement in accordance with the commentary in the CIPFA Code of Practice on Local Authority Accounting Guidance Notes 2021-22. The prior year values were also updated to reflect this treatment.</p> <p>Management processed the above changes in the final versions of the financial statements. The accounting for the related expenditure was also adjusted within the Chief Constable’s accounts in order to match this. The intra-group funding adjustment was also adjusted to ensure that the net cost of services netted to nil in the Chief Constable’s accounts.</p>

## 2. Financial Statements – matters discussed with management

Significant matter	Commentary
<p>Prior Period Adjustment – Intra-group funding arrangements</p>	<p>Management assert that the Chief Constable retains operational control of staff and officers, and hence that they are responsible for the related costs, including the pension liability and related transactions, but that the PCC are responsible in substance for funding the Chief Constable for these costs and the overall liability. As such, the PCC holds the pension reserve in their financial statements and reflects intra-group funding transactions for the IAS 19 pension entries and actions the statutory overrides that are in place over these transactions through their financial statements to ensure that there is no impact in the Police Fund. This assertion has been consistent since 2012 when the PCC and Chief Constable were created as Corporations Sole.</p> <p>During the audit we noted that intra-group funding adjustments for the remeasurement of the net defined benefit liability of £260.7m had been misclassified in the Comprehensive Income and Expenditure Statement as ‘Taxation and non-specific grant income.’ This was reclassified to ‘Other Comprehensive Income and Expenditure’ as the CIPFA Code requires this cost to be reflected here and given the funding adjustment is to fund this cost, it is reasonable to reflect this transaction here. This also then allows the cost to be taken directly to the Pension Reserve in the PCC’s accounts through the Movement in Reserves Statement in line with expected practices, eliminating the need for adjustments in the ‘Adjustments between accounting &amp; funding basis under regulations’ section of the PCC and Chief Constable Movement in Reserves Statements. The related costs was also reclassified here in the Chief Constable financial statements, resulting in Total Comprehensive Income and Expenditure of £nil which then results in no transactions appearing in the Chief Constable’s Movement in Reserves Statement.</p> <p>There is no impact on the Group financial statements as the intra-group adjustments are not reflected in a consolidated position. The adjustments were also reflected to prior year presentations given the value of the transaction in 2020/21 was £753m, and filtered through to related notes, such as the Expenditure and Funding Analysis.</p>
<p>Prior Period Adjustment – Expenditure Funding Analysis (EFA)</p>	<p>As a result of the Police Pension top-up grant being moved into ‘Net cost of Police Services’ for both years ended 31 March 2021 and 31 March 2022, the EFA will also change as the starting point of this note is the ‘Net cost of Police Services’ figure. There will therefore be a prior period adjustment to the EFA for the year ended 31 March 2021.</p> <p>In addition to this, we have challenged Management on the presentation of the EFA and Management are currently reviewing this to determine if amendments will be made. Our work in this area is therefore on-going.</p>

## 2. Financial Statements - other communication requirements

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

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Joint Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Letters of representation have been requested from both the PCC and the Chief Constable which are included in the Joint Audit Committee papers.  Specific representation have been made in respect of prior period adjustments – see pages 16 and 17 for further details.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the PCC's bank and related investment and borrowing entities. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the PCC's and Chief Constable's accounting policies, accounting estimates and financial statement disclosures.  Our work in this area is on-going.
Audit evidence and explanations/ significant difficulties	The majority of information and explanations requested from management have been provided, noting that our work continues in certain areas as previously reported.

## 2. Financial Statements - other communication requirements



### Our responsibility

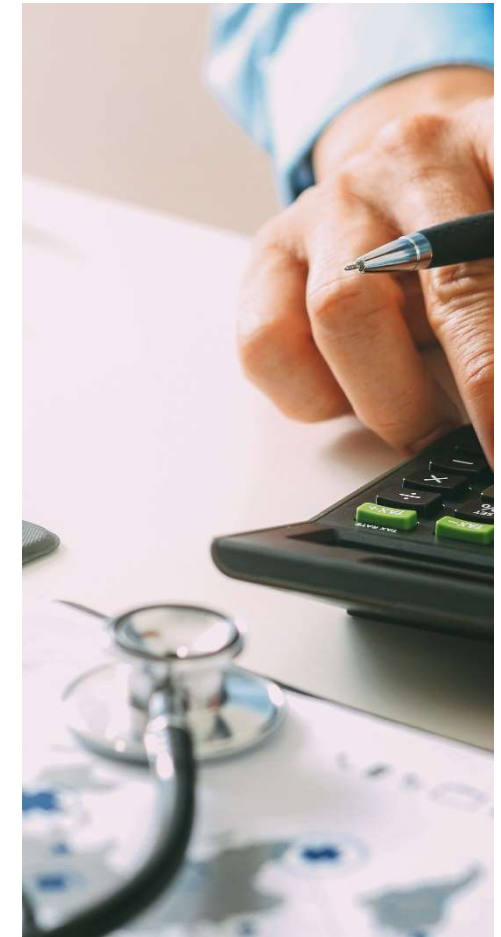
As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability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

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



## 2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with each set of audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our work in this area is on-going and we await the final versions of the financial statements to ensure internal consistency.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statements do not comply with disclosure requirements set out in CIPFA/SOLACE guidance or are misleading or inconsistent with the information of which we are aware from our audits,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses.</li> </ul> <p>Our work to date has not identified any such exceptions.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions.</p> <p>The 2021/22 group audit instructions have yet to be issued by the National Audit Office and we do not expect to have received these prior to issuing our audit reports. We will hold audit certificates as a result – see below.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2021/22 audits of Avon and Somerset PCC and Chief Constable in the audit reports due to our on-going value for money work and the finalisation of the whole of government accounts procedures.</p>





# 3. Value for Money arrangements

## Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



### Improving economy, efficiency and effectiveness

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



### Financial Sustainability

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



### Governance

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

## Potential types of recommendations

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



### Statutory recommendation

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



### Key recommendation

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



### Improvement recommendation

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

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## 3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay was shared with the PCC and Chief Constable in September 2022. We expect to issue our Auditor's Annual Report by 30 November 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the PCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in their use of resources. We did not identify any significant weaknesses at the planning stage but will keep this assessment open as we progress our work.

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# 4. Independence and ethics

There is one matter which we need to draw to your attention as we discussed in the Joint Audit Committee on 11 October 2022. A member of the Public Sector Audit Team based in the Bristol Office is joining Avon and Somerset Police on the Detective Training Programme. We have identified that the individual concerned did complete some work on the audit as part of the planning team, but has not been involved as part of the final audit team and had not applied for the role at the time of undertaking the audit work. Safeguards have been put in place to ensure this individual cannot gain access to the audit file and we have fully reported this to the PCC and Chief Constable as Those Charged With Governance.

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

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

Details of fees charged are detailed in Appendix D.

## Transparency

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

# Appendices

# A. Action plan – Audit of Financial Statements

We have identified 8 recommendations for the group/PCC and Chief Constable as a result of issues identified during the course of our audits. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2022/23 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
High	<p>Journals</p> <p>The finance team have the ability to create and post their own journals as there are no automated controls within the financial system to prevent this from occurring. The manual interventions put in place by Management are designed to prevent self creation of journals, however through our audit work we have noted that journals created and posted by the same person do exist.</p>	<p>We would therefore recommend that Management consider providing training to those team members who have the ability to post journals to highlight the need for segregation of duties. We also recommend that Management perform a retrospective review over journals posted in a period to ensure that these have been recorded correctly.</p> <p><b>Management response</b></p> <p>Basic training on posting journals is provided to all new members of staff. However, we will ensure the message of segregating duties is repeated on occasions through the year. The Corporate Business Partner for Financial Accounting carries out a quarterly review on a sample of journals to ensure journals are correctly authorised and posted. Within the new ERP, we will suggest that role profiles for the Finance team are designed so that this authorisation levels reflecting segregation of duties are embedded.</p>
High	<p>Journals</p> <p>During the audit we have noted that there are no authorisation limits set within the financial system for individuals to post or approve journals. This could result in appropriate individuals approving high value journals as approval for journals is based on a rota system rather than value or risk.</p>	<p>We would therefore recommend that a clear hierarchy is established for approval of journals and financial limits set inline with the seniority of the individual.</p> <p><b>Management response</b></p> <p>A set of authorisation levels for high-value journals and virements does exist currently. We will introduce a lower-level authorisation hierarchy that encompasses seniority levels within the Finance team.</p>
High	<p>Journals</p> <p>In December 2021, a new portal was introduced, called Assyst, which was designed to add an extra layer of transparency to the journals process. The aim of this portal was so that an individual can enter the journal and an appointed person would review the data presented and by clicking a button, would transfer the data into the financial system. Assyst has a field for evidence to be included but through our enquiry of journal users and our own observations after inspecting the software, we noted that evidence is not always submitted to support the journal</p>	<p>We would therefore recommend that Management consider updating Standing Financial Instructions (or team process notes) such that entering of evidence to support the journal is mandatory. Training should also be provided to those with the authority to approve journals such that any journals presented without acceptable evidence should not be approved. A periodic review by Management should then occur to ensure that this process is being followed.</p> <p><b>Management response</b></p> <p>We will update our team process notes to ensure that evidence for journals is attached accordingly and request that the journal authoriser reviews the evidence.</p>

# A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Low	<p>Workforce report</p> <p>As part our audit procedures we requested payroll reports as well as a workforce report which shows the employees for both the Office of the Police and Crime Commissioner and the Chief Constable. When we compared these reports we noted that individuals were included within the payroll report that had not been included within the workforce report. We understand that this is due to the time of day that the report is run as records are locked down overnight and an overnight run will produce more accurate data. We obtained a revised workforce report that had been run overnight and noted no further discrepancies.</p>	<p>We would therefore recommend that ensure that business processes are run at appropriate times to give accurate information to the report user.</p> <p><b>Management response</b></p> <p>The request that the workforce report and payroll reports are run simultaneously will be forwarded to colleagues involved with these processes. Within the new ERP system workforce and payroll information will be integrated and so reports should therefore correlate.</p>
Low	<p>Valuation of land and buildings</p> <p>Valuations are performed differently depending on the type of asset being valued. One such valuation method for land and buildings is the Existing Use Valuation (EUV) and this method is based on the floor area of the property multiplied by a market rent, typically measured per square foot/metre. In some situations, not all of the buildings is being used and therefore an element of the floor area could be valued at a lower market rent. The best practice approach would be to show the total floor area of the property and split this according to the elements being used measured at a higher market rate and then the element not being used at a lower or nominal market rent. The valuer has not shown this in his calculations but has instead just included the floor area for the element of the buildings being used.</p>	<p>We would therefore recommend that in future calculations the total floor area is shown and this disaggregated based on usage to show a more transparent view.</p> <p><b>Management response</b></p> <p>Floor area will be shown in future calculations, disaggregation of floor area will be considered where this would not overly complicate the valuation process.</p>
Low	<p>Journals</p> <p>During our audit we noted that two ‘test’ journals have been posted within the financial year. Two journals were posted that netted off to £50 but these remain within the ledgers from which the financial statements were prepared. We have undertaken further testing to ensure that there are no other journals posted as a ‘test’.</p>	<p>We would therefore recommend that Management reverse out the transaction to avoid any misreporting within the financial statements. We also recommend that Management avoid posting ‘test’ journals to the live system but where this is considered necessary, these journals are tracked and reversed out before the financial statements are prepared.</p> <p><b>Management response</b></p> <p>This journal will be reversed out and test journals tracked in the future</p>

## Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

# A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	<p>Valuation of land and buildings</p> <p>Land and buildings are categorised by their use into different classes of assets which then lead to the valuation approach and are disclosed in the financial statements in those classes. During our audit work, we have noted that two assets have been misclassified (Kenneth Steele House (partial misclassification) and Yeovil Police Station, as previously reported).</p>	<p>We would therefore recommend that Management review the classification of each asset to ensure that this is appropriate and in accordance with the CIPFA Code.</p> <p><b>Management response</b></p> <p>Management will review the classification of assets to ensure the CIPFA code is being followed appropriately.</p>
Low	<p>Historic balances on general ledger codes</p> <p>Within the finance system there are general ledger codes which ultimately form the financial statements. There are two types of codes, those that filter through to the ‘comprehensive income and expenditure statement’ and those which relate to the ‘balance sheet’. The comprehensive income and expenditure statement is a summary of all income and expenditure during a defined period of time and therefore these codes will be reversed out at year end and cleared to a nil balance. The balance sheet codes however show the assets and liabilities of an organisation and therefore will be cumulative and will only be cleared to a nil balance by a manual intervention.</p> <p>Our audit work has noted two areas where balances on these codes are historic and management should implement reviews of these to establish whether these items are needed.</p> <p>Debtors code 99218 – the description of this code is ‘cycle saver scheme’. The net balance on this code as at 31 March 2022 is £202k however when we look at the absolute value of the code i.e. we add up each transaction in value rather than deducting negative values, this totals £4.7m. The values relating to the year ended 31 March 2022 are a net value of £29k and an absolute value of £191k, meaning that the rest of the transactions are older and are dated as far back as 2009.</p> <p>Creditors code 99106 – the description of this code is ‘Holding account general’ and is mainly used to hold deductions from the pension payroll until they can be reallocated. We obtained a listing of this code and found that the net balance on this code was £8k however the absolute balance of this code was £184m. We queried this with Management and were provided with a ‘Balance Sheet Reconciliation’ for this code. This reconciliation showed that the transactions outstanding as at 31 March 2022 was £8k and these had a corresponding absolute value of £476k. This means that there are old transactions on this code, which net to nil but have a corresponding absolute value of £183m.</p>	<p>We would therefore recommend that Management review balance sheet codes where old balances remain and clear these down.</p> <p><b>Management response</b></p> <p>With the implementation of the new ERP system in 2024, the ERP project team together with the Finance team will be reviewing all Balance Sheets codes and will only bring forward relevant outstanding balances, the historical transactions will remain in SAP.</p>

## Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice



# B. Follow up of prior year recommendations

We identified the following issues in the audits of Avon and Somerset PCC and Chief Constable's 2020/21 financial statements, which resulted in nine recommendations being reported in our 2020/21 Audit Findings report. We have followed up on the implementation of our recommendations and note two are still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p><b>1. Excessive access to critical T-Codes in SAP</b></p> <p>We recommended that: Management undertake a full review of all users who have been assigned access to critical T-Codes and revoke access to those T-Codes which do not align with the user's roles and responsibilities; ensure roles that allow system configurations to be altered are restricted on a need-to-use basis and are not assigned to users in the normal course of business; and revoke access to the critical administrative T-Codes for the three SAP support users end and their user accounts immediately.</p> <p><b>Management response:</b> The SAP Support team will remove the Debug access from accounts in production. The SAP Support team will look to remove as many roles as possible from end user ID: 529445, 528844 and 529447 by the end of September. The Support team will investigate the end user with access to SM37 and SE16 with a view to removing the access to those T-Codes where is not an operational need for those transactions. We will look to complete the investigation by the end of September 2021.</p>	<p>As per IT audit work performed by a specialist team, this recommendation had not yet been actioned within the 21/22 financial year. This recommendation has once again been raised in the IT audit report and the Financial Statements audit response is as was in the 20/21 audit, with further testing to be performed on financial system reports.</p> <p>During the audit, the audit team met with the IT specialist auditor, the finance team at Avon and Somerset Police and the Head of IT Services. During this meeting it was agreed that alternative procedures would be put in place such that access rights would be rearranged to fully support the needs of the users, but that an audit trail of any adjustments would be maintained.</p>
✓	<p><b>2. Cybersecurity Training</b></p> <p>We recommended: that cybersecurity training is provided to all employee to protect the IT infrastructure of the Force.</p> <p><b>Management response:</b> The recommendation of cybersecurity training to all employees in order to protect the IT infrastructure will be added to the agenda of the next Finance and Assets Committee.</p>	<p>Through our work during the audit, we found that cybersecurity training is being developed and soon to be implemented but we are aware that this was not in place during the 2021/22 financial year. We are comfortable that the IT staff receive training, are specialists in their field and that they are actively developing and in the process of implementing cybersecurity training to all staff</p>

## Assessment

✓ Action completed

X Not yet addressed

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# B. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p><b>3. Journals Review</b></p> <p><b>We recommended:</b> That management evaluates the review processes in place and considers if these are appropriate.</p> <p><b>Management response:</b> The processes in place for reviewing journals will be reviewed and amended where appropriate.</p>	<p>We are aware of a new journal upload portal introduced in December 2021, called Assyst which was implemented with the aim of enabling a clearer audit trail of journal authorisation. We have assessed the Journals control environment and we deem there to be three significant deficiencies which are described on pages 8 and 9.</p>
✓	<p><b>4. Accounting Policies</b></p> <p><b>We recommended:</b> that management undertake a review of accounting policies and consider including standard wording from the CIPFA Code guidance notes and consider whether any other disclosure such as a sensitivity analysis would be appropriate.</p> <p><b>Management response:</b> All accounting policies will be reviewed and compared to the standard wording in the CIPFA Code guidance and consideration given regarding disclosing sensitivity analysis if it is believed this would assist someone reading the Statement of Accounts.</p>	<p>Through review of accounting policies performed as part of the audit of the financial statements for the year ended 31 March 2022, we have confirmed that accounting policies have been revised and updated as per the management response.</p>
✓	<p><b>5. Capitalisation Accounting Policy</b></p> <p><b>We recommended:</b> that management review the accounting policy and the working practice and update the policy to more accurately reflect the practice.</p> <p><b>Management response:</b> The accounting policy will be reviewed and the policy amended to reflect current working practice.</p>	<p>Through review of this accounting policy performed as part of the audit of the financial statements for the year ended 31 March 2022, we have confirmed that this accounting policy has been revised and updated as per the management response.</p>

## Assessment

✓ Action completed

X Not yet addressed

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# B. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><b>6. Useful Lives and Nil Net Book Value assets</b></p> <p><b>We recommended:</b> that management undertake further review of the useful lives of the nil net book value assets and considers whether this is appropriate.</p> <p><b>Management response:</b> During the year there has been an ongoing exercise to review fully depreciated assets following an audit finding. The value of these assets has reduced significantly compared with prior years and any assets still kept on the asset register have been confirmed as still in existence. This review will continue in 2021/22 in order to ensure the useful lives and the depreciation charge continues to be accurately stated.</p>	<p>Through our audit work on testing of disposals, we are aware that nil net book value assets have been disposed of in the year ended 31 March 2022, via an exercise that occurred in January 2022. Through discussion with the Capital Accountant we are aware that this was the only review performed in the year, however reviews in 2022/23 will be performed quarterly.</p>
X	<p><b>7. Valuation of land and buildings</b></p> <p><b>We recommended:</b> that the valuation is updated for future years, with up to date data used to form estimates of build rates, floor areas and Useful Economic Lives/obsolescence assumptions. The calculations should be in line with best practice and supporting evidence should be retained for all assumptions made in the calculations.</p> <p><b>Management response:</b> Our internal valuer [RICS qualified] believes that by using a variety of different valuation methods and his own internal knowledge of various sites he has arrived at the most accurate property valuations possible. All previous years valuations have been carried out in this way and these methods have been discussed with Grant Thornton during various meetings over recent weeks. If a more standardised approach is now deemed suitable in order that figures can be cross checked to national tables during the year end audit, then future valuations will be carried out in this way.</p>	<p>Our work on the valuation of land and buildings has established that whilst the valuer had regard to the national tables, the approach taken to value the assets has remained consistent with prior years and not in-line with best practice.</p>
✓	<p><b>8. Pension Liability</b></p> <p><b>We recommended:</b> that management implement a check during the financial statements closedown process to ensure that the estimated returns used by the actuary are in line with the actual figures once these become clear post year end.</p> <p><b>Management response:</b> An additional check will be added to post year end procedures to review LGPS actual of return once become available</p>	<p>We can confirm that this check was performed by Management and that through our Analytical review work, that the rate of return used by the actuary is not materially different to the actual rate of return as confirmed by the auditor of the Somerset Pension Fund.</p>

#### Assessment

- ✓ Action completed
- X Not yet addressed

# B. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p data-bbox="327 376 501 400"><u>9. Blackrock PFI</u></p> <p data-bbox="327 435 1223 576"><b>We recommended:</b> that the three forces complete a timely review of the scheme and ratify any formal contracted changes through the relevant governance processes prior to the 31 March 2022 year-end, to ensure the asset and liability is correctly reflected in each of the financial statements.</p> <p data-bbox="327 611 1149 662"><b>Management response</b> Formal ratification of changes will be ratified prior to 31 March 2022 year-end.</p>	Formal ratification of the changes were processed in May 2022 at the Tri-Force meeting. This was not formally agreed before 2022 year end as suggested, however the models were updated and corrected before year end closedown and we are satisfied that this has now been formally ratified.

## Assessment

- ✓ Action completed
- X Not yet addressed

# C. Audit Adjustments – PCC and Chief Constable

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

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

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

# C. Audit Adjustments – PCC and Chief Constable

## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The PCC is required to approve management's proposed treatment of all items recorded within the table below.



Detail	Comprehensive Income and Expenditure Statement	Statement of Financial Position	Reason for not adjusting
Yeovil Police Station (PCC accounts)	Cr Net cost of services £0.9m	Cr Land and buildings £1.1m	Not material
As previously noted, the financial statements classify Yeovil Police Station as Land and Buildings. As the asset is not in use, under the CIPFA Code it should be classified as surplus. This would mean that it is also valued using a different methodology.		Dr Surplus assets £2m	
The PCC's valuer has issued an updated valuation report which values the asset at £2m. It is held in Other Land and Buildings at £1.1m.		Cr Capital Adjustment Account £0.9m	

## Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2020/21 financial statements

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

# C. Audit Adjustments

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



## Misclassification and disclosure changes

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

Disclosure omission	Relates to	Adjusted?
<p>Capital Creditor included in Capital Financing Requirement (CFR)</p> <p>The CFR measures the Council's underlying need to borrow as a result of capital investment, and it is effectively a summary of the effect of the financing and affordability decisions taken by an authority to fund capital expenditure. The monitoring of the CFR plays a key role in the prudential framework, and is regularly reported to members as part of the Council's treasury management activities. We have performed a high level check and have noted that capital creditors has been incorrectly included. We have calculated the cumulative impact on this balance and have noted that this is £785k. Management are not amending this disclosure based on the immaterial value.</p>	PCC	X
<p>Audit fees</p> <p>We have reconciled the audit fees stated in the audit plan to those disclosed and have noted a £4k variance. Management have agreed to amend the disclosure underneath the note to explain that as audit fees have not be finalised, there may be further work needed compared to the value stated in the audit plan and will include the £4k.</p>	PCC	✓
<p>General disclosure updates</p> <p>Various other minor disclosure updates were made to the financial statements to improve readability or correct more trivial findings.</p>	PCC and CC	✓
<p>Bank overdraft</p> <p>Our audit work noted that whilst the correct value and disclosure had been reported in the balance sheet, this had not been disclosed correctly in the cashflow and supporting notes and the balance should therefore be moved from 'financing activities' to 'movement in cash and cash equivalents'. In order to preserve the reconciliation, although not material, management have opted to amend the prior year disclosure also. In addition, the bank overdraft should be shown in the cash and cash equivalents note (note 22) as a separate entry in-line with CIPFA Code of Practice, paragraph 3.4.2.80.</p>	PCC	✓
<p>Pension Assumptions</p> <p>As part of our audit, we check the information that the Actuary has provided to the information that has been disclosed in the financial statements. During this check we noted that the figure for the Police Officers liability was incorrectly stated in note 16 to the PCC accounts and note 13 in the CC accounts. The disclosure therefore needed updating from £3.2bn to £3.9bn. We also noted that the disclosure for the 'Change in RPI' needed updating from 3.45% to 3.75% in note 17 in the PCC accounts and note 14 in the CC accounts.</p>	PCC and CC	✓



# C. Audit Adjustments

## Misclassification and disclosure changes

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

Disclosure omission	Relates to	Adjusted?
Comprehensive income and expenditure statement (CIES) classification of intra-group adjustments See page 17 for further details.	PCC and CC	✓
Pension top-up grant See page 16 for further details.	PCC and CC	✓
Consolidation of pension asset and liability See page 16 for further details.	PCC and CC	✓
Expenditure Fundings Analysis (EFA) See page 17 for details of the prior period adjustment.	PCC and CC	TBC
Critical judgements The critical judgements disclosures in the financial statements highlight judgements made by Management around complex transactions or those involving uncertainty about future events. As part of our audit work we reviewed these disclosures and challenged Management as to whether the correct disclosures were being made. Management have reviewed the note and proposed amendments to disclosures as well as the removal of some of the narrative which did not form a critical judgement to the accounts.	PCC and CC	✓

## Other uncertainties

Uncertainty	Relates to	Adjusted?
Specialised assets overstatement See page 13 for further details. We undertook an exercise whereby we compared the valuation movements of the specialised assets to standard published indices and noted that the assets were potentially £1.1m overstated, over an asset base of £171.7m. We concluded that whilst the valuation of land and buildings in the Balance Sheet was not materially misstated, management should consider changes to the valuation process for future years to ensure that it is in line with industry standard practice and that methods, inputs and assumptions can be easily corroborated. See appendix A for recommendations raised and appendix B for recommendations raised in the prior year that remains open.	PCC	x

# C. Audit Adjustments

## Misclassification and disclosure changes

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

Disclosure omission	Relates to	Adjusted?
<p>Joint Arrangements accounting policy</p> <p>Accounting Policy 1.17 in the Group accounts and note 1.6 in the CC accounts detail the Joint Arrangements within Avon and Somerset Police. Within the draft accounts however, there was also references to the joint arrangements within note 14 of the group accounts and note 12 of the CC accounts. This is unnecessary duplication and we therefore recommended that these references be removed and the accounting policies explain the arrangements in place.</p>	PCC and CC	✓
<p>Estimation uncertainty</p> <p>We consider that the disclosures, for example in relation to the estimation uncertainty relating to land and building valuations, could be further expanded in order to fully comply with accounting standards by noting specifically which assumptions give rise to the uncertainty, the sensitivity arising as a result of these, and the potential impact on the financial statements.</p> <p>Management include material estimation uncertainty disclosures in respect of provisions, which they consider to be material by nature. We do not consider that provisions are subject to material estimation uncertainty at 31 March 2022 and hence do not believe that these disclosures are required.</p> <p>We also challenged Management on the pension disclosures contained within the draft note as some of the items disclosed would not be considered material and also to the disclosure around Covid-19 uncertainty. Management have updated the disclosures in relation to these.</p>	PCC	X
<p>Reclassification of Money Market Funds (MMF) and CCLA Investment Management Limited funds (CCLA) as fair value in the Financial Instruments note</p> <p>The disclosure for MMF and CCLA in note 29.1 treated these as being valued at amortised cost, rather than through fair value, which is inconsistent with the disclosure in Note 29.3 and the CIPFA Code.</p> <p>In addition, the value stated in the draft note 29.3 was incorrectly stated at £10.2m rather than £12.9m, and had also been incorrectly excluded from note 29.1.</p>	PCC	✓
<p>Investment property misclassification</p> <p>Kenneth Steele House is an asset owned by Avon and Somerset Police which is classified as 'land and buildings' in the fixed asset register. During our work we have noted that an element of this asset would be more appropriately classified as investment property due to the current use of the asset. Kenneth Steele House is currently valued at £9.27m, of which £2.8m is rented out to third parties for the purposes of generating revenue. In this instance, the basis of valuation would not change so there would be no financial impact to the financial statements as a result of this reclassification. Management have not actioned this reclassification within the final version of the financial statements.</p>	PCC	X

# D. Fees

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

<b>Audit fees</b>	<b>Proposed fee</b>	<b>Final fee</b>
PCC Audit	£53,992	TBC
Chief Constable Audit	£19,458	TBC
Total audit fees (excluding VAT)	£72,030	TBC*

\* Our final fee will be confirmed once all of our audit responsibilities have been completed.

The 2021/22 audit fees included in note 11 of the financial statements do not agree to the figures in the table above. These are reconciled below:

<b>Detail</b>	<b>PCC</b>	<b>Chief Constable</b>
Fees per the financial statements	£49k	£20k
Proposed fees at planning per our Joint Audit Plan and as above	£54k	£19k
Fee variation not yet accrued in 2021/22 accounts	£5k	£1k

# 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
<b>Sub-total</b>	<b>£52,572</b>	<b>£19,458</b>	<b>£72,030</b>
Uplift for remote working (if required)	£3,300	£1,700	£5,000
<b>Total audit fees (excluding VAT)</b>	<b>£55,872</b> (If remote working required)	<b>£21,158</b> (If remote working required)	<b>£77,030</b> (If remote working required)

