

Office of the Chief Constable for Avon & Somerset

Officers of the Office of the Chief Constable

The statutory Officers of the Office of the Chief Constable (OCC) are

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Office of the Chief Constable for Avon & Somerset



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Office of the Chief Constable for Avon & Somerset

Chief Finance Officer's Narrative Report

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

1 Organisational Overview

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

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

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

The PCC for Avon and Somerset sets out their priorities in the Police and Crime Plan. These priorities are determined following consultation with the communities of Avon and Somerset, as well as incorporating the views of a range of stakeholders including the Police and Crime Panel, partners, the Chief Constable, and senior leaders within the Constabulary. Throughout 2022/23 the PCC's priorities have been

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

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

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

- ✚ Neighbourhood and Partnerships
- ✚ Response
- ✚ CID
- ✚ Operational Support
- ✚ Information Technology
- ✚ Finance and Business Services
- ✚ People and Organisational Development

- ✚ Office of the Chief of Staff
- ✚ Legal and Compliance Services

The Constabulary also partners with other police forces in the region to provide aspects of its service, including Forensic Science Services, Specialist Operational Training, and Major Crime Investigation.

The Constabulary's Mission, Vision and Values are

Mission	Serve, Protect, Respect
Vision	Outstanding policing for everyone
Values	Caring, Courageous, Inclusive, Learning

The Constabulary has an annual planning cycle, incorporating service, workforce, finances, and assets. Through this annual cycle the strategic plan will be reviewed and revised to establish in more detail how we intend to deliver against the PCC's priorities, achieve our mission and bring our values to life.

The staffing information for both organisations as at 31 March 2023 is as follows

Employees	Actual FTE	Actual Headcount	Actual % Part-Time
Police Officers	3,343	3,406	7%
Police Community Support Officers	306	320	17%
Police Staff	2,689	2,974	28%
OPCC	28	39	46%
Total	6,367	6,739	19%

In addition, the Constabulary is supported by 235 Special Constables, 102 Police Cadets, and approximately 1,914 volunteers, of which 1,756 support community speedwatch throughout Avon and Somerset.

2 Operational Performance

The monthly Integrated Performance and Quality Report (IPQR) presents an overview of our performance and identifies key areas for improvement based on our Performance Control Strategy. This report is closely monitored and discussed in detail at the monthly Constabulary Management Board, as well as at the PCC's Governance and Scrutiny Board, Performance Accountability Board and local Directorate Leadership meetings, where actions and interventions needed to maintain and enhance performance are determined.

From time to time, we will stand up further governance to focus on particular areas where we believe improvement is needed. During the year we have established an Investigative Standards Forum chaired by an Assistant Chief Constable, providing scrutiny and a problem-solving focus around investigative standards and case file quality. A Performance, Support and Learning meeting provides additional support to communicating and understanding good work and barriers to performance improvement.

There are a range of local and national outcome frameworks in place, 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
- ✚ Other national frameworks that are in development (i.e. Violence against Women and Girls national performance framework)

Progress against the above frameworks are routinely monitored and captured across the organisations improvement plans to ensure we can assess where we are doing well and where improvements are needed.

Our local context continues to reflect several national opportunities and challenges, characterised by

- ✚ Our officer numbers have increased as we have delivered our share of the Government's Uplift programme, but the volume of police officer recruitment to achieve this has meant we have a large number of student officers to support through abstraction to college and 'on the job' tutoring
- ✚ Our officer experience and profile means that we continue to 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
- ✚ Our demand picture continues to evolve, with previous large increases in serious and complex demand volumes being sustained

In last year's Statement of Accounts, we reported increases in recorded crime as society emerged from the restrictions required in response to the global COVID-19 pandemic. Overall police recorded crime levels this year have become more stable, with a +1.3% increase against the previous year. This largely reflects crime patterns now returning to pre-pandemic levels, although some crime types, particular key theft based and volume crime types such as theft, burglary and vehicle offences have remained dampened (approximately 20% lower rates than pre-pandemic).

The large, previously noted increases in reported sexual offences have become more stable (-4.6%), as have stalking and harassment offences (-4.6%), hate crime (-1.2%) and domestic abuse (-8.1%). These more stable trends follow a period of significant increase across these crime types.

Recording crime accurately is a key priority to us. We have been progressing and evolving an extensive improvement plan in this area. While we know we have further to go, as confirmed by our recent HMICFRS PEEL assessment grade of 'Requires Improvement', we are confident that we have the right plans and activities in place to deliver the required improvements.

We have been a trailblazer in reviewing our end-to-end approach to investigating rape, working closely with independent academic experts as part of project Bluestone. This approach has helped form a national blueprint and has been led by our Chief Constable who is the national lead for Rape and Serious Sexual Offences. Following extensive feedback and findings we have been progressing a wide range of activities that have changed our approach to investigation. We continue to see double the amount of rape charge volumes compared to the previous year, while our charge rate has also nearly doubled to 7.5% for the latest 12 month period. Nationally, we have moved from previously being a bottom quartile performer in this area, to a top quartile performer. Currently, the positive outcome rate for Rape and Serious Sexual offences sees us with the 11th highest rate nationally from the 43 forces.

Like all emergency services, the force has experienced a significant increase in 999 calls over the previous 2 years. The rate of increase for 999 calls has grown by +14% during 2022/23. Despite these increases we have sustained outstanding performance within our Control Room, with a call abandonment rate for 999 calls of 0.2%. As a consequence of prioritising 999 performance, the 101 non-emergency call abandoned rate rose to an average of 10.5% (up from 6% the previous year). The victim satisfaction rate for initial contact stands at 85.3% for the last 12 months (down 6% pts on the previous year).

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 66.6% for the last 12 months (-7.5% 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 67.8% (-6% on previous year), with victims of anti-social behaviour reporting satisfaction rates of 71%, victims of burglary 65.6% (dwelling burglary victims 80.3%), victims of hate crime 66.4% and victims of violent crime 70%. Overall victim satisfaction with the way victims are treated remains strong at 85.5%.

Whilst we have noted areas of strong performance, we recognise that there remain areas for improvement. Our file quality compliance rates against the new Directors Guidance Assessment show us at around 50% against a national rate of 55%. This will remain a key performance focus for the coming year. Our recent Criminal Justice review has brought about new processes that will improve the timeliness and quality of our case files moving forward. The changes, only introduced recently, are already showing very positive impacts that have also been noted by our criminal justice partners.

Our response timeliness for immediate and priority incidents remains below where we would want it to be. Progress and challenge here continues to link 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 11.8%. This outcome rate places us mid-table 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.

During 2022/23 the Constabulary were inspected by HMICFRS under their PEEL framework, the nine areas being reviewed and graded with the following outcomes

Outstanding	Good	Adequate	Requires improvement	Inadequate
Treatment of the public	Developing a positive workplace	Preventing crime	Recording data about crime	
	Good use of resources	Protecting vulnerable people	Investigating crime	
			Responding to the public	
			Managing offenders	

While it is pleasing to receive recognition for areas of outstanding and good performance, we acknowledge that there remain areas where we need to improve, particularly as we continue to work through the growing pains of an organisation that has introduced such high volumes of new officers in a relatively short period of time. Our forward strategic plans will look to address the areas identified where improvement is needed.

3 Financial Performance

3.1 Revenue Expenditure






In 2022/2023 the approved net revenue budget was set at £353.7m, an increase of £12.8m (3.8%) on the previous year. This budget was funded through a combination of Government grants (£211.6m/59.4%) and local council tax (£144.7m/40.6%), with a residual surplus of £2.6m to be able to be returned to reserves.

Of this budget, £348.3m was provided to the Chief Constable to support the provision of policing services to the communities of Avon & Somerset, an increase of £12.7m (3.6%).

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 to provide public transparency of our financial performance. The financial performance report for 2022/2023 was reported to the PCC in June 2023, and can be found published on the PCC's website.

The Constabulary's underlying net revenue expenditure in 2022/2023 was £344.8m. When compared to budget this means we have underspent by £3.5m (1.0%), prior to adjustments for provisions and for transfers to earmarked reserves. Once these adjustments were made this underspend was fully accounted for.

This revenue performance was the consequence of several factors, with the following being the most significant

-  **Officer pay and allowances** – we overspent by £1.7m/1.1% against budget. This reflects the pay award agreed for officers at a fixed rate of £1,900 for each pay point, thereby driving a cost increase greater than the 3.5% increase we had originally budgeted for. The pressure created by the pay award was in part recognised by the Government who provided additional grant funding (see income below) to compensate. In addition, we have also seen spend pressures as a result of our review of the entry pay level for PCDA officers and our introduction of targeted variable payments directed towards those in or working towards detective roles.
-  **Officer overtime** – we overspent by £3.3m/51.6% against budget. The overspend here is predominantly driven by both the reality of resourcing the abstraction and support to student officers while managing incoming demand from the public, as well as by specific policing events locally and nationally, including deployment of officers to support the Commonwealth Games in Birmingham and the funeral of the Queen – some of which is offset by income for special policing services or mutual aid reimbursement (see income below).
-  **Staff pay and allowances** – we overspent by £0.8m/0.9% against budget. In common with officer pay the reason for this overspend was the pay award which mirrored that agreed for police officers. We estimate that this added £2.8m to our costs above the 3.5% originally budgeted for and therefore, were it not for this, we would recognise an underspend of £2.0m, thereby reflecting the vacancies we have seen in staff roles throughout the year.
-  **Staff overtime** – we overspent by £0.8m/58.8% against budget. The staff overtime is driven by the underlying vacancies. Areas which have seen most acute pressures include our command and control function, our enquiry offices, our speed enforcement team and our intelligence and tasking directorate, all of which have seen large staff turnover during the year.
-  **Pensions** – we underspent by £1.4m/17.2% against budget, which largely reflects the movement in the underlying provision for ill-health retirements needed at the end of the financial year.

- ✚ **Premises** – we underspent by £1.7m/11.4%, which is a reflection of the successful backdated appeal of the business rates charged on our PFI police centres which generated a refund of £2.4m in year. Were it not for this we would be reporting an overspend of £0.7m, reflecting in particular the inflationary pressures on our repairs and maintenance budgets experienced during the year.
- ✚ **Transport** – we overspent by £1.0m/19.6%, which is predominantly a reflection of inflationary increases to both fuel as well as the repairs and maintenance costs of our fleet of vehicles.
- ✚ **Other supplies and services** – we overspent by £1.0m/6.1%, however this includes a £1.7m increase to our provision for historical claims reflecting our revised assessment as to the likely costs of these. Underlying therefore we have underspent, which reflects a number of smaller areas of underspend across the organisation.
- ✚ **Partnerships** – we have underspent by £2.0m/11.1%, which is largely reflective of vacancies within the South West Regional Organised Crime Unit, and the delivery of in-year savings from the regional programme team.
- ✚ **Income** – we received £8.3m/30.2% more in income than was budgeted for. This includes additional specific purpose grant funding in support of the officer and staff pay awards (£1.6m), grant funding for temporary over-achievement of officer uplift (£1.6m) which has been ring-fenced to support cost pressures in 2023/24 arising from this over-recruitment, over-achievement of operational mutual aid and special services income (£1.4m) offsetting overtime pressures as above, and the over-achievement of income in a number of other areas (i.e. investment income).

The following table summarises the revenue financial performance for 2022/2023 after the agreed adjustments have been made to account for the reported underspend

	Budget	Expenditure	Over/ Under (-)
	£'000	£'000	£'000
Neighbourhood & Partnerships	59,526	54,215	-5,311
Response	80,649	88,938	8,289
Operational support	48,798	48,892	94
CID	38,275	40,263	1,988
Collaboration	22,053	20,353	-1,700
Enabling services	84,432	82,107	-2,325
Central costs & miscellaneous	14,558	13,517	-1,041
Constabulary sub total	348,291	348,285	-6
Office of the PCC	1,908	1,914	6
Commissioning	3,507	3,507	0
Total revenue expenditures	353,706	353,706	0

It should be noted that the figures above cannot be agreed directly to the comprehensive income and expenditure statement on page 30 where the costs of policing activities include charges for the provision of pensions and the use of assets which are later reversed out through intragroup transfers from the PCC.

3.2 Capital, Reserves, and Treasury Management

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

4 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 2023, covers the five year period from 2023/2024 through until 2027/2028. The below provides the headlines from this forecast.

4.1 Revenue Budget

Our immediate revenue forecasts show our costs increasing at a faster rate than our revenue funding. This reflects the inflationary challenges in pay and non-pay budgets, alongside specific risks, and issues such as with the costs of police pensions.

	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000	2027/2028 £'000
Budget requirement	376,084	392,393	404,128	414,962	424,501
Less total funding	-369,473	-379,343	-386,498	-393,833	-401,352
Surplus(-)/deficit before savings	6,611	13,049	17,630	21,129	23,149
Savings	-2,952	-3,084	-4,211	-4,217	-4,195
Planned use of reserves	-3,659				
Surplus(-)/deficit after savings	0	9,965	13,419	16,912	18,954

The key assumptions that underpin this forecast position are

- ✚ Our funding is forecast to grow by £45.0m/12.6% p.a. by 2027/2028, driven by increases to both grant funding (+£10.1m/4.8% by 2027/2028) and increases to council tax funding (+£34.9m/24.1% by 2027/2028)
- ✚ Our budget requirement is forecast to increase by £66.6m/18.8% p.a. by 2027/2028, driven by many factors, including
 - inflationary adjustments to officer and staff pay in line with nationally agreed assumptions for the first two years, with a local assumption for the final 3 years, increasing costs by £46.0m p.a. by 2027/2028.
 - increases to budgets in support of delivering and sustaining the uplift in officer numbers in line with the target headcount of 3,291, generating budget growth of £6.3m p.a. in 2023/2024 and each year thereafter.
 - 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 £6.1m p.a. by 2027/2028.

- inflationary increases to general and specific (eg fuel, utilities, etc) non-pay costs are assumed to add £10.4m p.a. by 2027/2028.
- investment and growth across the Constabulary, targeted to support recruitment into some of our harder to fill roles, as well as improving key strategic capabilities such as our workforce planning function - an increase of £3.9m p.a. by 2027/2028.
- 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 in line with their allocation officer uplift – an increase of £5.8m p.a. by 2027/2028.
- increases to the ring-fenced uplift grant funding by £3.2m effective from 2023/2024, which we expect to be maintained throughout our forecast to support our ability to maintain new officer numbers.
- increases to income budgets, reflecting inflationary increases and forecast increases in return on investments – an increase of £3.2m p.a. by 2027/2028.
- realisation of new planned and targeted revenue savings of £3.0m p.a. from 2022/2023, rising to £4.2m by 2027/2028.

At the time our 2023/2024 budget was set we balanced our revenue budget through the planned use of £3.7m in reserves. We know that the use of reserves to balance a revenue budget in any one year is not the basis for a sustainable plan. This is not something we would normally want to do, however, this reflected both the pace and scale of the increases to our costs combined with the need to prioritise our short-term focus on realising the Officer Uplift plans. Since the budget was set we have progressed our savings discussions as part of our strategic plans and are now confident of having identified sufficient savings in 2023/2024 to balance our budget without the need to rely on reserves. The ongoing identification and delivery of savings remains a key part of our strategic planning work.

4.2 Policing Precept

In December 2022, the policing minister confirmed that PCCs would have flexibility to raise the policing precept by up to £15 p.a. for an average band D property in setting the 2023/24 budget. This provided additional flexibility to previous announcements, reflecting the inflationary pressures faced by forces alongside the Government's ambition to maintain police officer uplift numbers. In accordance with this announcement and after public consultation, the PCC chose to recommend a raise of the maximum amount, an increase of 6.0%. Following review, the Police and Crime Panel endorsed this proposal, enabling the PCC to confirm his approval of this increase and the underlying budget.

4.3 Capital Programme

The MTFP includes a capital programme of £91.3m over the next five years, with identified capital funding at the time this programme was presented of £84.8m, resulting in a capital funding deficit of £6.5m.

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 to progress.

ICT projects include local initiatives as well as several national projects. The single biggest project forecast is the investment into our new Enterprise Resource Planning (ERP) corporate systems, which are scheduled for implementation in Spring 2024.

Estates projects include the completion of several projects in flight, as well as new projects, new or refurbished police stations for Yeovil, Minehead, Bristol East, Bristol South and Bath. We have

also identified spend to continue the introduction of electric vehicle charging infrastructure across our estate to support the continued increase in the number of electric vehicles across our fleet.

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

4.4 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 grow police officer numbers by March 2023. Despite the economic uncertainties, this commitment was largely met through the 2023/2024 settlement, and we have no reason to doubt at this stage that 2024/2025 will not be the same. Forecasting beyond this is a challenge and will only be confirmed after a general election, expected to happen at some point during 2024. Our forecasts therefore reflect our prudent assessment as best we can make it at this stage. Our MTFP recognises the immediate challenges of balancing the 2023/24 budget without drawing down too significantly on reserves and then a growing challenge thereafter. We have made good progress to date in closing the 2023/24 deficit and have plans in various stages of development to unlock the further savings we forecast will be required of us for 2024/25 and potentially beyond.

Balancing our budgets is only half of the challenge. We are an innovative police force, and we remain focussed on releasing the capacity of our officers and staff to improve our efficiency and effectiveness in the services we provide to the public. Such innovation requires the financial capacity to support investment, and therefore the identification of savings is as much about supporting this need as it is to balance our budgets. In this respect our savings plans are integral to our wider strategic planning as an organisation.

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.

5 Procurement

Our strategic procurement service is provided by the South West Police Procurement Service (SWPPS), following a transfer of our team into this existing collaboration prior to this financial 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 2022/23 we have identified and delivered £0.8m savings through procurement and ongoing contract management. The delivery of procurement savings is an important component of demonstrating how we achieve value for money.

7 Accounting for Pensions

In line with International Accounting Standard (IAS) 19 on employee benefits, we are reporting a significant pensions liability of £3.1bn, shown on the balance sheet. This is reduced when the pension scheme assets of £0.5bn are taken into account. The net liability of £2.6bn is offset by an intragroup debtor with the PCC. More details are disclosed in notes 13-15. The liability has no impact on the reported outturn and the usable reserves.

8 Basis of Preparation

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

This Statement of Accounts summarises the financial year for 2022/2023. The income and expenditure, assets, liabilities and reserves which are recognised in the PCC's accounts and in the Chief Constable's accounts, reflect the current legislative framework as well as the local arrangements operating in practice. The key elements of the legislative framework and local arrangements include

- ✚ The Police Reform and Social Responsibility Act 2011 (The Act)
- ✚ The Home Office Financial Management Code of Practice for the Police Services of England and Wales (published in October 2013)
- ✚ Avon & Somerset PCC's Scheme of Governance

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

These financial statements include the following

- ✚ **A statement of responsibilities** - This sets out the responsibilities of the OCC and the CFO in respect of the Statement of Accounts
- ✚ **An annual governance statement** - These statements review the effectiveness of the OCC's internal control systems
- ✚ **A comprehensive income and expenditure statement** - This statement shows the accounting cost in the year of providing policing services in accordance with generally accepted accounting practices, together with the costs of providing pensions for officers and staff
- ✚ **A movement in reserves statement** – This statement shows the movement during the year in reserves and affirms that no actual reserve balances are held by the OCC at the end of the accounting period
- ✚ **A balance sheet at 31 March 2023** – The balance sheet shows the net pension liability, as well as other employee related balances recognised by the OCC and offset by a debtor from the PCC
- ✚ **A cash flow statement** - The cash flow statement shows the changes in cash and cash equivalents during the year. This statement in the OCC's accounts reflects the fact that there have been no cash transactions in the name of the OCC
- ✚ **A police officers pension fund account statement** - This statement summarises the total police officer pension contributions and pension benefits paid. The difference is funded by the Home Office

9 Conclusion

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

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

Looking ahead we recognise the ongoing challenges created as we manage the immediate and ongoing demand pressures at the same time as maturing our workforce capacity and capability that means it will take some time before we are able to fully achieve our target operating model. Our forward plans will help us navigate this period of growth and uncertainty, emerging from this with greater service strength which, when coupled with our effective operational processes, tools

and capabilities will ensure we are well placed to realise our vision and deliver the outcomes our communities rightly expect of us.

Nick Adams LLB (Hons), FCA

Chief Finance Officer to OCC

Office of the Chief Constable for Avon & Somerset

Statement of Responsibilities

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

1 Chief Constable's Responsibilities

The Chief Constable is required to

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

2 Chief Finance Officer's Responsibilities

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

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

- ✚ chosen suitable accounting policies and then applied them consistently
- ✚ made reasonable and prudent judgements and estimates
- ✚ complied with the CIPFA Code
- ✚ kept proper accounting records which were up to date
- ✚ taken reasonable steps for the prevention and detection of fraud including preparing an audit and ensuring appropriate risk management mechanisms are in place
- ✚ made sure that the internal control systems are effective – pages 15 to show this in more detail

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Office of the Chief Constable as at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

Sarah Crew
Chief Constable

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

Office of the Chief Constable for Avon & Somerset

Annual Governance Statement

1 Introduction

- 1.1 This annual governance statement sets out how the Avon and Somerset Office of the Chief Constable (hereafter referred to as OCC) has complied with the corporate governance framework set out in the Joint Scheme of Governance for the Avon and Somerset Police and Crime Commissioner (PCC) and the Chief Constable in place for the year ended 31 March 2023. It also details improvement areas to enhance further governance arrangements that the Constabulary plans to progress during 2023-24.
- 1.2 Its purpose is to supplement the Avon and Somerset PCC's annual governance statement to give the complete picture of the discharge of governance within the OCC and the Office of the PCC for Avon and Somerset.
- 1.3 The Constabulary follows the CIPFA Framework principles: 'Delivering Good Governance in Local Government' and the guidance notes for policing bodies (revised 2016). See section 4.5.
- 1.4 Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). This term 'authority' includes the OCC and the PCC legal entities. This requirement is reflected in the Code of Practice on Local Authority Accounting in the United Kingdom published by the Chartered Institute of Public Finance & Accountancy (CIPFA).
- 1.5 The annual review (see 1.4) informs this statement of governance arrangements with assurance on compliance with the seven principles of the CIPFA framework by on-going audit inspection and external assessment. This statement also explains how the OCC complies with the principles and meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 concerning publishing a statement on internal controls.

2 Scope of Responsibilities

- 2.1 The OCC and the PCC are responsible for ensuring their business is conducted according to the law and proper standards, ensuring that public money remains safeguarded, appropriately accounted for, and used economically, efficiently, and effectively.
- 2.2 Under the Policing Protocol 2011, the PCC has responsibility for delivering efficient and effective policing, management of resources and expenditure by the police force. The PCC has a statutory duty to obtain the views of victims of crime and the broader community about the policing of the Force area and must consider the views of responsible authorities. These views inform the PCC's Police and Crime Plan, which sets the Force's strategic direction and priorities.
- 2.3 The OCC is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Constabulary. In doing so, they are accountable to the PCC for how these arrangements enable the delivery of the PCP. It, therefore, follows that the PCC must be assured that the OCC has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

- 2.4 The PCC and OCC share most core systems of control, including corporate finance, procurement, payroll and HR systems, a shared finance department, shared financial controls, and shared IT, legal, and information governance functions.
- 2.5 The OCC's Chief Finance Officer (OCC CFO) has responsibility for providing advice on all financial matters, maintaining financial records and accounts, and ensuring an effective system of financial control is in place. Together with the PCC Chief Finance Officer (PCC CFO), they conform to the governance requirements of CIPFA's Statement on 'The role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (March 2021).

3 The Purpose of the Governance Framework

- 3.1 The governance framework comprises systems, processes, culture, and values by which the Constabulary is directed and controlled.
- 3.2 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.
- 3.3 An effective governance framework enables the OCC to monitor the achievement of its strategic objectives, as set out by the PCC in the Police and Crime Plan (PCP) and the Strategic Policing Requirement (SPR), and to consider whether those objectives have led to appropriate delivery, cost-effective services, and overall achievement of value for money.
- 3.4 The fundamental function of good governance in the public sector is to ensure that intended outcomes are achieved whilst always acting in the public interest.

4 The Governance Framework

- 4.1 A joint governance framework, collectively known as the Joint Scheme of Governance, has been in place for the year ended 31/03/23 and includes the Code of Corporate Governance, Memorandum of Understanding, Decision-making Framework, Scheme of Delegation, Financial Regulations and Contract Standing Orders. The Joint scheme of Governance was reviewed and refreshed in by the OPCC during 2022/23 and clarifies the way in which the two corporations sole, will govern both jointly and separately to do business in right way, for the right reason at the right time.
- 4.2 The OCC governance framework has been reviewed and redesigned during this reporting period, including a significant change to the governance meeting structure, creating sub-committees of the Management Board and a reduced overall number of meetings.
- 4.3 The governance framework provides the structure for strategic decision making and oversight of internal control. A critical component of the framework is identifying, assessing, and controlling risk management to mitigate risk to a reasonable and foreseeable level. The Constabulary cannot eliminate all risk of failure to achieve its objectives; it can only provide reasonable but not absolute assurance of effectiveness.
- 4.4 Governance arrangements for both the OCC and the PCC are structured around the seven principles set out in the revised Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales (2016 Edition). The diagram below illustrates the various principles of good governance in the public sector and how they relate to each other. A summary of how the OCC complies with these principles is detailed below, see sections 4.5 – 4.11.

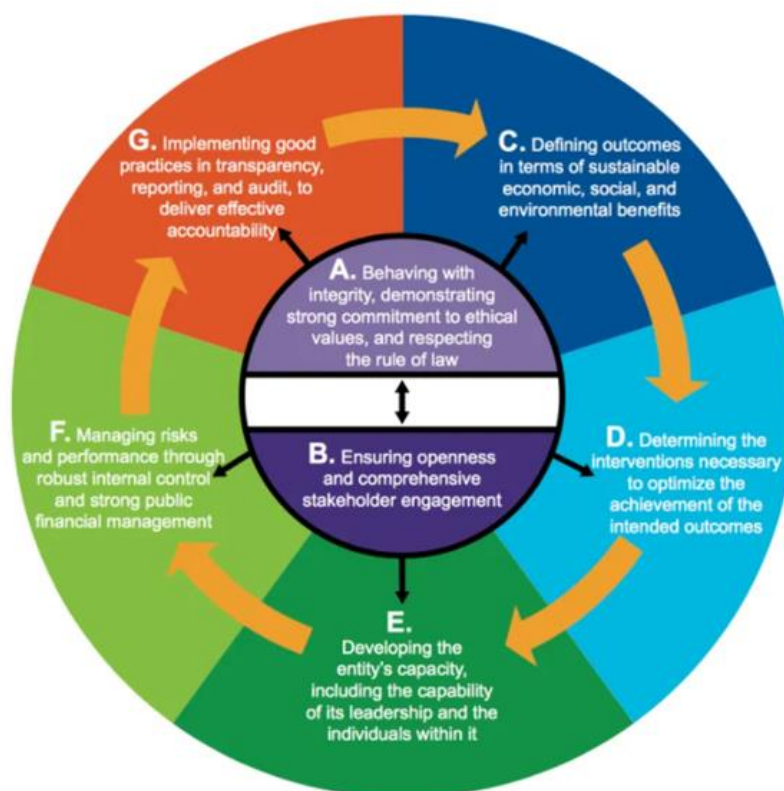


Figure 1 CIPFA Principles for Good Governance (taken from their publication 'Delivering Good Governance in Local Government: Framework 2016 Edition').

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

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

Mission	Serve, Protect, Respect
Vision	Outstanding policing for everyone
Values	Caring, Courageous, Inclusive, Learning

The Chief Constable, and her Chief Officer Group set the tone for the organisation by creating a climate and culture of openness, support, and respect, reinforced regularly through internal communication and engagement, and demonstrating how we live our values every day. The Professional Standards Department oversees complaints, misconduct, and vetting processes that provide the formal structures for maintaining the right behaviours. In addition to the standards of professional behaviour and Code of Ethics, the conduct of officers and staff is governed by policies that provide specific guidance for areas of risk, vulnerability or which may present an actual or perceived conflict of interest. Examples of these include

- ✚ **Business Interests** – The force does not constrain police officers or staff from holding a business interest or additional occupation. It promotes consistent decision-making in the authorising of those business interests and additional occupations which do not conflict with the work of the police, and which will not adversely affect the reputation of the individual, the Constabulary, or the broader police service. Legal Services reviewed this policy as part of our internal control measures in November 2022.

- ✚ **Notifiable Associations** – This policy ensures that the risk of officers and staff engaging in associations with individuals or groups outside of the organisation who may present an actual or perceived conflict of interest or damage the integrity of the Constabulary are identified, mitigated, and managed appropriately. Legal Services reviewed this policy as part of our internal control measures in September 2022.
- ✚ **Gifts, Gratuities and Hospitality** – This policy addresses gifts, hospitality and sponsorship ensuring the registration of any gift given to a member of the organisation. This process is managed by the Professional Standards Department, helping to ensure proper governance and transparency. Legal Services reviewed this policy as part of our internal control measures in September 2022.
- ✚ **Whistleblowing** – This policy outlines the responsibility of staff and the support and protection they will receive, in reporting suspected fraud or corruption, dishonest or unethical behaviour by others in the Avon and Somerset Constabulary. This policy helps to create a climate where staff feel a genuine obligation to openness and transparency when reporting breaches of the Standards of Professional Behaviour. Legal Services reviewed this policy as part of our internal control measures in November 2022.

The Professional Standards Department works in a variety of ways to ensure that everyone who works in Avon and Somerset Constabulary demonstrates the highest levels of personal and professional standard of behaviours. The department receives and records complaints from members of the public against those who work in Avon and Somerset Constabulary, each complaint is assessed and managed in accordance with the Police Complaints and Misconduct Regulations 2020 and IOPC Statutory Guidance.

- ✚ National events across policing have seriously undermined public trust and confidence. It is, therefore, essential that such issues are dealt with robustly and openly. Avon and Somerset Police recognise that to repair the damage these incidents have undoubtedly caused; it must be open and transparent with the communities it serves and be clear about the decisive action taken when the conduct of its officers falls below the standards expected.
- ✚ Sexual misconduct and abuse of position for sexual purpose are treated as serious corruption and the Counter Corruption Unit proactively monitors police systems to identify employees engaged in wrongful behaviour. We have proactively published the sexual misconduct data on the forces website and are continuing to progress several new initiatives in support of the Violence against Women and Girls pledge and rooting out behaviours of misogyny and sexual misconduct. A new position within the Counter Corruption Unit, Misconduct Liaison Officer will play a vital role in this work.
- ✚ During 2023 the department is committed to improving our community engagement with our communities, planning Professional Standards insight events, to support the public in understanding the role of Professional Standards and encourage reporting through the appropriate channels.
- ✚ Handling complaints fairly and effectively is fundamental to a legitimate service and maintaining public confidence, the Professional Standards Department Senior Leadership Team has committed to build on our effectiveness by developing an assurance framework to review our data and legislative requirements, to understand risks and noncompliance. This framework has enabled the department to understand where to focus its improvement activity with our complaint handling procedures. Leading to improved effective procedures and handling of public complaints and regular communication and engagement.
- ✚ Last year we reported on the work by Professional Standards Department to create a cohort of volunteers, known as lived experience practitioners, who review complaint allegations relating to discrimination. We are pleased to update that we have successfully started embedding lived experience insight from our volunteers enabling us to gain 'lived

experience' in complaints and misconduct investigations to effectively address emerging issues of internal and external discrimination.

- ✚ A key focus of the department has been to establish a Learning Assessment Tasking Group that enables identification of lessons and CPD opportunities through the outcomes of complaints and misconduct cases. The department holds quarterly meetings with stakeholders across the organisation capturing and disseminating learning, resulting in improvements to force policy and procedure, and training.

Our Ethics Committee strengthens our approach to ethical decision-making by meeting six times yearly, chaired by an independent academic. It provides a platform to debate and engage in ethical dilemmas related to the effective service delivery of the organisation.

4.6 Principle B – Ensuring openness and comprehensive stakeholder engagement

Engaged Communities

The Constabulary has a comprehensive Independent Advisory Group (IAG) Framework built around a Strategic IAG, Geographic IAG's, Thematic IAG's and a Young Persons IAG. We continue to evolve these proactively. We have recently completed an overhaul of the Strategic IAG. We are also developing our consistency and expectations through Terms of Reference documentation, ensuring appropriate representation (understanding gaps) and having clarity on both tenure and turnover. We also participate in the PCC Scrutiny Panels.

An Engaged Workforce

During the summer of 2022, our Chief Officer Group and senior leaders participated in 31 staff engagement 'Talk Time' sessions across 10 locations throughout the force area. Through these sessions leaders engaged with more than 800 officers and staff from all areas of the organisation. These sessions provided an opportunity to listen and engage with colleagues on a range of local and national issues, including a chance to reflect on the continued growing pains we're experiencing across the Constabulary, and the role of leaders at all levels within the organisation.

The Constabulary undertakes an annual People Survey, which is used to understand what it's like to work for Avon and Somerset Police. The survey enables the measurement of workforce engagement and views across seven main themes. We can benchmark these results over time to identify trends, as well as benchmarking against other organisations.

The feedback from the people survey can strengthen work already in progress and help decide on new actions for the coming year. The survey results are analysed and shared with directorate leads, helping inform their ongoing activities and initiatives. This is supplemented by engagement within directorates in the form of webchats, and in-person meetings. As a direct result of these engagement activities and other forums such as our Respect and Dignity at Work survey and our Gender Engagement workshops, we have established our new Gender Equality Network to promote sex and gender equality in the workplace.

Our numerous staff networks empower staff and officers from under-represented groups, providing a voice and the power to influence decision-making and pursue change.

Addressing Disproportionality in the Local Criminal Justice System

The Constabulary has made additional progress in advancing the work supported by external consultancy during the period February to May 2023.

A Steering Committee has now transitioned to a 6-week meeting cycle. These meetings serve as a platform for checking and testing progress, as well as providing strategic decision-making and oversight. Chaired by Chief Constable Crew and newly appointed co-chair Councillor Asher Craig, the Steering Committee will benefit greatly from Councillor Craig's recent appointment, bringing valuable expertise to the table.

The Programme Team, consisting of a Programme Manager, Project Manager, Business Analyst, and communications and engagement lead are driving the tactical delivery of the report and although the Team Members are not full-time resources, they maintain regular meetings to drive the programme forward.

The Steering Committee recently convened in May 2023 and accomplished significant milestones. These include agreeing on the strategic ambition and outcomes, signing off on the proposed delivery model, allocating necessary resources relating to data and insight, and committing to the funding of an independent scrutiny board. Desmond Brown, the author of the report, assumes the role of chair on the scrutiny board, and Maya Mate-Kole has been appointed as the vice-chair.

Ambition

To make the A&S Criminal Justice System fair and transparent for all by establishing a proactive multi-agency approach to tackling disproportionality for Black, Asian and Minority Ethnic people across Avon and Somerset through

- Multi-Agency Collaboration, sharing unified values, language and common purpose, to foster an inclusive and equitable culture.
- Strategic prioritisation and commitment to achieving tangible outcomes.
- Criminal Justice Partners recognising and acknowledging the lasting impact of discrimination.
- Bringing together lived experience and community insights to inform decision making and embed meaningful outcomes.
- A holistic approach to the identification, measurement and root cause analysis of disproportionality across the A&S CJS, adopting the Explain or Reform principle.
- A methodology and framework to define and analyse the school-to-prison pipeline to identify 'pinch points' and opportunities for positive intervention.
- A Criminal justice System workforce that represents Black, Asian and Minority Ethnic people across Avon and Somerset.

Moving forward, the Programme Team has engaged with the chair and co-chair of the Scrutiny Board and is preparing for the recruitment of board members. A paramount consideration is ensuring representation of the communities and geographical area addressed in the report. Additionally, attention will be given to developing a robust communications and engagement strategy. Senior communications leaders will convene before the next Steering Committee meeting in June to delve into the details and formulate a comprehensive plan for effective outreach and stakeholder involvement.





Media Collaboration

The Constabulary are working with a trusted documentary maker, Story Films, on a three-part series for Channel 4 giving the public a unique insight into the work of the Professional Standards Department and Counter Corruption Unit. The decision to work with Story Films on this ambitious project reflects the long-standing relationship we have with the programme makers, having previously worked with them on BAFTA winning The Murder Detectives and a long-running series currently being made with the Southwest Regional Organised Crime Unit (SWROCU).

The filming for this programme has not yet finished as we are awaiting the conclusion of some of the cases followed in the documentary through the criminal justice system, but when the programme is able to be aired, we believe it will provide a critical insight into the important work of police professional standards.

4.7 **Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits**

The Constabulary has a clearly defined mission and vision, supported by strong organisational values (see section 4.5 above), all of which are well embedded, having been in place since 2018. In 2021 the Constabulary approved its five-year sustainability plan, progress against which is monitored annually through reporting to the Constabulary Management Board. Our plan places particular emphasis on four sustainable development goals

-  **Climate Action** – establishing our target to cut direct carbon emissions by a further 50% by 2026.
-  **Responsible consumption and production** – through sustainable procurement and reducing our waste.
-  **Sustainable cities and communities** – promoting the links between sustainability and our mission to serve, protect and respect our communities.
-  **Partnerships for the goals** – developing good collaborations that support the achievement of our sustainability objectives.

Our Medium-Term Financial Plan (MTFP) is reviewed and refreshed annually to forecast out for a five year planning horizon. Through this plan we identify how we will make investment into policing that enable the Chief Constable and her team to build a force capable of successfully delivering both the Government's national '**Beating Crime Plan**' and the PCC's '**Police and Crime Plan**' for Avon and Somerset.

4.8 **Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.**

Through the Constabulary's Neighbourhood and Partnership directorate we bring together those prevention and early intervention functions which are focussed on crime prevention. The growth in police officers is allowing us to grow our investment in this area, which over time we hope will further enhance our early intervention capabilities. The Constabulary has locally based early intervention and violence reduction teams working across the force area in conjunction with partners. These teams use both police and partner data to identify problems at an early stage and formulate joint action plans to mobilise partner resources towards identified prevention activity.

Violence Against Women and Girls Strategy

A series of tragic and disturbing national events have brought into sharp focus the issue of Violence Against Women and Girls (VAWG). VAWG has no place in our communities or within our organisation. The Constabulary are committed to tackling and eradicating all forms of VAWG to enable women and girls to live freely and without fear. We are developing and implementing a VAWG strategy to reduce the prevalence of these harmful and devastating crimes.

The thematic management of Domestic Abuse (DA) covers a comprehensive range of activity. This includes the Implementation of DARA (Domestic Abuse Risk Assessment) replacing/alongside the DASH (Domestic Abuse Stalking & Harassment) and understanding exactly what this will mean for us and how this will work for us. We are also working on Protection and Civil Orders. Phase One work of mapping is completed, and we are moving onto Phase Two which will involve understanding what other Forces do, stakeholder engagement and consultation with victims and survivors and then drafting improved ways of working. Domestic Abuse Matters training has shifted into the sustain phase with some of our staff being trained to be able to deliver the training to future cohorts of new officers as required. A Sustain the Change workshop has been held with Senior Leaders. The training saw over 1900 staff and officers trained through the programme. Work with perpetrators includes the creation of a DA cohort within IOM of managed DA offenders, and the expansion of 'The Drive Project' perpetrator behaviour change programme which has been piloted

in South Gloucestershire being expanded to other Local Authorities in the Force area We are anticipating a national DA Action Plan being introduced through the VAWG portfolio.

Mental Health

We are putting together a strategy for how we will deal with detentions under Section 136 MHA. This will include data improvement, better partnership working and staffing (Mental Health Link Officers are approved but not yet actually employed). This work links in to trying to reduce demand and making sure we are providing support in the right circumstances and for the right reasons. We are to relaunch the Tactical Advisors Cohort, making some changes to this resource, focussing on Communications and Response. The diagnostic overshadowing work is to continue - largely communications based - to bring clarity for Officers dealing with mental health situations as to what their responsibilities are.

4.9 Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Uplift Growth

The Constabulary has exceeded its target officer headcount by the end of March 2023, reporting a headcount of 3,393 – 102 officers more than our underlying target of 3,291. This temporary excess of officers reflects the agreement with the Home Office (who have provided some temporary funding) to over-achieve in support of the national target of 20,000 officers being reached.

This achievement reflects a specific milestone in our journey to rebuild the capacity of the Constabulary. It represents a significant achievement of many officers and staff throughout the Constabulary over the past four years and has required the recruitment of just over 1,500 new officers, the majority of whom have joined through brand new entry routes only implemented within this same timeframe. Having now achieved our officer numbers, our focus turns to building this capacity into a well led, deployable capability that will deliver the difference our communities will rightly expect to see of us.

Detective Numbers

As part of our forward plans, we intend to grow our detective capacity and capability, recognising this is important to our ability to manage current and future demands and deliver on the performance improvements we want to see. Nationally there have been challenges in attracting officers into the detective role for some time, and we are not immune to these challenges. During 2022/23 we have undertaken work to improve the attraction into the detective role. We have also reviewed our pipeline of officers into this role, including the use of both the degree holder entry programme and a new police staff investigator to detective constable conversion course.

Our plan and the monitoring arrangements we have implemented were reviewed by our internal auditors during the year. They provided a reasonable assurance opinion, reflecting and acknowledging the achievement of our goals remains some time off with forecasts suggesting we will only achieve our target number of accredited detectives at the end of 2024.

Investing in Leadership

The Constabulary recognises that the rebuilt strength in officer numbers provides an opportunity to deliver on improvements for the public. However, to realise this potential it is more important now than ever before that our officers and staff are well led.

During 2022/23 the Constabulary has introduced its new Leadership Academy platform, designed to provide all leaders at every level within the organisation a clear route map tailored to individual needs, signposting them to leadership training opportunities.

We have also progressed during the year a review specifically focussed on the leadership training offered to our first line leaders, developing a new target team leadership model aligned with the

College of Policing's national curriculum. We expect this work to conclude, with some investment into our leadership training capacity to take it forward, during 2023/24.

4.10 Principle F - Managing risks and performance through robust internal control and strong public financial management.

Governance Framework

During the year the Constabulary has implemented the recommendations that were made in the external review into our governance and meeting structures. While the review concluded that the Constabulary had a "clear, sensible governance framework that is exceptionally well documented and supported", it did nevertheless recommend improvements including an overall slight reduction to the overall quantity of meetings and introduced a new meeting to oversee and manage our portfolio of change activity. This work has coincided with and complimented the review completed by the OPCC into the mechanisms by which the hold the Chief Constable and wider Constabulary to account. New arrangements for these meetings, including the introduction of a new broadcast performance accountability board, were delivered during the year.

Managing Risk

The Constabulary's risk management framework, launched in November 2021, has continued to develop over the last 12 months. The approach adopted interacts with and complements our broader governance framework, with a clear threshold for reporting risks through our management and governance meeting structures. Over the last 12 months we have continued to mature our approach, most notably developing a data visualisation tool using our business analytics capabilities. We have moved away from report generation and now use data analytics tools to present information on risks across the organisation to our governance and management meetings. Our internal auditors reviewed our risk management practices during 2022/23, reporting positively on many aspects of the framework. While there is work ahead to define organisational risk appetite and continually mature, the organisation has been assessed independently as having a sound approach and management of this area.

Performance and Assurance

The Constabulary introduced its Integrated Performance and Quality Framework (IPQF) in June 2020. The IPQF combines national and local performance frameworks to enable monitoring and analysis across a range of areas and measures. The benefits of the framework are that it is simpler (as it merges a range of frameworks) and provides a platform for higher-quality reporting and understanding of issues. It facilitates both operational and enabling business area focus.

Within the framework we have established our 'Performance Control Strategy', which outlines and communicates current key performance challenges and the associated required improvement activity. This control strategy directs priority and broader delivery plan improvement activity and feeds into supporting governance committees.

The performance control strategy also drives local directorate, department, and tasking meetings. Progress on performance control strategy activity, emerging issues, and deep-dive analysis (called spotlights) are reported monthly to the Constabulary Management Board (CMB) and the PCCs Governance and Scrutiny Board.

Additionally, we have a suite of 17 Key Performance Questions (KPs) which are periodically reviewed and assessed in conjunction with colleagues from the Office of the Police and Crime Commissioner. These are also reported on through our performance monitoring at our monthly Constabulary Management Board.

Financial Planning and Management

The force has a strong track record of effective financial planning and budgetary control, balancing its budget annually and maintaining essential controls to operate within budget. Our ability to

deliver quality policing services and value for money for residents of Avon and Somerset is dependent on our ability to put the Constabulary on a sustainable financial footing allowing us to invest in the needs of the present without compromising the ability to meet the challenges of the medium to longer term.

We recognise the immediate inflationary pressures have accelerated our need to bring forward savings plans with an underlying need of £3.7m needed to balance our 2023/24 revenue budget without having to draw down on reserves. We have progressed our work on this to date, and are confident at this stage in the pipeline of savings plans we have in place to deal with both the immediate and longer-term challenges we are forecasting.

4.11 Principle G - Implementing good practices in transparency, reporting and audit to deliver effective accountability.

We engage in an open and transparent working relationship with the OPCC, reflected by the publication of minutes and decision notices from meetings such as the Joint Audit Committee (JAC) and the Governance and Scrutiny Board (GSB). The Chief Constable and Deputy Chief Constable also participate in the publicly broadcast Performance and Accountability Board, which aims to increase public confidence, transparency, and engagement by carrying out effective scrutiny and accountability concerning core policing functions, especially pertaining to performance against the PCCs Police and Crime Plan and the National Crime and Policing measures.

JAC is an independent, non-executive body that plays a vital part in the governance and risk management of the OPCC and the OCC. JAC meetings are held quarterly and open to members of the public to attend. The purpose of the JAC is to provide independent oversight and advice on governance and risk management, allowing the PCC to discharge their statutory duties in holding the force to account, managing risk, and approving annual accounts and audit opinions. The JAC is where the independent Internal Audits are discussed, scrutinised, and agreed upon by the Committee, the OPCC and the Constabulary in a formal governance setting. All papers presented to JAC, including risk registers and documents from our internal and external auditors, are published on the PCC's website allowing public members to access these reports and their contents. In addition, quarterly financial performance reports presented to the GSB are also published, with all documentation adhering to Government Security Classification (GSC) markings.

The organisation has effective working relationships with internal and external auditors, and the Constabulary produces an annual Force Management Statement (FMS), making it available on the force website. We also publish other inspection reports from His Majesty's Inspectorate of Constabulary, Fire and Rescue (HMICFRS).

The Internal Audit function, commissioned through the JAC on behalf of the OPCC and the OCC, is undertaken by a third-party auditor for additional independence. Our internal auditors are South West Audit Partnership (SWAP). Working with SWAP, we produced an annual audit plan that scheduled 11 audits during 2022/23. Further details on the internal audit outcomes from 2022/23 can be found in section 5.2 of this report.

The Chief Constable and her teams also actively support the PCC in his regular engagement activity with communities and local councillors.

5 Review of Effectiveness

5.1 The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework. Several sources inform the review, including the internal audit assurance, the opinions and reports of our external auditors and other inspection bodies, as well as the work of the OCC CFO, and of managers within the Constabulary, whom which have responsibility for the development and maintenance of the governance environment. For 2022/23, this review included the following considerations

- the internal auditor's reports to the Joint Audit Committee (JAC) throughout the year and their annual report to JAC.
- external auditors' reports at JAC meetings.
- the HMICFRS 'PEEL' inspection outcomes.
- the Quarterly Corporate Risk Report.
- the 2022/23 financial outturn that delivered a balanced position.
- the planning and development of the MTFP for the next five years.

Matters arising from the audit and inspection activities are detailed below and have the appropriate leadership level, accountability and scrutiny applied to them through the governance framework (the five sub-committees – see below) and improvement actions captured within the Constabulary Single Delivery Plan.

Health & Safety Committee	Confidence & Legitimacy Committee	People Committee	Change Portfolio Committee	Finance & Assets Committee
Chair Deputy Chief Constable Frequency Quarterly Type Statutory Remit Monitoring compliance with the Health and Safety Policy. Implementing health and safety legislation Consider reports of injuries, accidents, assaults, near misses and dangerous occurrences	Chair Deputy Chief Constable Frequency Monthly Type Governance Remit Police officer / staff conduct, complaints, whistleblowing / confidential reporting, grievances, statutory case reviews, information governance, security, crime recording, external inclusion & diversity matters (e.g. disproportionality in police processes), vulnerability governance	Chair Chief Officer People and Organisational Development Frequency Monthly Type Governance Remit Workforce diversity, inclusion, health, wellbeing, learning, development, people analytics workforce planning	Chair Deputy Chief Constable Frequency Quarterly Type Governance Remit Approve project mandates and close project, initiate Post Implementation Reviews, monitor horizon scanning and benefits management. The single entity within the formal Constabulary Governance Framework for the management of end to end activity associated with the delivery of corporate change.	Chair Chief Officer Finance, Resources and Innovation Frequency Bi-monthly Type Governance Remit Medium Term Financial Planning Ensure effective asset management planning for physical assets & procurement activity Annual joint internal audit planning

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

5.2 Internal Audit

Quarter 1	<ul style="list-style-type: none"> IT Service Desk Management of Evidential Property
Quarter 2	<ul style="list-style-type: none"> Representative Workforce Key Financial Controls – Accounts Payable & Budgetary Control Firearms Licensing Reasonable Adjustments
Quarter 3	<ul style="list-style-type: none"> Risk Management Policy & Procedure Management
Quarter 4	<ul style="list-style-type: none"> Detective Numbers Assurance Mapping
Follow up audits from 21/22	<ul style="list-style-type: none"> Complaints Handling Remote Working Clinical Governance in Custody
Regional Audits	<ul style="list-style-type: none"> Digital Forensics

Figure 3 The 2022/23 audit schedule

Each internal audit conducted throughout the year receives a graded assurance opinion from the auditors. Each of the audits also provides recommendations for improvement, categorised into three priority categories reflecting their importance.

Audit Framework and Definitions	
Assurance Definitions	
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Corporate Risk Assessment Definitions	
Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.
Categorisation of Recommendations	
In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:	
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Figure 4 Audit Framework Definitions

In total, our internal auditors made forty recommendations during 2022/23, of which

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

5.3 His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

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

‘PEEL’ Inspection

The primary framework by which police forces are inspected by HMICFRS is called 'Police Efficiency, Effectiveness and Legitimacy' (PEEL). This programme has evolved over time to become an intelligence-led, continual assessment approach, rather than the annual PEEL inspections we used in previous years. HMICFRS assess forces against the characteristics of good performance, and more clearly link their judgments to causes of concern and areas for improvement. The judgements are made across five tiers, those being

- ✚ Outstanding
- ✚ Good
- ✚ Adequate
- ✚ Requires improvement
- ✚ Inadequate

As a result, HMICFRS can state more precisely where they consider improvement is needed and highlight more effectively the best ways of doing things. However, these changes mean that it isn't possible to make direct comparisons between the grades awarded this year with those from previous PEEL inspections. A reduction in grade, particularly from good to adequate, does not necessarily mean that there has been a reduction in performance, unless specifically stated in the force's report.

The HMCIFRS Integrated PEEL Assessment is one of the most critical sources of assurance for both the PCC and OCC in delivering the Police and Crime Plan and realising our vision. Avon & Somerset were inspected in October 2022, with the HMCIFRS final report published in March 2023, in which we were assessed and graded as follows

Outstanding	Good	Adequate	Requires improvement	Inadequate
Treatment of the public	Developing a positive workplace	Preventing crime	Recording data about crime	
	Good use of resources	Protecting vulnerable people	Investigating crime	
			Responding to the public	
			Managing offenders	

Figure 5 HMCIFRS PEEL Inspection Gratings of A&S

At the end of March 2023, the current number of HMCIFRS recommendations being managed by the Constabulary was 185. A total of 37 of these are due to be signed off/closed internally and two recommendations are with HMCIFRS for sign off/closure.

5.4 Significant Risks

The two most significant risks facing the Constabulary over the coming year are

- ✚ **Public confidence and legitimacy** – the well-publicised events and incidents involving police officers and staff committing criminal acts or acting in ways that fall below the high standards expected of them are impacting on public confidence. The report by Baroness Casey into the culture within the Metropolitan Police Force has shone a light on cultures in policing which are not solely confined to the largest UK force. The Chief Constable and her senior leaders recognise the importance of this moment for policing and are leading conversations both within the Constabulary and with our partners and communities – with particular emphasis around delivering on the national race action plan and tackling violence against women and girls.
- ✚ **Financial uncertainty** – our MTFP recognises a very uncertain financial position, reflecting the wider economic uncertainties that are seeing high inflation and a challenging employment market adding to pressure on demands for higher public sector pay settlements. Our forecasts show that we will need to bring forward savings plans which enable us to maintain a sustainable financial position as well as free up the funds we would want to utilise to support new investment in emerging areas of risk and opportunity.

6 Governance Issues

- 6.1** Over the last 12 months, we have continued to embed the current governance framework into the organisation's fabric, having launched our revised arrangements in full by October 2022 further to the independent review by Leapwise Consultancy. We continue to refine elements of the framework, such as making amendments to Committee structures and terms of references, which outline the role of our committees and responsibilities. The Constabulary have recruited a third Assistant Chief Constable role in March 2023. This newly formed role, focussing on strategic performance and

planning, reflects the recognition that we needed to enhance our executive capacity to drive the improvements we are targeting through our uplift investments. We expect the impact of this additional capability to demonstrate a difference during 2023/24. The developing work of the Strategic Five Year Plan and simplified performance landscape may give rise to some final small adjustments to the formal Constabulary Governance Framework later in 2023. There is the opportunity to conduct a formal Post Implementation Review in 2024 to review the overall effectiveness of the final structures.

Finally, while we recognise the healthy state of our internal governance, we remain aware of the need to continually review our existing partnership and collaborative governance arrangements, which is a priority for us in the coming twelve months.

7 Conclusion and Certification

This statement has been prepared based on the review of the effectiveness of governance arrangements. We are satisfied that the OCC has proportionate and adequate internal control systems, including arrangements for good governance and the management of risk. However, we acknowledge that no method of internal control can provide absolute assurance.

Over the coming year, we propose taking steps to address the areas for improvement identified through our internal control activity to enhance our governance arrangements and commit to monitoring their implementation and impact as part of our next annual review.

Sarah Crew
Chief Constable

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

Office of the Chief Constable for Avon & Somerset

Comprehensive Income and Expenditure Statement for Year Ended 31 March 2023

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

OCC Expenditure £'000	OCC Income £'000	Total 2021/2022 £'000	Comprehensive Income and Expenditure Statement - OCC	OCC Expenditure £'000	OCC Income £'000	Total 2022/2023 £'000
544,486	-46,347	498,139	Police Services	539,901	-53,969	485,932
-544,486	46,347	-498,139	Intragroup funding adjustment	-539,901	53,969	-485,932
0	0	0	Net cost of police services	0	0	0
		86,681	Net interest on pensions			110,987
		-86,681	Intragroup adjustment (pension interest cost)			-110,987
0	0	0	Financial and investment income and expenditure	0	0	0
		0	Taxation and non-specific grant income			0
		0	Surplus(-)/deficit on provision of services			0
		260,724	Intragroup adjustment (Re-measurement of pension assets and liabilities)			1,879,534
		-260,724	Re-measurement of pension assets and liabilities (note 13)			-1,879,534
0	0	0	Other comprehensive income and expenditure	0	0	0
0	0	0	Total comprehensive income and expenditure	0	0	0

Office of the Chief Constable for Avon & Somerset

Movement in Reserves Statement 2021/2022 and 2022/2023

All reserves are held by the PCC.

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

Movement in reserves statement 2022/2023					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2022	0	0	0	0	0
Total comprehensive income and expenditure	0	0	0	0	0
Adjustments between accounting & funding basis under regulations	0	0	0	0	0
Increase/decrease(-) in 2022/2023	0	0	0	0	0
Balance as at 31 March 2023	0	0	0	0	0

Office of the Chief Constable for Avon & Somerset

Balance Sheet as at 31 March 2023

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

2022 £'000	Balance Sheet	2023 £'000
	Long term assets	
4,325,494	Long term intragroup debtor (note 2)	2,644,892
4,325,494	Total non-current assets	2,644,892
15,709	Intragroup debtor (note 2)	17,075
15,709	Total current assets	17,075
-11,280	Creditors (note 17)	-12,975
-4,429	Short term provisions (note 18)	-4,100
-15,709	Total current liabilities	-17,075
	Long term liabilities	
-25	Provisions (note 18)	-25
-4,325,469	Net defined pension liability (note 13 to 15)	-2,644,867
-4,325,494	Total long term liabilities	-2,644,892
0	Net assets	0
0	Total usable reserves	0
0	Total unusable reserves	0
0	Total reserves	0

Nick Adams LLB (Hons), FCA

Chief Finance Officer to OCC

Office of the Chief Constable for Avon & Somerset

Cash Flow Statement

This note does not show any cash flows for the year ending 31 March 2023 as all payments are made from the PCC and all income for the year received by the PCC. The financial consequences of the operational activities undertaken by the OCC can be seen within the comprehensive income and expenditure statement.

Cash Flow Statement		
2021/2022		2022/2023
£'000		£'000
0	Net surplus(-)/deficit on the provision of services	0
867	Increase(-)/decrease in provision charged back to service	328
0	Charges for retirement benefits in accordance with IAS 19	0
-499	Increase/decrease(-) in long and short term debtors	1,367
-368	Increase(-)/decrease in long and short term creditors	-1,695
	Adjust net surplus or deficit on the provision of	
0	services for non-cash movements	0
0	Net increase(-)/decrease in cash and cash equivalents	0

Office of the Chief Constable for Avon & Somerset

Notes to the Financial Statements

1 Statement of Accounting Policies

1.1 General Principles

The general principles adopted in compiling these accounts are in accordance with the recommendations of CIPFA. They accord with CIPFA's Code of Practice on Local Authority Accounting 2022/2023 and the Accounts and Audit (Amendment) Regulations 2021 and are based on the following standards

- ✚ International Financial Reporting Standards (IFRSs) as adopted by the UK
- ✚ International Public Sector Accounting Standards (IPSASs)
- ✚ UK Generally Accepted Accounting Practice (GAAP); (Financial Reporting Standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) abstracts) as far as they are applicable.

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

1.2 Accruals of Income and Expenditure

Activity is accounted for and recorded on an accruals basis. This means that income is recorded in the accounts when it becomes due, rather than when it is received, and the outstanding amounts are included as debtors. Expenditure is included in the accounts when the goods or services are received or supplied, and any outstanding amounts are included as creditors. The OCC established a de minimis level of £5,000 for accruals in both 2021/2022 and 2022/2023.

1.3 VAT

The OCC does not submit a Value Added Tax return to HMRC as this is submitted as a single return for the group by the PCC. Income and expenditure in the OCC's comprehensive income and expenditure statement excludes VAT, except where it is non-recoverable.

1.4 Employee Benefits

1.4.1 Benefits Payable During Employment

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

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

1.4.2 Termination Benefits

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

1.4.3 Post-Employment Benefits

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

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

1.4.3.1 Police Officers Pension Scheme

All Police Officers pension schemes are accounted for as defined benefits schemes.

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

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

1.4.3.2 Local Government Pension Scheme

All Police Staff and PCSOs can become members of the Local Government Pension Scheme which is accounted for as a defined benefits scheme.

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

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

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

1.4.3.3 Net Pensions Liability

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

Service cost comprising

- ✚ Current service cost – this is the increase in liabilities as a result of years of service earned this year which is allocated in the CIES to the services for which the employees worked;
- ✚ Past service cost – this is the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the CIES;
- ✚ Net interest on the net defined benefit liability or asset – this is the change during the period in the net defined benefit liability or asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset at the beginning of the period and taking into account any changes in the net defined liability or asset during the period as a result of contribution and benefit payments.
- ✚ Re-measurements comprising:
 - ✚ The return on plan assets excludes the amounts included in the net interest on the net defined benefit liability or asset which is charged to the pensions reserve as Other Comprehensive Income and Expenditure. This is only applicable to the Local Government Pension Scheme.
 - ✚ Actuarial gains and losses are changes in the net pension's liability that arise because events have not coincided with assumptions made at the last valuation or because the actuaries have updated their assumptions. These changes are charged to the pensions reserve as Other Comprehensive Income and Expenditure.

1.5 Provisions

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

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

1.6 Joint Arrangements

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

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

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



1.7 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Office of the Chief Constable a possible obligation whose existence can only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Office of the Chief

Constable. Contingent liabilities also arise in the situation where a provision would otherwise be made but where it is possible but not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

1.8 Post Balance Sheet Events

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

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

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

2 Critical Judgements in Applying Accounting Policies

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

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

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

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

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

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

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

3 Accounting Standards Issued but not Adopted

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

- ✚ Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- ✚ Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- ✚ Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- ✚ Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.
- ✚ IFRS 16 Leases

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

Further information is included within notes 0 to 0 regarding the assumptions that have been used by the actuaries to provide an estimate of the liability.

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

Police Officer Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	2,570,868	2,611,528	2,653,258
Projected service cost	36,045	37,517	39,042
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	2,616,282	2,611,528	2,606,801
Projected service cost	37,543	37,517	37,492
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	2,649,243	2,611,528	2,574,814
Projected service cost	39,062	37,517	36,025
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	2,703,632	2,611,528	2,522,672
Projected service cost	38,955	37,517	36,118

Police Staff Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	507,647	517,991	528,653
Projected service cost	15,887	16,536	17,210
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	519,001	517,991	516,991
Projected service cost	16,547	16,536	16,525
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	527,883	517,991	508,449
Projected service cost	17,219	16,536	15,878
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	535,576	517,991	501,044
Projected service cost	17,144	16,536	15,944

4.3 Short and Long Term Provisions

In determining the provisions set aside at 31 March 2023 to pay for known future costs it has been necessary to estimate and make assumptions about the future. More detail around the sources of these estimations and the underlying assumptions made are included within note 18, Short and Long Term Provisions.

5 Events After the Balance Sheet Date

There are no post balance sheet events to date.

6 Expenditure and Funding Analysis

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

2021/2022					OCC Expenditure and Funding Analysis	2022/2023				
As reported to Management	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		As reported to Management	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
335,640	48,360	384,000	114,139	498,139	Police Services	348,285	53,320	401,605	84,327	485,932
-335,640	-48,360	-384,000	-114,139	-498,139	Intragroup adjustment	-348,285	-53,320	-401,605	-84,327	-485,932
0	0	0	0	0	Net cost of police services	0	0	0	0	0
0	0	0	86,681	86,681	Net interest on pensions	0	0	0	110,987	110,987
0	0	0	-86,681	-86,681	Intragroup adjustment (Pension interest cost)	0	0	0	-110,987	-110,987
0	0	0	0	0	Financial and investment income and expenditure	0	0	0	0	0
0	0	0	0	0	Taxation and non-specific grant income	0	0	0	0	0
0	0	0	0	0	Surplus(-)/deficit on provision of services	0	0	0	0	0

2021/2022				OCC Expenditure and Funding Analysis Adjustment between accounting & funding basis	2022/2023			
Capital Purposes £'000	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000		Capital Purposes £'000	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000
-2,322	121,391	-4,929	114,139	Police Services	-1,131	87,945	-2,487	84,327
2,322	-121,391	4,929	-114,139	Intragroup adjustment	1,131	-87,945	2,487	-84,327
0	0	0	0	Net cost of police services	0	0	0	0
0	86,681	0	86,681	Net interest on pensions	0	110,985	0	110,985
0	-86,681	0	-86,681	Intragroup adjustment (Pension interest cost)	0	-110,985	0	-110,985
0	0	0	0	Financial and investment income and expenditure	0	0	0	0
0	0	0	0	Taxation and non-specific grant income	0	0	0	0
0	0	0	0		0	0	0	0
0	0	0	0	Difference between surplus on the general fund and deficit on the provision of services	0	0	0	0

7 Income and Expenditure Analysed by Nature

2021/2022 £'000	Income and Expenditure analysed by nature	2022/2023 £'000
276,705	Employee costs	294,084
14,508	Premises costs	13,138
5,017	Transport costs	6,068
31,499	Supplies & services	41,356
16,140	Partnership costs	16,206
14,070	Misc, central, & grants	15,600
11,695	Depreciation, amortisation, & impairment	11,179
122,077	Employee benefit expenses	89,361
86,681	Net interest on pensions	110,987
52,775	Police pension top up grant	52,909
-631,167	Intragroup adjustment	-650,888
0	Total expenditure	0
-16,712	Sales, rent, fees, & charges	-18,313
-1,383	Seconded officers	-1,395
-11,499	Counter terrorism policing grant	-12,294
-774	Serious violence grant	-718
-2,474	Uplift grant	-3,088
-2,828	Officer pensions grant	-15,066
-10,606	Other specific grants	-2,828
46,276	Intragroup adjustment	53,702
0	Total income	0
0	Surplus/deficit on provision of services	0

8 Paying Staff

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

Disclosure of Remuneration for Senior Employees 2022/2023					
Post Holder Information (post title and name)		Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2022/2023	Total Remuneration Including Pension Contributions 2022/2023
		£	£	£	£
Chief Constable - S Crew		168,020	11,466	179,486	231,572
		<u>168,020</u>	<u>11,466</u>	<u>179,486</u>	<u>231,572</u>

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

Disclosure of Remuneration for Senior Employees 2021/2022

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

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

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

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

Note 4 The ACC – Neighbourhoods, Partnerships, & Response retired on 07/04/2021, with the new ACC in the role having been appointed on 22/02/2021. The annualised salary is £119,220.

Disclosure of Remuneration for Senior Employees 2022/2023

Post Holder Information (post title)	Note	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2022/2023	Pension Contributions	Total Remuneration Including Pension Contributions 2022/2023
		£	£	£	£	£
Deputy Chief Constable - N Watson		151,413	0	151,413	0	151,413
ACC - Strategic Improvement		119,294	0	119,294	34,656	153,950
ACC - Investigations & Operational Support	1	10,268	0	10,268	2,975	13,244
ACC - Neighbourhoods, Partnerships & Response		127,830	0	127,830	37,302	165,132
Chief Officer - Finance, Resources and Innovation		120,330	12,677	133,007	19,614	152,620
Chief Officer - People and Organisational Development	2	101,945	8,200	110,145	16,617	126,762
Chief Officer - People and Organisational Development	3	17,456	0	17,456	2,660	20,115
Force Medical Officer - D Bulpitt		161,854	0	161,854	26,382	188,236
		810,389	20,877	831,266	140,206	971,472

Note 1 New ACC appointed on 27/02/2023

Note 2 Chief Officer – People and Organisational Development left ASC on 05/02/2023

Note 3 Chief Officer – People and Organisational Development temporarily appointed on 06/02/2003

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.

2021/2022 Number	Pay Range	2022/2023 Number
278	£50,000 - £54,999	404
210	£55,000 - £59,999	250
67	£60,000 - £64,999	116
19	£65,000 - £69,999	26
12	£70,000 - £74,999	10
6	£75,000 - £79,999	13
6	£80,000 - £84,999	5
5	£85,000 - £89,999	5
6	£90,000 - £94,999	6
0	£95,000 - £99,999	3
0	£105,000 - £109,999	1
609		839

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.

9 Exit Packages

The costs for 24 staff redundancies were recognised during the 2022/2023 year, the details of which are presented in the table below.

Compulsory & Voluntary 2021/2022		Exit Packages	Compulsory & Voluntary 2022/2023	
Number	£'000	Banding	Number	£'000
7	82	£0 - £19,999	19	201
6	155	£20,000 - £39,999	5	134
1	44	£40,000 - £59,999	0	0
0	0	£60,000 - £79,999	0	0
14	281		24	335

10 External Audit Costs

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

2021/2022 £'000	External Audit Costs	2022/2023 £'000
	Chief Constable:	
20	Fees for external audit services paid to Grant Thornton	26
<u>20</u>		<u>26</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 £21,886 split by PCC £14,105 and CC £7,780 (2021/22 £21,873 split by PCC £14,430, CC £7,443) 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 2022/2023 were based on the scale fee. The final fees for the audit have not yet been confirmed.

11 Transactions with Related Organisations and People

There is a requirement to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the 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.

11.1 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 2022/2023 (£nil in 2021/2022).

11.2 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 £21,065 in 2022/2023 (£20,355 in 2021/2022). Payments were also made to the Avon and Somerset Constabulary Force Club in 2022/2023 of £14,641 (£7,045 in 2021/2022).

12 Joint Arrangements

The PCC participates in a number of joint arrangements, contributions to which are disclosed below

2021/2022 Expenditure £'000	Joint Operations	2022/2023 Expenditure £'000
3,153	South West Regional Organised Crime Unit	4,099
1,410	Firearms Training	1,619
587	Counter Terrorism Specialist Firearms Officers	744
5,451	Major Crime Investigation (Brunel)	5,548
7,547	South West Forensic Services	8,126
1,094	South West Region - Special Branch	0
53	Regional ACC	103
27	Disaster Victim Identification / Casualty Bureau	23
326	Other Regional Programmes	368
19,648	Total	20,630

12.1 South West Regional Organised Crime Unit (SW ROCU)

SW ROCU is a regional collaboration set up to combat serious and organised crime across the South West of England. Avon and Somerset are the lead force with a 30.7% share of net expenditure. Other partners are Devon and Cornwall (31.8%), Dorset (13.5%), Gloucestershire (12.1%) and Wiltshire (11.9%). The total net cost of the operation, after government grants and sundry income, was £13,358,978 in 2022/2023 (£10,277,501 in 2021/2022).

12.2 Firearms Training

Firearms Training is run in partnership between Avon and Somerset, Gloucestershire and Wiltshire. The split of expenditure between the forces is different for premises and non-premises related costs. The overall percentage allocation for 2022/2023 was 41.8% for Avon and Somerset, 32.7% for Gloucestershire, and 25.5% for Wiltshire. The total cost of the operation was £3,679,798 in 2022/2023 (£3,181,816 in 2021/2022).

12.3 Counter Terrorism Specialist Firearms Officers (CTSFO)

The CTSFO collaboration was set up in April 2017 to provide a resilient and rapidly available specialist firearms capability. The collaboration is between Avon and Somerset (53.6%), Gloucestershire (23.2%) and Wiltshire (23.2%). The total cost of the operation was £1,386,930 in 2022/2023 (£1,095,186 in 2021/2022).

12.4 Major Crime Investigation (Brunel)

This is a collaboration between Avon and Somerset (64%), Gloucestershire (17%) and Wiltshire (19%) for the purposes of providing regional oversight and scrutiny of major incidents. The total cost of the service was £8,668,710 in 2022/2023 (£8,517,449 in 2021/2022).

12.5 South West Forensic Services

South West Forensic Services is a collaboration between Avon and Somerset (36.6%), Devon and Cornwall (30.5%), Dorset (18.7%) and Wiltshire (14.2%) to provide forensic services. The total cost of the operation was £22,812,481 in 2022/2023 (£21,016,000 in 2021/2022).

12.6 South West Region – Special Branch

This is a collaboration to provide Special Branch policing across the South West Region. From April 2022 this became 100% grant funded and moved to be part of Counter Terrorism Policing South West.

12.7 Regional ACC

This post was put in place from May 2016 to oversee the regional collaborations for Forensics, Special Branch, SW ROCU, and CTPSW. The costs are shared between Avon and Somerset (30.7%), Gloucestershire (11.9%), Devon and Cornwall (31.8%), Dorset (13.5%) and Wiltshire (12.1%). The total cost for the ACC was £324,764 in 2022/2023 (£172,085 in 2021/2022).

12.8 Disaster Victim Identification / Casualty Bureau

This is a collaboration between Avon and Somerset (30.7%), Gloucestershire (11.9%), Devon and Cornwall (31.8%), Dorset (13.5%) and Wiltshire (12.1%) to provide two posts to assist with officer deployment across the South West. The total cost of the operation was £75,200 in 2022/2023 (£89,300 in 2021/2022).

12.9 Other Regional Programmes

These are collaborations between Avon and Somerset, Gloucestershire, Devon and Cornwall, Dorset, and Wiltshire covering activities such as the Emergency Services Mobile Communications Programme, shared ways of working for record management systems, and regional governance and oversight of existing collaborations. The percentage split varies between projects. The total cost of all programmes was £1,182,565 in 2022/2023 (£1,063,877 in 2021/2022).

13 Pensions Costs and Liabilities

The full costs of retirement benefits earned by employees during the year are recognised through the comprehensive income and expenditure statement net cost of police services as they are accrued. These 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	
	2021/2022	2022/2023	2021/2022	2022/2023
	£'000	£'000	£'000	£'000
Comprehensive income and expenditure statement				
Cost of services:				
Current service cost	51,604	47,203	127,680	101,916
Administration expenses	208	267	0	0
Past service cost including curtailments	127	97	0	0
Financing and investment income and expenditure:				
Net interest cost	8,809	10,007	77,872	100,980
Total post employment benefits charged to the comprehensive income and expenditure statement	60,748	57,574	205,552	202,896
Other post employment benefits charged to the comprehensive income and expenditure statement				
Return on plan assets	26,150	-22,279	0	0
Changes in demographic assumptions	0	63,726	0	0
Changes in financial assumptions	63,171	419,207	126,996	1,651,214
Experience gain/loss(-) on defined benefit obligations	-1,731	-59,708	-5,891	-224,308
Other actuarial gain/loss(-)	0	-1,131	52,029	52,813
Total other comprehensive income	87,590	399,815	173,134	1,479,719
Movement in reserves statement				
Reversal of net charges made for retirement benefits in accordance with the code	-60,748	-57,574	-205,552	-202,896
Actual amount charged against the general fund balance for pensions in the year	0	0	0	0
Employer's contribution to scheme	17,416	18,396	33,459	43,142
Retirement benefits payable to pensioners	107	104	7,246	6,720

2022 £'000	IAS 19 Pension Liabilities	2023 £'000
-3,931,493	Police officers	-2,611,528
-393,976	Police staff	-33,339
-4,325,469		-2,644,867

14 Pensions for Police Officers

Employee contributions levels are based on percentages of pensionable pay set nationally by the Home Office. From 1 April 2014 contributions increased and officers will pay contributions ranging from 11.00% to 15.05% depending on their pay scale and the scheme they are in. Employer contributions to the Police Officer Pension Scheme are projected at £36,422,000 in financial year 2023/2024.

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.

2021/2022 £'000	Cost of Injury and Ill-Health Benefits - Police Officers	2022/2023 £'000
7,246	Payments to pensioners	6,720

2021/2022 £'000	Pensions Account	2022/2023 £'000
102,332	Benefits paid to officers	105,793
-49,557	Less contributions received from officers	-52,884
52,775	Balance met from PCC Group	52,909

A full valuation of the pension scheme liabilities was undertaken for 31 March 2023. This work was carried out by independent actuaries who have taken account of the requirements of IAS 19 to assess the liabilities of the fund. Liabilities have been calculated by reference to police officers who are members of the fund as well as those who are already receiving pensions. The estimate of the weighted average duration of the scheme's liabilities is 18 years. Using the assumptions detailed in the tables below an estimate of the costs and liabilities associated with police officer's pensions has been made.

Life Expectancy from Age 65 Years		2022/2023	2021/2022
Current pensioners			
	Males	21.2	21.1
	Females	23.5	23.4
Retiring in 20 years			
	Males	22.5	22.4
	Females	25.0	24.9

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

2021/2022 %		2022/2023 %
2.60	Discount rate	4.80
4.30	Rate of increase in salaries	3.90
3.30	Rate of increase in pensions in payment	2.90
3.75	Change in Retail Price Index (RPI)	3.20
3.30	Change in Consumer Price Index (CPI)	2.90

The movement in the present value of scheme liabilities for the year to 31 March 2023 is as follows

2021/2022 £'000	Present Value of Police Pension Scheme Liabilities	2022/2023 £'000
-3,939,780	Present value of schemes liability as at 1 April	-3,931,493
	Movements in the year	
-127,680	Current service cost	-101,916
0	Past service cost	0
107,156	Estimated benefits paid (net of transfers in)	111,341
-14,422	Contributions by scheme participants	-15,386
-77,872	Interest costs	-100,980
126,996	Change in financial assumptions	1,651,214
0	Change in demographic assumptions	0
-5,891	Experience gain/loss on defined benefit obligations	-224,308
-3,931,493	Present value of schemes liability as at 31 March	-2,611,528

The movement in the fair value of scheme assets for the year to 31 March 2023 is as follows

2021/2022 £'000	Fair Value of Police Pensions Scheme Assets	2022/2023 £'000
0	Present value of schemes assets as at 1 April	0
	Movements in the year	
52,029	Other actuarial gain/loss(-)	52,813
40,705	Contributions by employer	36,422
14,422	Contributions by scheme participants	15,386
-107,156	Estimated benefits paid (net of transfers in)	-104,621
0	Present value of schemes assets as at 31 March	0

15 Pensions for Police Staff

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

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

2021/2022		Pension Costs - Police Staff	2022/2023	
Payments	Percentage of		Payments	Percentage of
£'000	Employees' Contributions		£'000	Employees' Contributions
17,478	130-296	PCC's contribution	18,286	130-296

During 2022/2023 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 £18,286,000 in financial year 2022/2023.

Since April 2021 the Constabulary has paid 16.3% of the employee salary in pension contribution (previously 13.2%) for current active members and an annual fixed sum to pay for past service deficit recovery. The fixed sum paid in 2021/2022 was £2,340,000, the amount due in 2022/2023 is £2,420,000.

It should be noted that the actuary has used an estimated value in respect of police staff employers pension contributions in arriving at the calculation of pension costs included in the comprehensive income and expenditure statement as disclosed in note 13.

A full valuation of the pension scheme liabilities was last undertaken as at 31 March 2019. This work has been updated for the 2022/2023 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 21 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		2022/2023	2021/2022
Current pensioners			
	Males	21.4	23.1
	Females	23.2	24.7
Retiring in 20 years			
	Males	22.7	24.4
	Females	24.7	26.1

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

2021/2022		2022/2023
%		%
2.60	Discount rate	4.80
4.15	Rate of increase in salaries	3.90
3.15	Rate of increase in pensions in payment	2.90
3.45	Change in Retail Price Index (RPI)	3.20
3.30	Change in Consumer Price Index (CPI)	2.90

The return on the pension fund assets on a bid value basis for the year to 31 March 2023 is estimated to be 8.39%. The estimated value of the PCC's share of the fund's assets is £487,693,000 on a bid value basis (2021/2022 £488,920,000). The assets are made up of the following

2021/2022		Assets	2022/2023	
£'000	%		£'000	%
		Equities		
0	0.0	UK - Quoted	0 0	0.0 0
0	0.0	Overseas - Quoted	0 0	0.0 0
88,006	18.0	UK - Unquoted	52,671	10.8 0
252,381	51.6	Overseas - Unquoted	292,031	59.9 0
14,641	3.0	Private equity	19,057	3.9 0
355,028	72.6		363,758	74.6
		Gilts - Public Sector		
9,998	2.0	UK fixed interest	8,719	1.8
14,668	3.0	UK index linked	8,719	1.8 0
0	0.0	Overseas index linked	0	0
24,666	5.0		17,437	3.6
		Other Bonds		
33,131	6.8	UK	34,825	7.1
14,178	2.9	Overseas	15,850	3.3
47,309	9.7		50,675	10.4
39,269	8.0	Property	39,130	8.0
22,648	4.7	Cash (invested internally)	16,693	3.4
488,920	100	Total assets	487,693	100

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

2021/2022	Police Staff Pensions	2022/2023
£'000		£'000
488,920	Share of assets in pension fund	487,693
-881,385	Estimated liabilities in pension fund	-519,921
-1,511	Estimated unfunded liabilities	-1,111
-393,976	Deficiency in fund	-33,339

The movement in the present value of schemes obligations for the year 31 March 2023 is as follows

2021/2022 £'000	Present Value of Police Staff Liabilities	2022/2023 £'000
-881,115	Present value of defined obligations as at 1 April	-882,896
	Movements in the year	
-51,604	Current service cost	-47,203
12,390	Estimated benefits paid (net of transfers in)	15,084
-5,989	Contributions by scheme participants	-6,406
-17,998	Interest costs	-22,843
107	Unfunded pension payments	104
63,171	Change in financial assumptions	419,207
0	Change in demographic assumptions	63,726
-1,731	Experience loss(-)/gain on defined benefit obligations	-59,708
-127	Past service cost, including curtailments	-97
-882,896	Present value of defined obligations as at 31 March	-521,032

The movement in the fair value of scheme assets for the year to 31 March 2023 is as follows

2021/2022 £'000	Fair Value of Police Staff Scheme Assets	2022/2023 £'000
442,774	Fair value of scheme assets as at 1 April	488,920
	Movements in the year	
9,189	Interest on assets	12,836
26,150	Return on assets less interest	-22,279
0	Other actuarial gain/loss(-)	-1,131
-208	Administration expenses	-267
17,523	Contributions by employer	18,396
5,989	Contributions by scheme participants	6,406
-12,497	Estimated benefits paid (net of transfers in)	-15,188
488,920	Fair value of scheme assets as at 31 March	487,693

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

16 Payments In Advance

There are no payments in advance in either 2022/2023 or 2021/2022.

17 Creditors

All creditors are accounted for by the PCC. Those which are accounted for within the CC are employees' leave not taken before the year end that can be carried forward into the following financial year, and other employee overtime expenses. Total creditors for 2022/2023 is £12,975,000 (2021/2022 £11,280,000).

18 Short and Long Term Provisions

Short and Long Term Provisions	Balance 1 April 2022 £'000	Reversed Unused £'000	Used in Year £'000	New in Year £'000	Balance 31 March 2023 £'000
Ill-health & termination benefits	1,259	0	-1,259	126	126
Overtime liability	3,195	0	0	804	3,999
	4,454	0	-1,259	930	4,125

The ill health and termination benefits provision of £126,000 is in respect of ill health retirement payments where approval was agreed at 31 March 2023.

The overtime liability provision at 31 March 2023 is in respect of claims for overtime worked in prior years.

19 Contingent Liabilities

We have reviewed the position in respect of contingent liabilities as at 31 March 2023.

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

19.1 McCloud/Sargeant

19.1.1 Impact on Police Officer pension liability

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

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

The remedy will apply to those members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. These members will choose which scheme they are to accrue benefits

in over the remedy period (1 April 2015 to 31 March 2022). From 1 April 2022, everyone is assumed to accrue benefits in the 2015 scheme.

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

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

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

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

19.1.2 Impact on Police Staff pension liability

The Government has confirmed that they expect to have to make an amendment to all public service schemes as a result of the McCloud judgement. Our scheme actuaries have estimated the potential increase in scheme liabilities for Avon & Somerset force to be £5.648m. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2019/2020 accounts. The scheme actuaries do not believe that there are any material differences to the staff pension liability as a result of the Governments final published remedy.

19.1.3 Compensation claims

In addition to the McCloud/Sargeant remedy, claimants have lodged claims for compensation for injury to feelings. Test cases for these claims were heard by the Employment Tribunal in December 2021. Claims for financial losses for the Leigh day claims have been settled by Government during 2021/22 therefore the provision that was held at 31 March 2021 was released in 2021/22. However, there are a series of claims brought by the Police Federation that are still to be considered but as they are similar in nature to the Leigh Day claims a precedent may already have been set. There is a potential risk that the Police Federation claims will not be settled by Government and the extent or likelihood of any further settlement is not possible to reliably estimate, so a contingent liability has been recognised.

19.2 Other Pension Cases

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

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

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

Office of the Chief Constable for Avon & Somerset

Avon & Somerset Police Officers Pension Fund Account Statements

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

This note provides a more detailed breakdown of the figures shown in note 14 of the accounts.

2021/2022 £'000	Police Officers Pension Fund Account	2022/2023 £'000
	Contributions receivable	
	Employers contributions:	
-33,459	Normal 31% contributions	-35,930
-811	Ill health/early retirements	-925
-34,270		-36,855
	Employee contributions	
-881	1987 Police Pension Scheme	-11
-40	2006 Police Pension Scheme	-1
-13,501	CARE Police Pension Scheme	-15,374
-14,422		-15,386
-864	Transfers in from other schemes	-643
	Benefits payable	
85,395	Pensions	89,100
15,779	Commutations and lump sum retirement benefits	15,893
101,174		104,993
	Payments to and on account of leavers	
139	Refund of contributions	170
1	Transfers out to other schemes	101
1,017	Other	529
1,157		800
52,775	Net amount payable for the year	52,909
0	Additional contribution from the local policing body	0
-52,775	Transfer from Police Fund to meet deficit	-52,909
0	Net amount payable/receivable for the year	0

This note shows the pension fund account assets and liabilities as at 31 March 2023.

31 March 2022 £'000	Pension Fund Net Assets	31 March 2023 £'000
	Current assets	
0	Amounts due from Central Government	0
	Current liabilities	
0	Amounts owing to pensioners	0
<hr/>		<hr/>
0	Net assets	0
<hr/>		<hr/>

Glossary of Terms

Term	Definition
ACC	Assistant Chief Constable
Accounting policies	These are a set of rules and codes of practice we use when preparing the accounts.
ASPIRE	Internal Avon and Somerset development programme
Balance Sheet	This represents our overall financial position as at 31 March.
Capital programme	This is a list of projects for buying or improving fixed assets.
Cash flow statement	Summarises the income and outgoings of cash during the financial year
CC	Chief Constable
CFO	Chief Financial Officer
CIPFA	Chartered Institute of Public Finance and Accountancy
CMB	Constabulary Management Board
Comprehensive income and expenditure statement	Summarises the income and expenditure during the financial year within the PCC's statement of accounts.
Contingent liabilities	A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
Creditors	Amounts which are owed to others.
CSB	Constabulary Strategy Board
CTSFO	Counter Terrorism Specialist Firearms Officers
Current service cost	The value of projected retirement benefits earned by pension scheme members in the current financial year.
DARA	Domestic Abuse Risk Assessment
DASH	Domestic Abuse Stalking & Harrassment
Debtors	Amounts which are due from others.
The Drive Project	The Drive Project challenges and supports high-harm, high-risk perpetrators to change whilst working closely with partner agencies – like the police and social services – to manage risk and disrupt abuse.
Expenditure and funding analysis	This shows the performance reported and the adjustments made to reconcile to the comprehensive income and expenditure statement.
Financial instruments	Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial year	Refers to the period covered by the accounts and runs from 1 April to 31 March.
FRS	Financial Reporting Standards. Standards of accounting practice to be adopted to ensure that accounts provide a true and fair view.
GAAP	Generally Accepted Accounting Principles. These refer to the standard framework of guidelines for financial accounting used in any given jurisdiction and generally known as accounting standards.
GSC	Government Security Classification

Term	Definition
HMICFRS	Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services
HMICFRS PEEL	The HMICFRS PEEL assessment stands for Police Effectiveness, Efficiency and Legitimacy.
IAS	International Accounting Standard. An international accounting standard to help harmonise company financial information across international borders. Subsequently superseded by International Financial Reporting Standards (IFRS).
IFRS	International Financial Reporting Standards. A set of international accounting and reporting standards that will help to harmonise company financial information across international borders.
ILM	Institute of Leadership and Management
IOPC	Independent Office for Police Conduct
IPR	Individual Performance Review
IPSAS	International Public Sector Accounting Standards
I&E	Income and Expenditure Account
JAC	Joint Audit Committee
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
Movement in reserves statement	Summarises the movement in the reserves of the OCC during the financial year.
MTFP	Medium Term Financial Plan
OCC	Office of the Chief Constable
PCB	Police and Crime Board
PCC	Police and Crime Commissioner for Avon and Somerset
PCC Group	The term PCC Group refers to the Police and Crime Commissioner (PCC) for Avon and Somerset and the office of the Chief Constable (OCC).
PCSO	Police community support officer
PFI	Private Finance Initiative
Police pension top-up grant	The OCC operates a Pension Fund, which is balanced to nil at the end of the year. The PCC receives a top-up grant from the Home Office equal to this deficit to balance the fund.
Police revenue grant	The revenue grant is provided by the Home Office as part of the funding required by an authority to finance a budget in line with the Governments assessment. The balance of funding is from business rates, revenue support grant and council tax.
Precept	The amount of council tax collected on the PCC's behalf by local billing authorities.
Prepayment	A payment in advance for goods or services.
Provision	This is the money we keep to pay for known future costs.
Receipt in advance	Income received in advance of the financial year in which the services will be provided.
Seconded officers	These are police officers and staff who, for agreed periods, temporarily work for other organisations. Their salaries and expenses are shown as expenditure and the money the organisation pays us for their placements is shown as income.

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