

*2021/2022*

**PCC FOR AVON & SOMERSET**  
**STATEMENT**  
**OF ACCOUNTS**



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

# Police & Crime Commissioner for Avon & Somerset

## Officers of the Police & Crime Commissioner

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

Sue Mountstevens	Police & Crime Commissioner for Avon & Somerset to 12 May 2021
Mark Shelford	Police & Crime Commissioner for Avon & Somerset from 13 May 2021 Phone: 01278 646188
Mark Simmonds	Interim Chief Executive and Monitoring Officer to the Police & Crime Commissioner for Avon & Somerset 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 July 2018);
- 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 (KPQs) 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 2022, 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

30 November 2022

# 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 19 to 32 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  
30 November 2022



**Paul Butler**  
Chief Finance Officer to PCC  
30 November 2022

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

## Report on the Audit of the Financial Statements

### Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for Avon and Somerset (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2022 which comprise the Group Comprehensive Income and Expenditure Statement, the PCC Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the PCC Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the Avon & Somerset Police Officers Pension Fund Account and Pension Fund Net Assets statements and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2022 and of the group's expenditure and income and the Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

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

### Conclusions relating to going concern

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

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Police and Crime Commissioner and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Police and Crime Commissioner and the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Police

and Crime Commissioner and group and the Police and Crime Commissioner and group's disclosures over the going concern period.

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

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

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

### **Other information**

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

### **Opinion on other matter required by the Code of Audit Practice**

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

### **Matters on which we are required to report by exception**

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

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

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

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

As explained more fully in the Statement of Responsibilities, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the Police and Crime Commissioner and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011). We also identified the following additional regulatory frameworks in respect of the police pension fund: Public Service Pensions Act



2013, the Police Pension Fund Regulations 2007, the Police Pensions Regulations 2015 and the Police Pensions Regulations 2006.

- We enquired of senior officers and the Police and Crime Commissioner, concerning the Police and Crime Commissioner and group's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers and the Police and Crime Commissioner, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Police and Crime Commissioner and group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to unusual journals, including those posted by senior management.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud; and
  - journal entry testing, with a focus on unusual journals, including those defined above.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and building valuations and the valuation of the net defined benefit pension liability.
- Our assessment of the appropriateness of the collective competence and capabilities of the Police and Crime Commissioner and group's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the police sector
  - understanding of the legal and regulatory requirements specific to the Police and Crime Commissioner and group including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Police and Crime Commissioner and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Police and Crime Commissioner and group's control environment, including the policies and procedures implemented by the Police and Crime Commissioner and group to ensure compliance with the requirements of the financial reporting framework.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

Our work on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Police and Crime Commissioner's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

### **Responsibilities of the Police and Crime Commissioner**

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

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

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

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

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

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

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

We cannot formally conclude the audit and issue an audit certificate for the Police and Crime Commissioner for Avon and Somerset for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report; and
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Police and Crime Commissioner for the year ended 31 March 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

### Use of our report

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

### Jackson Murray

Jackson Murray, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor  
Bristol

30 November 2022

# 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 in January 2022.

### 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.

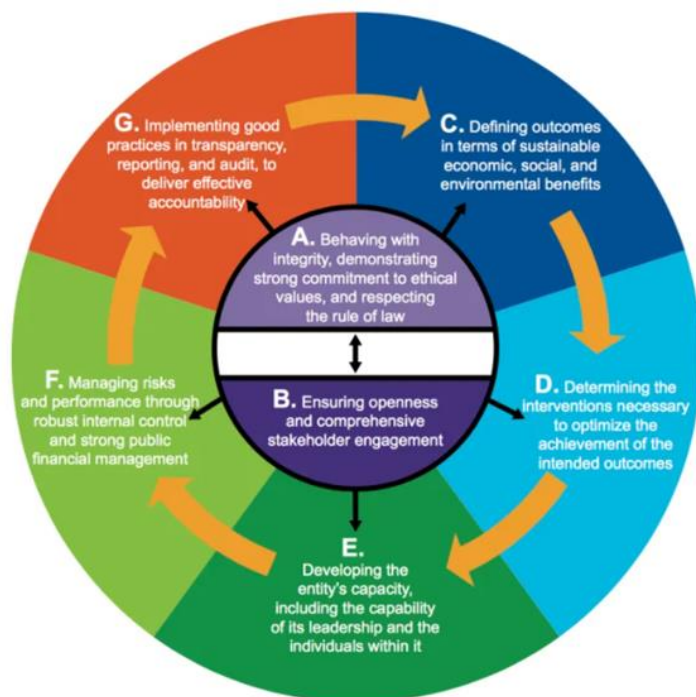


Figure 1: CIPFA Principles of Good Governance

### **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>The financial challenges described below will likely require significant savings that will also have an impact on service delivery.</p>
<p><b>Financial incapability or ineffectiveness (SR3)</b></p>	<p>The outlook in the current MTFP shows larger deficits than the plan published at the point of writing this statement.</p> <p>This has been driven by higher pay awards and cost increases due to inflation. The projected increase in costs is expected to greatly outstrip the increase in funding. Reserves cannot be used to substantially fund the deficit.</p> <p>There is significant economic and political uncertainty across the medium term</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>




Risk	Progress
	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.

## 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  
30 November 2022



**Alice Ripley**  
Chief of Staff to the PCC  
30 November 2022

# Police & Crime Commissioner for Avon & Somerset

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

Restated Gross Expenditure £'000	Restated 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 (£52,775k 21/22, £53,418k 20/21) 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 (£26,150k 21/22, £89,556k 20/21).

# Police & Crime Commissioner for Avon & Somerset

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

Restated PCC Expenditure	Restated PCC Income	Restated Total 2020/2021	Comprehensive Income and Expenditure Statement - PCC	PCC Expenditure	PCC Income	Total 2021/2022
£'000	£'000	£'000		£'000	£'000	£'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 (£52,775k 21/22, £53,418k 20/21) 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 (£260,724k 21/22, £752,781k 20/21) as moved from taxation and non-specific grant in come 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					
Restated	Revenue General Fund	Capital Receipts Reserves	Total Usable Reserves	Total Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'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	Capital Receipts Reserves	Total Usable Reserves	Total Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'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>

The 20/21 comparative has been restated to reflect the change in presentation of the Chief Constable MIRS.

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

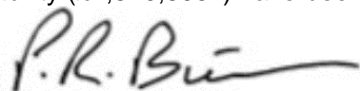
# Police & Crime Commissioner for Avon & Somerset

## 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 (£442,774k) and Police pension liability (£4,820,895k) have been combined to Net Defined Pension Liability (£4,378,121k).



**Paul Butler**  
Chief Finance Officer to PCC  
30 November 2022

# Police & Crime Commissioner for Avon & Somerset

## Group Cash Flow Statement

Restated OCC £'000	Restated PCC £'000	Restated Group £'000	Cash Flow Statement	OCC £'000	PCC £'000	Group 2021/2022 £'000
0	138,765	138,765	<b>Net surplus(-)/deficit on the provision of services **</b>	0	202,182	202,182
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
0	-132,145	-132,145	Charges for retirement benefits in accordance with IAS 19	0	-208,072	-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>0</b>	<b>-151,105</b>	<b>-151,105</b>	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	<b>0</b>	<b>-214,591</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>-16,011</b>	<b>-16,011</b>	<b>Net cash flows from operating activities</b>	<b>0</b>	<b>-16,886</b>	<b>-16,886</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>-1,941</b>	<b>-1,941</b>	<b>Net increase(-)/decrease in cash and cash equivalents</b>	<b>0</b>	<b>732</b>	<b>732</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>-35,558</b>	<b>-35,558</b>

\*Total Cash and Cash equivalents now includes the bank overdraft liability, which had moved from Financing activities (£2,185k 21/22, £1,509k 20/21)

\*\* Restated Net Surplus/Deficit on provision of services to reflect changes in CIES

# 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.

As reported to Management	2020/2021 Restated				Group Expenditure and Funding Analysis	As reported to Management	2021/2022			
	Adjustments to arrive at the chargeable to general reserves	Net expenditure chargeable to general fund	Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E			Adjustments to arrive at the chargeable to general reserves	Net expenditure chargeable to general fund	Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
323,430	40,587	364,017	58,201	422,218	Police Services - OCC	335,593	48,408	383,999	114,140	498,139
1,534	19	1,553	0	1,553	OPCC	1,757	44	1,801	0	1,801
3,488	-1,933	1,555	0	1,555	Commissioning costs	3,529	736	4,265	0	4,265
<b>328,452</b>	<b>38,673</b>	<b>367,125</b>	<b>58,201</b>	<b>425,326</b>	<b>Net cost of police services</b>	<b>340,879</b>	<b>49,187</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
		0	-125	-125	<b>Other operating expenditure</b>			0	-101	-101
		0	5,993	5,993	External interest payable			0	5,876	5,876
		0	-406	-406	Interest and investment income			0	-260	-260
		0	80,821	80,821	Net interest on pensions			0	86,681	86,680
		0	86,408	86,408	<b>Financial and investment income and expenditure</b>			0	92,297	92,297
		-114,113	0	-114,113	Police - revenue grant			-121,928	0	-121,928
		-60,654	0	-60,654	Ex-DCLG formula funding			-63,856	0	-63,856
		0	-310	-310	Capital grant and contributions			0	-304	-304
		-3,331	0	-3,331	Council tax freeze grant			-3,331	0	-3,331
		-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
		-373,612	854	-319,340	<b>Taxation and non-specific grant income</b>			-392,478	-1,741	-394,219
<b>328,452</b>	<b>38,673</b>	<b>-373,612</b>	<b>87,137</b>	<b>-286,475</b>		<b>340,879</b>	<b>49,187</b>	<b>-392,478</b>	<b>90,455</b>	<b>-302,023</b>
		-6,487	145,338	138,851	<b>Surplus(-)/deficit on provision of services</b>			-2,413	204,595	202,182
		44,968			<b>Opening balance of general fund</b>			51,455		
		6,487			Transfers to reserves made in year			2,413		
		51,455			<b>Closing balance of general fund</b>			53,868		

\* Net cost of police services now include the pension grant top up. Prior year has also been restated to include the movement of the pension top up in to net cost of police services.

The table has also been extended to show the adjustments from net cost of services reported to management, included in the narrative statement, to the adjustment to general fund and then on to the CIES.

The adjustments to general fund include, transfers to reserves, pension top up grant, Council tax guarantee income grant and gain on assets. These are transactions included in the CIES net cost of services and not in the management reported value.

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 35.

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>Restated</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	-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 Inter group 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>

The 20/21 table has been restated to reflect the change in presentation of the Chief Constable MIRS.

<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	-202,181	0	<b>-202,181</b>	0	16,976	260,724	0	0	<b>277,700</b>
<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	<b>115</b>	0	0	0	0	-115	<b>-115</b>
Depreciation of non-current assets (note 19)	13,491	0	<b>13,491</b>	0	0	0	0	-13,491	<b>-13,491</b>
Revaluation Gain	-1,911	0	<b>-1,911</b>	0	0	0	0	1,911	<b>1,911</b>
Capital grants and contributions	-304	0	<b>-304</b>	0	0	0	0	304	<b>304</b>
Council tax collection fund adjustment	-1,437	0	<b>-1,437</b>	1,437	0	0	0	0	<b>1,437</b>
Gain(-)/loss on disposal of non-current assets	-101	773	<b>672</b>	0	-176	0	0	-496	<b>-672</b>
Holiday pay accrual Inter group adjustment	686	0	<b>686</b>	0	0	0	-686	0	<b>-686</b>
Net IAS 19 charge for retirement benefits	266,300	0	<b>266,300</b>	0	0	-266,300	0	0	<b>-266,300</b>
<b>Insert amounts excluded in I&amp;E</b>									
Minimum revenue provision	-3,612	0	<b>-3,612</b>	0	0	0	0	3,612	<b>3,612</b>
Revenue contribution to finance capital	-7,770	0	<b>-7,770</b>	0	0	0	0	7,770	<b>7,770</b>
IAS 19 employers contributions payable	-58,228	0	<b>-58,228</b>	0	0	58,228	0	0	<b>58,228</b>
<b>Other adjustments include:</b>									
Reserves used to finance capital	-2,635	0	<b>-2,635</b>	0	0	0	0	2,635	<b>2,635</b>
Increase/decrease(-) in 2021/2022	2,413	773	<b>3,186</b>	1,437	16,800	52,652	-686	2,130	<b>72,333</b>
<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

Restated OCC £'000	2020/2021 Restated		Income and Expenditure analysed by nature	2021/2022		
	OCC £'000	PCC £'000		Group £'000	OCC £'000	PCC £'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>
-548,163	548,163	<b>0</b>	Intragroup adjustment *	-631,167	631,167	<b>0</b>
<b>0</b>	<b>562,522</b>	<b>562,522</b>	<b>Total expenditure</b>	<b>0</b>	<b>647,280</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>
45,124	-45,124	<b>0</b>	Intragroup adjustment *	46,276	-46,276	<b>0</b>
<b>0</b>	<b>-423,671</b>	<b>-423,671</b>	<b>Total income</b>	<b>0</b>	<b>-445,098</b>	<b>-445,098</b>
<b>0</b>	<b>138,851</b>	<b>138,851</b>	<b>Surplus/deficit on provision of services</b>	<b>0</b>	<b>202,182</b>	<b>202,182</b>

\* The 2020/21 comparative Intragroup adjustment lines for Expenditure and Income presented above, have been altered to reflect the presentational changes seen within the CIES to ensure consistency in reporting.



## 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.

Restated OCC Number	Restated 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	0	12
5	0	5	£75,000 - £79,999	6	1	7
6	0	6	£80,000 - £84,999	6	0	6
8	1	9	£85,000 - £89,999	5	0	5
5	0	5	£90,000 - £94,999	6	0	6
1	0	1	£180,000 - £184,999	0	0	0
<b>488</b>	<b>3</b>	<b>491</b>		<b>609</b>	<b>4</b>	<b>613</b>

Prior year restated to remove the senior employees which are included in the tables for remuneration.

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 on the Avon and Somerset website.

## 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
	<b>Police and Crime Commissioner:</b>	
44	Fees for external audit services paid to Grant Thornton	49
	<b>Chief Constable:</b>	
14	Fees for external audit services paid to Grant Thornton	20
<u>58</u>		<u>69</u>

As part of the Government's response to the Redmond Review, the Department for Levelling Up, Housing, and Communities (DLUHC) provided a grant of £21,873 (PCC £14,430, CC £7,443) in 2021/2022 to assist with the anticipated rise in fees, driven by new requirements on auditors, including new burdens relating to the implementation of the Redmond Recommendations and the National Audit Office's Code of Audit Practice 2020. Fees paid by the PCC in 2021/2022 were based on the scale fee, with an additional £18,400 accrued for variations. The final fees for the audit have not yet been confirmed.

## 12 Council Tax

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

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

## 13 Transactions With Related Organisations and People

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

### 13.1 Key Management Personnel and Members of the Joint Audit Committee

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

No transactions were disclosed in 2021/2022 (£nil in 2020/2021).

## 13.2 Other Related Parties

The Home Office and the DLUHC exert significant influence on the PCC Group through legislation and grant funding.

The PCC also has a relationship with the Police Community Trust and the Avon and Somerset Constabulary Force Club. Payments were made to the Police Community Trust of £20,355 in 2021/2022 (£338,176 in 2020/2021). Payments were also made to the Avon and Somerset Constabulary Force Club in 2021/2022 of £7,045 (£11,562 in 2020/2021).

## 14 Joint Arrangements

The PCC participates in a number of joint arrangements, 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
<u>9,205</u>		<u>8,257</u>



## 16 Pensions Costs and Liabilities - OCC

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

	Police Staff		Police Officers	
	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
<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>

## 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)	3.45
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

Restated 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>
-1,923	Less: 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	749	-459	0	290
Transformation	472	-277	0	195
Operation Remedy	1,344	-1,344	0	0
Covid 19 Recovery	1,000	-1,000	0	0
Covid 19 Enforcement reserve	0	0	1,326	1,326
Budget support reserve	0	0	1,000	1,000
New PCC reserve	0	0	1,000	1,000
<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
<u>-10,553</u>		<u>-13,859</u>
<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
<u>-2,576</u>	<b>Increase/decrease(-) in capital financing requirement</b>	<u>-3,561</u>

## 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	2,185	3,647	23,124	40,662	69,618
Amortised cost -PFI liabilities	0	1,877	0	49,693	51,570
<b>Total financial liabilities</b>	<b>2,185</b>	<b>5,524</b>	<b>23,124</b>	<b>90,355</b>	<b>121,188</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>2,185</b>	<b>5,524</b>	<b>39,591</b>	<b>90,355</b>	<b>137,655</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	1,509	1,923	20,707	44,309	68,448
Amortised cost -PFI liabilities	0	1,766	0	51,570	53,336
<b>Total financial liabilities</b>	<b>1,509</b>	<b>3,689</b>	<b>20,707</b>	<b>95,879</b>	<b>121,784</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>1,509</b>	<b>3,689</b>	<b>37,860</b>	<b>95,879</b>	<b>138,937</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	12,635	0	0	12,635
Amortised cost	25,109	23,000	32,461	80,570
<b>Total financial assets</b>	<b>37,744</b>	<b>23,000</b>	<b>32,461</b>	<b>93,205</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>37,744</b>	<b>23,000</b>	<b>39,855</b>	<b>100,599</b>

Financial assets 2020/2021	Current			Total 31st March 2021 £'000
	Restated Cash and cash equivalents £'000	Investments £'000	Debtors £'000	
Fair value through profit or loss	8,396	0	0	8,396
Amortised cost	29,403	24,000	26,425	79,828
<b>Total financial assets</b>	<b>37,799</b>	<b>24,000</b>	<b>26,425</b>	<b>88,224</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>37,799</b>	<b>24,000</b>	<b>32,746</b>	<b>94,545</b>

Restated 2020/2021 figures to include the Fair value through profit or loss cash and cash equivalents that was previously classified as amortised cost.

## 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
Bank Overdraft	2,185	2,185	1,509	1,509
Creditors	23,124	23,124	20,707	20,707
PFI liabilities	51,570	77,188	53,336	88,435
<b>Total</b>	<b>121,188</b>	<b>158,480</b>	<b>121,784</b>	<b>173,164</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.

Restated	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	25,109	25,109	29,403	29,221
Investments - Short term	23,000	22,900	24,000	24,064
Debtors	32,461	32,461	26,425	26,425
<b>Total</b>	<b>80,570</b>	<b>80,470</b>	<b>79,828</b>	<b>79,710</b>
<b>Financial assets held at Fair Value</b>				
Cash and cash equivalents	12,635	12,970	8,396	8,396
<b>Total</b>	<b>12,635</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 £38,078,932, 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
<u>1,808</u>		<u>1,946</u>

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 £12,635,000 (31 March 2021 £8,396,000) 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
<u>0</u>	<b>Net assets</b>	<u>0</u>

# 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



Further information can be obtained online at:-

[www.avonandsomerset-pcc.gov.uk](http://www.avonandsomerset-pcc.gov.uk) (PCC Website)

[www.avonandsomerset.police.uk](http://www.avonandsomerset.police.uk) (Constabulary Website)

Or in writing to:-

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

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