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Date : 12th December 2023

To: ALL MEMBERS OF THE JOINT AUDIT COMMITTEE

- i. David Daw, Zoe Rice, Martin Speller **Chair TBC**
- ii. Chief Constable ("CC"), CFO for CC and Relevant Officers
- iii. The Police & Crime Commissioner ("PCC")
- iv. The CFO and CEO for the PCC
- v. External and Internal Auditors

Dear Member

NOTICE OF MEETING

You are invited to a meeting of the **Joint Audit Committee** to be held virtually **via Teams** at **11:00** on **20th December 2023**. Please note that there will be a 30 minute lunch break at 12:40.

The agenda for the meeting is set out overleaf.

Yours sincerely

Alaina Davies
Office of the Police and Crime Commissioner

INFORMATION ABOUT THIS MEETING

(i) Car Parking Provision

N/A – meeting being held via Teams

(ii) Wheelchair Access

N/A – meeting being held via Teams

(iii) Emergency Evacuation Procedure

N/A – meeting being held via Teams

(iv) If you have any questions about this meeting, require special facilities to enable you to attend. If you wish to inspect Minutes, reports, or a list of the background papers relating to any item on this agenda, please contact:

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(v) REPORT NUMBERS CORRESPOND TO AGENDA NUMBER

AGENDA

21st June 2023, 11:00 – 15:30

Lunch break 12:40 – 13:10

Timings are listed below as a rough guide only

- 1. Apologies for Absence**
- 2. Emergency Evacuation Procedure**
The emergency evacuation procedure for each call participant will be left for them to determine.
- 3. Declarations of Gifts/Offers of Hospitality**
To remind Members of the need to record any personal interests or any **prejudicial interest** relating to the agenda and disclose any relevant receipt of offering of gifts or hospitality
- 4. Public Access**
(maximum time allocated for this item is 30 minutes)

Any member of the public wanting to attend a JAC meeting must submit a written application and secure written agreement of the JAC Chair.

Statements and/or intentions to attend must be received no later than 12.00 noon on the working day prior to the meeting and should be emailed to JAC@avonandsomerset.pnn.police.uk

The JAC Chair reserves the right to refuse or suspend access if there is any security risk to the public or a member of the public's behaviour is disruptive in any manner. A member of the public may only address the meeting, for a maximum of five minutes, where a statement has been previously provided to the JAC Chair and prior sanction has been granted.

- 5. Minutes of the Joint Audit Committee Meeting held on 21st June 2023 (Report 5) 11:00**
- 6. September 2023 Joint Audit Committee Papers Questions and Answers (Report 6) 11:10**
- 7. Office of the Police and Crime Commissioner Strategic Risk Register (Report 7) 11:20**
- 8. Constabulary Strategic Risk Register (Report 8) 11:35**
- 9. External Audit (Report 9) 11:50**
 - a) Joint Audit Findings Report**
 - b) Interim Auditors Annual Report**
- 10. Annual Accounts and Governance Statement (Report 10) 12:20 (lunch break at 12:40)**

11. **Business from the JAC (Report 11) 13:10**
 - a) JAC Recruitment (Verbal Update)
 - b) Governance and Scrutiny Board (Verbal Update)
 - c) Update on IOPC Investigations (Verbal Update)

12. **Internal Audit (Report 12): 13:30**
 - a) SWAP Quarterly Update
 - b) 2024/25 Quarter 1 and 2 Proposals
 - c) Corporate Performance Management

Part 2

Items for consideration without the press and public present

13. **Exempt Minutes of the Joint Audit Committee Meeting held on 21st June 2023 (Report 13) 14:00**

14. **Exempt September 2023 Joint Audit Committee Papers Questions and Answers (Report 14) 14:05**

15. **Internal Audit (Report 15): 14:10**
 - a) South West Forensics Digital Forensics Outsourcing
 - b) Governance of the South West Regional Organised Crime Unit (ROCU)

MINUTES OF THE JOINT AUDIT COMMITTEE (JAC) MEETING HELD ON WEDNESDAY 21ST JUNE 2023 AT 11:00. MEETING HELD VIA TEAMS.

Members in Attendance

Jude Ferguson (Chair)
Martin Speller
David Daw
Zoe Rice

Officers of the Constabulary in Attendance

Nikki Watson, Deputy Chief Constable
Will White, Assistant Chief Constable
Nick Adams, Constabulary CFO
Louise Hutchison, Chief Officer – People and Organisational Development
James Davis, Delivery Manager – Portfolio (part of meeting)
Jacquita Mead, HR Business Partner – OD (part of meeting)

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

Alice Ripley, OPCC Chief of Staff
Paul Butler, OPCC CFO
Ben Valentine, OPCC Senior Performance and Governance Manager
Alaina Davies, OPCC Finance and Commissioning Manager

Also in Attendance

Mark Shelford, Police and Crime Commissioner
Charlotte Wilson, SWAP
Jackson Murray, Grant Thornton

13. Apologies for Absence

Sarah Crew, Chief Constable
Juber Rahman, SWAP
Gail Turner-Radcliffe, Grant Thornton

14. Emergency Evacuation Procedure

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

15. Declarations of Interest / Gifts / Offers of Hospitality

None.

16. Public Access

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

17. Minutes of the Joint Audit Committee Meeting held on 15th March 2023(Report 5)

RESOLVED THAT the minutes of the meeting held on 15th March 2023 were confirmed as a correct record and will be signed by the Chair:

Action update:

Minute 23a Meeting with JAC Members to review the contents and training updates for the JAC Annual Report has taken place. The JAC Annual Report is on item 10d on the agenda for this meeting. **Close Action**

Minute 34 (ii) The final revised version of the updated Joint Scheme of Governance has been signed off and will be published on the PCC's website. The link to the updated document will be shared with JAC Members. **Close Action**

Minute 6 The new performance dashboard has been shared with JAC Members. **Close Action**

Minute 7 Following on from a presentation Members received around the use of Qlik Members asked for consideration be given to the best way of briefing Members on emerging and escalating risks. This action has been reviewed and discussed further. The OPCC CFO and OCC CFO are confident that this action is covered in the existing processes and picked up as part of the Strategic Risk Register which is presented at the Joint Audit Committee. **Close Action**

Minute 8b A link to the process for Misconduct Hearings has been published on the PCC's website to help increase public awareness. **Close Action**

Minute 9a The Internal Auditors have confirmed that they have added workforce planning, information governance and security of the estate, and tutoring to the Internal Audit pipeline for consideration as part of the Q3-4 planning. **Close Action**

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

Strategic Risk (SR) 1 – Governance Failure

A new dashboard discussed at the Governance and Scrutiny Board provides better oversight. This dashboard will be developed further for future meetings.

It was noted that the Joint Scheme of Governance has been updated and signed off. A more in-depth review is being done in conjunction with APACE to look at modelling a national scheme. The OPCC has commissioned its own review to ensure a more functional document which is more attuned to current ways of working between the two organisations.

SR3 – Finance incapability or ineffectiveness

The Strategic Planning Meeting was held last week over two days with a large focus on delivering savings plans.

It was noted that page 20 of the Joint Audit Committee papers, which talks about pay increases of 5.4% in 2023/24 under the Commentary/controls updates – key assumptions for revenue expenditure, was incorrect and should read as 3% pay increase for 2023/24.

The JAC have had many discussions around the economic position and risks. There are significant gaps across the Medium Term Financial Plan (MTFP) period and there are savings plans in place to mitigate this. The OPCC is comfortable that the savings plans already progressing will mean that the reserves set aside to balance the budget in 2023/24 will not be required.

SR4 – Failure to engage with the public and other stakeholders and SR5 – Lack of public confidence in or awareness of OPCC

The new Community Engagement and Stakeholder Manager is now in post and the postholder brings a broad range of experience to the role. Recruitment is live for an Apprenticeship role which will have a heavy focus on youth engagement. Plans for PCC Roadshows to commence in the summer are underway.

SR6 – Lack of capacity, capability, or poor wellbeing within the OPCC

The new Scrutiny and Assurance Manager is now in post which will alleviate pressure in the Performance and Accountability Directorate. This directorate has been struggling with capacity and as such were unable to support two of the independent panels taking place in June – Members were assured that these will resume again in the next quarter with meetings scheduled in September.

SR7 – Failure to deliver commissioned services

The unmitigated risk score has increased, whilst the mitigated score has remained stable due to the work of the team in mitigating the risks in this area of business. Work has begun on the recommissioning of core victims services well in advance of current contracts coming to an end.

SR8 – Failure to deliver effective and efficient collaborations with other forces

It was noted that there has been a change in governance of South West collaborations with the operational board being split into two to provide a tighter oversight. A review of South West forensics to look at the scope of the collaboration and appropriateness of it going forward is being completed and an update on the options is being given at the strategic meeting tomorrow.

19. Constabulary Strategic Risk Register (Report 7)

An update was given on the key risk management headlines and the 7 corporate risks. It has been agreed that Corporate Risk 7 – Confidence & Legitimacy would be added (this is currently draft). It was noted that around 180 organisational risks sit under the 7 corporate risks. The Governance and Risk Manager role is currently vacant and until the Constabulary are able to recruit a replacement the Delivery Manager – Portfolio will provide updates to the Joint Audit Committee.

Corporate Risk 1 – Finance

Lots of activity ongoing to develop the strategic 5 year plan. The OCC CFO highlighted the year 1 saving identified of £3.2m against pay with additional savings also identified against non-pay. 216 of the 250 headcount of pay savings target have already been identified. The targeted headcount savings will provide £9.5m of recurring savings. Avon and Somerset are also leading the challenge and helping to coordinate the effort to identify any savings that can be made against regional collaborations.

Corporate Risk 2 – Service Delivery

Included in the narrative the framework of activity around existing projects and reflected the forward plan e.g. Operation HIBISCUS (summer demand), quarterly publication of the Specified Information Order and HMICFRS Police Effectiveness, Efficiency and Legitimacy PEEL inspection assessment gradings. The Constabulary highlighted discovery projects around core demand and first point of contact.

Corporate Risk 3 – People

A lot of activity is underway including the journey to becoming a Trauma Informed organisation, new leadership academy offering for line managers, review of Occupation Health, evaluation work and review of the National Equality Standard.

Corporate Risk 4 – Assets

The annual sustainability report has been produced and an update on estates projects was given.

Corporate Risk 5 – Information Governance, Data and Digital

Progress is being made around the new information governance roles. Work around the digital roadmap is developing. The Organisational risk appetite work and approach is still outstanding.

Corporate Risk 6 – Governance

The Leapwise recommendations are largely complete. The Annual Governance Statement 2023 was completed a couple of weeks ago. The increased capacity following the appointment of another Assistant Chief Constable (ACC) was highlighted.

Corporate Risk 7 – Confidence & Legitimacy (DRAFT)

Meeting with the Deputy Chief Constable (DCC) a couple of weeks ago to discuss this risk which need to be further refined. Includes activity around Violence Against Women and Girls (VAWG), Right Person and Right Care etc. The process for applying the risk scoring was discussed and whether the risk should be higher. The scoring is based on conversations around the mitigating work being done and professional judgement – the Constabulary assured Members that they are confident in the score at the moment.

With the reduction in public confidence Members asked how Avon and Somerset compares to other areas and when the Constabulary are expecting to see an increase in public confidence. During Covid the national confidence survey was paused and hasn't started again yet which makes it difficult to make comparisons, however the DCC is aware from conversations with other areas that they are all seeing a decline in public confidence. Timescales for seeing local improvements in public confidence figures are difficult to give as this is often affected by national incidents. The Constabulary reported that it is doing everything it can to understand what affects public confidence and make improvements.

Members found the summary provided at the meeting helpful and would welcome similar updates going forward. Members asked if the format of the reporting could be amended so the Heatmap is the starting point.

RESOLVED THAT the format of the report should be amended going forward as discussed at the meeting. The Heatmap would be a helpful starting point.

20. Annual Accounts and Governance Statement (Report 8):

The JAC Chair thanked the team for all of the work that has gone into preparing the draft accounts and the JAC acknowledge the amount of pressure on the team to achieve this at the same time as preparing for the new ERP system.

a) Informing Risk Assessment

Members have been provided with the questions that have been asked by the external auditors and the responses from Avon and Somerset Police. It is good practice for these documents to come before the Joint Audit Committee to ensure that they have reviewed them and can flag if any of the responses don't match with their understanding of the organisation. Members requested that the wording of the agenda be amended to more accurately reflect the reason for it being on the agenda.

RESOLVED THAT

- i. The agenda will be amended to better reflect the reason for the Informing Risk Assessment agenda item having been added; and
- ii. Members will feedback, as requested, if any of the responses provided by the police do not match their understanding of the organisation. Any feedback should be submitted by the same deadline as questions regarding the draft accounts are due.

b) Draft Annual Accounts and Governance Statement

The presentation and content of the draft accounts is consistent with previous years – IFRS16 (leases) is the most significant change on the horizon to note for the future. The accounts have been prepared on a going concerns basis as explained in the statement of accounts.

The OCC CFO made Members aware of a change this year in the way the self insurance provision is accounted for (£8.1m is set aside for claims against the PCC or Chief Constable which fall below insurance excess). The fund is reviewed annually by an external expert and then a 20% buffer added – this year both CFOs have agreed to use their discretion and not include the 20% buffer which has been included in previous year.

The revenue outturn position was £3.7m underspent which has been fully accounted for. The £1.8m increase in provisions and £1.4m increase in capital finance reserves was highlighted. The full outturn report was discussed at the Constabulary Management Board (CMB) and Governance and Scrutiny Board (GSB) in June – the full report is available to view on the PCC's website as part of the GSB papers. The range of initiatives that went into the capital spend which includes fleet, IT infrastructure and hardware replacement were highlighted. The breakdown of the use of reserves was noted.

The pensions liability figure was discussed and it was noted that the police officer pension liability is underwritten by the Home Office, apart from a small element Avon and Somerset are liable for which relates to injury awards. Technically the Chief Constable is the Scheme Manager and so this must be accounted for locally.

c) Joint Audit Committee Member Questions and Answers

Joint Audit Committee Members will now review the draft accounts and submit questions. The Questions and Answers document will be published in the papers for the next meeting of the Joint Audit Committee in September. The OCC CFO will provide the template for questions to be submitted and advise Members on the deadline for submitting questions (likely to be mid-July). Members agreed that they would reference page numbers from the statement of accounts when submitting questions rather than the page numbers from the Joint Audit Committee papers.

RESOLVED THAT

- i. The OCC CFO will provide the template for Members to submit their questions regarding the draft accounts and will advise on the deadline to submit questions as soon as possible; and
- ii. Members will submit questions on the draft accounts by the date advised by the OCC CFO.

21. External Audit (Report 9):

a) Progress Report

The report highlights the responsibilities and 2022/23 deliverables. The final 2021/22 audit fees are broken down and it was noted that the fee variations which need to be agreed by the PSAA were done in two tranches – the VFM and property valuation fee variations are yet to be signed off by PSAA as they were only submitted this month. Sector updates are also included in the report and much of these have already been discussed with JAC. The final two pages of the report focus on the delayed publication of audited local authority accounts (which includes police) and the national context for production of the accounts.

Members asked what external audit is doing to address the issues regarding timeliness of publishing audited accounts. Staffing capacity due to the low number of experienced and qualified auditors was highlighted – recruitment has been a challenge. Auditors are having to look worldwide for recruitment but this brings challenges in terms of vetting requirements for police audits due to not having lived in the UK. Investment in new accountants is also something that is being done to increase the numbers in the longer term but the challenge there is retaining them. There are wider scale national conversations underway around the audit work required on pensions, land and buildings which might bring improvements in the longer term.

The draft Statement of accounts were due for publication by the end of May 2023 but were published last week. Audit work will begin in September.

b) Joint Audit Plan

The new financial ledger going live in April 2024 will have an impact on the audit given the significant amount of work that this will entail from finance colleagues to ensure the new ERP system is ready. The need to prioritise the work on the ERP over the audit was discussed at the last Joint Audit Committee meeting and external auditors understand that this is business critical. Audit work is due to begin in September and both CFOs are keen that it begins as soon as possible so that as much of the work can be done as possible by the end of September before colleagues will have to shift the focus to ERP. The Audit Findings Report was due at the end of September but the timeline at page 261 of the papers pushes this back to December. Members raised concerns regarding the audit timing and the need to prioritise work on ERP and asked if the audit could begin earlier – this is not possible as the external audit team is still dealing with outstanding work from the previous year.

The OCC CFO outlined the reasons for the delay on publishing the draft accounts. The Finance Team were in ERP workshops during April to agree the design for sign off as well as managing work on the year-end accounts. The Constabulary also took on board previous feedback from the external auditors, regarding the use of the actuaries figure from the end of February which has led to material changes in the past, and waited for the actuaries figure from the end of March which didn't arrive until the start of June (which

was an £8m difference in liability) and paused to make this change to the draft accounts before publication. It was noted that timescales for the work are not always within the control of the Constabulary as they are also relying on information from outside experts. The Constabulary is concerned about the timing of the audit being September as they will be moving into the user acceptance testing phase of the new ERP in October – communication with the external auditors will continue and all information will be made available to them well in advance of the start of the audit.

Key areas of risk and the audit fees in the report were highlighted. A couple of changes were also noted: the materiality level has slightly increased to £9.4m; and ISA 315 (IT) enhanced requirements.

22. Business from the Chair (Report 10):

a) JAC Chair Recruitment

This discussion was moved to Part 2 – Exempt section of the agenda.

b) Governance and Scrutiny Board (GSB) Update

Members have received the minutes of the GSB meetings held on 7th March 2023, 11th April 2023 and 17th May 2023. The OPCC CFO explained that the GSB has been split into two sections (Governance and Scrutiny) to help manage the agenda. A summary of the discussions at the GSB on 13th June 2023 was given:

- 2022/23 financial outturn report presented and discussed.
- Treasury Management Outturn Report was presented and discussed.
- Proceeds of Crime Revenue Report presented and discussed – issues around retention of staff were discussed.
- Asset sustainability plans were discussed.
- The update from the Chief Constable focussed on public trust and confidence; Mental Health Right Care and Right Person discussions; and summer demand.
- Key risks and issues were discussed – CID recruitment was highlighted.
- An update was given on the Tackling Disproportionality work.
- Performance against the Police and Crime plan was discussed.
- An update on workforce representation was given.
- The PEEL inspection results were discussed.

Mental Health Right Care, Right Person Discussion

Members raised the national conversations around Mental Health Right Care, Right Person and sought assurance regarding the approach being taken locally by Avon and Somerset Police. The PCC was very clear that partners will not be abandoned by the police and the plan locally is to work with partner organisations to find the best and most effective way forward. This is not a new approach for Avon and Somerset with the example of Mental Health Triage Nurses having been introduced and shown to be effective. The amount

of time police officers spend with people suffering from Mental Health difficulties must reduce as it is recognised that this is not a good use of police time – the relevant professionals with the appropriate skills should be dealing.

The Constabulary awaits the national programme around this looking at processes and structures – discussion are ongoing with partners at government departmental level. The Constabulary have just completed a discovery stage around Mental Health demand as an evidence base to engage with partners while the national work is awaited.

A Member of the OPCC reported that a visit to Humberside Police showed public support for steps being taken and understanding that it isn't appropriate for police to attend certain mental health incidents – Humberside have showed what investment had been made in policing with the time saved from not attending incidents where they are not the correct professionals. Members raised concerns about the increasing number of Mental Health issues at a time of stagnant budgets.

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

There are currently 20 live investigations with the IOPC which involves 34 officers and members of staff. The oldest investigation dates back to September 2020. Investigations are around alleged corruption, delay in or non-police actions where serious death or injury occurred (3 of these relates to young persons missing persons reports), excessive use of force, assault, specific action where death occurred and 2 hearings are due shortly regarding inappropriate use of Whatsapp and Police Perpetrated Domestic Abuse.

d) Joint Audit Committee Annual Report

Members have reviewed the Joint Audit Committee Annual Report and agree the report is final.

23. Internal Audit Reports (Report 11):

a) Internal Audit Annual Opinion and Report 2022/23

A reasonable assurance opinion has been given as outlined in the report and is a balanced reflection rather than being based on a particular point in time. The performance outturn is reported at page 288 of the papers and it was noted that the 5% outstanding relates to regional audits.

b) SWAP Quarterly Update

A good start has been made. Scoping has begun on two of the quarter 2 audits. The Technical and Digital audit has been pushed back to quarter 4 due to capacity issues within the Constabulary. The quarter 3 proposed plan will be submitted to the next meeting of the Joint Audit Committee in September.

Members and CFOs raised concerns regarding the timeliness of internal audit reports for Joint Audit Committee, particularly as the proposed plan for quarter 3 and 4 is not going to be presented to JAC until the next meeting in September when quarter 3 will already be underway. As soon as the first 6 month plan is agreed Members would like the next 6 month plan to be considered.

The OCC CFO acknowledges the reasons for the delay in the Technology and Digital audit but would like the scope agreed as soon as possible to ensure the right people are assigned with plenty of notice to avoid further delays.

c) Wellbeing Audit

The wellbeing audit looked at the effectiveness of the Force's arrangements to manage officer and staff wellbeing and that a consistent organisational approach is being applied to the promotion and safeguarding of the wellbeing of employees. A reasonable assurance opinion was given and no actions were raised. The internal audit showed that it is clear that Avon and Somerset Constabulary recognise the importance of health and wellbeing but have identified where there are areas for improvement and have plans in place to address these.

The work being undertaken to become a trauma informed organisation was discussed and other plans for improvement.

Members queried what the difference is between Primary and Secondary support mentioned in the report. Primary support is what individuals can access and do themselves to manage their wellbeing e.g. My Health Advantage App. Secondary support relates to support from line managers, peers and networks. It was noted that a bite size and easy to access training module for managers on Mental Health awareness has been added to the leadership academy. Professional support is for when Primary and Secondary support have already been tried – it was noted that the Occupational Health Service is being reviewed to ensure it is fit for purpose. Need to ensure the right support is available at the right time from the right people.

Members discussed how data can be used to proactively inform activity. Discussed the potential to do regular Pulse surveys, as was done during Covid restrictions, but this needs to be balanced with not overloading staff with too many survey requests.

Getting the data has been challenging but the next step is to analyse the data and identify any areas of disproportionality and look at the reasons behind this. The wellbeing results in the staff survey are reviewed and local directorate plans will be key to addressing issues raised.

Part 2

Items for consideration without the press and public present

- 24. Exempt Minutes of the Joint Audit Committee Meeting held on 15th March 2023 (Report 12)**

SEE EXEMPT MINUTES

- 25. JAC Chair Recruitment (Report 10a)**

SEE EXEMPT MINUTES

The meeting concluded at 14:00

CHAIR

ACTION SHEET

MINUTE NUMBER	ACTION NEEDED	RESPONSIBLE MEMBER/ OFFICER	DATE DUE
Minute 11 Audit Progress Review 15th March 2023	<p>A brief explanation on the reasoning be provided when a revised deadline for a recommendation has been set.</p>	<p>Constabulary Inspection and Audit Lead</p>	<p>20th September 2023</p>
Minute 19 Constabulary Strategic Risk Register 21st June 2023	<p>The format of the report should be amended going forward as discussed at the meeting. The Heatmap would be a helpful starting point.</p>	<p>Delivery Manager – Portfolio</p>	<p>20th September 2023</p>
Minute 20a (i) Informing Risk Assessment 21st June 2023	<p>The JAC agenda will be amended to better reflect the reason for the Informing Risk Assessment agenda item having been added.</p>	<p>OPCC Finance and Commissioning Manager</p>	<p>Immediate</p>
Minute 20a (ii) Informing Risk Assessment 21st June 2023	<p>Members will feedback, as requested, if any of the responses provided by the police do not match their understanding of the organisation. Any feedback should be submitted by the same deadline as questions regarding the draft accounts are due.</p>	<p>JAC Members</p>	<p>TBC (Mid-July)</p>
Minute 20c (i) Joint Audit Committee Questions and Answers 21st June 2023	<p>The OCC CFO will provide the template for Members to submit their questions regarding the draft accounts.</p>	<p>OCC CFO</p>	<p>Immediate</p>
Minute 20c (ii) Joint Audit Committee Questions and Answers 21st June 2023	<p>Members will submit questions on the draft accounts by the date advised by the OCC CFO.</p>	<p>JAC Members</p>	<p>TBC (Mid-July)</p>

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Item 6

September 2023 Joint Audit Committee (JAC) Questions and Answers – FINAL

Item	Question/Comment	Auditor/ASC/OPCC Response
1. Office of the Police and Crime Commissioner (OPCC) Strategic Risk Register	This paper would benefit from an executive summary page similar to the Constabulary report. Without this it is hard to see the change in risks and where the OPCC is concerned/focussed.	Cover paper is always circulated with SRR – as it was this time – the cover paper highlights significant changes.
	SR 1 Please can we have an update on JAC member recruitment and an explanation of why this isn't progressing?	The recruitment has been delayed due to capacity issues and the time taken to review the direction of travel. The intention remains to have members in post for the December committee.
	SR 1 The commentary doesn't reflect the current issues with JAC chair and membership and as with Constabulary report I don't believe the risk assessment is correct as a result.	We can update the commentary to give the current position but I do not believe the current issues with the JAC would increase the overall risk of a Governance failure.
	SR 4 Worrying that this risk has no effective mitigation i.e. the unmitigated and mitigated risk scores are the same. Seems a highly unsatisfactory situation given the purpose of OPCC. What are the key actions to address this and when does OPCC expect these to have an impact?	There is action being taken against this risk; however the Committee's question highlights the breadth of the risk as defined. OPCC will review this ahead of the next JAC meeting, with a view to clarifying the key risk, mitigations and impact.
	SR 8 Follow up to question below – what is OPCC considering to help change this dynamic between forces?	<i>See below response</i>
	Please could we have an update on the recruitment of the new JAC members? We understood the adverts for additional members would be published by 1st September, however to date, we haven't seen this on the OPCC website.	See above response.
	SR1. The recruitment of additional JAC members has stalled. It is nearly 9 months since the recruitment of either a chair or two new members should have begun and concluded.	See response above.

Item	Question/Comment	Auditor/ASC/OPCC Response
	SR2. The risk of failing to deliver the Police and Crime Plan has as much to do with 'joined up justice' as it does with the explanatory notes made under each of the sections (cause, impact, controls, commentary / controls) yet there is no mention of the Criminal Justice Board as means of delivering justice?	<p>'Joined up justice' is important but delivery of the Police & Crime Plan is primarily about the police as this is where 98% of the PCC's budget goes and where the PCC has more defined statutory powers and responsibilities.</p> <p>The SRR does cite the "lack of control/influence over partnership agencies e.g. CJS." The Local Criminal Justice Board is also cited against the partnership risk (SR9) as this is where it is most relevant.</p>
	SR4. There has been some mention recently about recruiting a person to act as an engagement facilitator. Where has that got to?	<p>The Community Engagement & Stakeholder Manager started in June 2023.</p> <p>A Comms & Youth Engagement Apprentice started in September 2023.</p>
	SR6. What capacity does the OPCC expect to claw back with the appointment of a VRP and SPEM to new roles?	<p>Within the Policy, Partnerships & Commissioning Directorate a Senior Manager and a Manager (2 FTE funded out of core budget) have spent an increasing amount of their time on the VRP, with demand currently taking up the majority of their time. The two new VRP roles (funded by the VRP) will take that work away from the core team who can then focus on other work.</p> <p>In short: the equivalent of 1.5-2 FTE.</p>
	SR7. What does the reduction in funding represent in terms of a % loss of revenue /income?	The rape support fund for A&S has decreased by approximately 22% in annual funding compared to 2022/23.

Item	Question/Comment	Auditor/ASC/OPCC Response
	<p>SR8. Quote..."Tension between local forces and collaborations in terms of competing interests and lack of uniformity of people and processes". This is a sad reflection of Policing - why should this be the case?</p>	<p>This is somewhat inevitable given that PCCs and CCs are accountable to local communities and the needs of one police area will differ from the needs of another (as recognised and intended with the 43 force model).</p> <p>The "competing interests" point has been more of an issue in the past but the current SW PCCs have better and more collaborative relationships as is evidenced through Op Scorpion.</p> <p>In terms of people and processes this is a national problem and has been flagged as such by HMICFRS.</p>
	<p>Any Suggested Actions:</p> <p>1. SR1. The JAC should be advised of what next and given some positive indication as to the realisable next steps.</p> <p>2. SR2. The register should recognise the CJB dimension and capacity for delivering justice; it is the pivot that could and should deliver joined up justice</p>	<p>See response above to questions above.</p>
<p>2. Constabulary Strategic Risk Register</p>	<p>Governance risk – I don't think it is accurate to say this is being managed given the situation with JAC chair and membership.</p>	<p>The Governance Risk on the Corporate Risk Register relates specifically to the Constabulary Governance Framework and the constituent meetings and elements which excludes any considerations relating to the Joint Audit Committee.</p>
	<p>Culture Discovery Project. Good to hear about this approach. Would be interested to hear more about this as part of a future JAC members briefing.</p>	<p>Noted for the forward plan.</p>
	<p>PR000735. The narrative associated with this Corporate Risk URN is cogent and compelling. The strategic approach is well articulated and the reader is left with confidence that the Constabulary understands the needs of managing financial risk against the headwinds of continued uncertainty and tougher financial conditions. No questions here.</p>	<p>No response required.</p>

Item	Question/Comment	Auditor/ASC/OPCC Response
	<p>PR000736. The narrative associated with this Corporate Risk URN is 'detail rich'; that said it is comprehensive and tells a full story. It is a frightening and telling statistic that 73% calls for for service relates to non crime incidents and 62% of Police time on scene relates to ditto. A Strategic Risk Register needs to get decision makers to focus on the immediate priorities and those need timely intervention. This can be achieved with the discipline of a brief executive summary (see suggested action).</p>	<p>PR736 (along with all Corporate Risks) are reviewed quarterly in detail to ensure mitigations are refreshed and prevent layering of previous updates. PR736 relates to Service Delivery and risks here can be nuanced in relation to the range of areas that could be considered therefore priority areas from the Performance Control Strategy are highlighted. Noted the request for additional brevity / clarity / summarising for future iterations.</p>
	<p>PR000737. The narrative associated with this Corporate Risk UIN represents a challenging storyboard. The single cause undermining the good work that the Constabulary is doing to build 'personnel capital' is the almost relentless adverse publicity associated with unacceptable conduct by officers of the Crown. The 'broad brush' effect of serious misconduct by a few is so damaging to the many. It is not hard to see how much this strategic risk will continue to give rise for real concern unless the public at large can see that the Constabulary represents a model organisation whose ethics and plurality are beyond reproach.</p>	<p>No response required.</p>
	<p>PR000738. The narrative associated with this Corporate Risk UIN tells a story that highlights the challenges the Constabulary face; mostly aligned to the failure of industry and suppliers to fulfil their undertakings. On the basis of that evidence the problem seems to be with us for the foreseeable future. The mitigation appears proportionate and sensible</p>	<p>No response required.</p>
	<p>PR000739. Noted.</p>	<p>No response required.</p>
	<p>PR000740. Noted and in particular the on going work to formulate a refreshed Governance model that better defines the CC and OPCC interfaces, areas of primacy and delegations.</p>	<p>For information, recent meeting between Constabulary and OPCC to review the revised Constabulary Governance Framework and ensure appropriate OPCC attendance at meetings in line with annual review of meeting Terms of Reference.</p>

Item	Question/Comment	Auditor/ASC/OPCC Response
	<p>PR001436. Noted. Given that the reports on Misconduct and the Final Review were published in October 2022 and March 2023 there is more to be done within the canopy of this Strategic Risk. Accordingly the narrative effectively represents work in progress.</p>	No response required.
	<p>Any Suggested Action:</p> <p>PR000736. This Corporate Risk would benefit from a glossary so that the shorthand initials (for example SLT) can be contextualised. In addition an overview paragraph (no more than 5 lines(!)) would help the reader see where true priorities lie.</p>	Noted. The PMO will look to introduce a glossary section as part of the Executive Summary report and also introduce an Overview section within the Mitigating Activities section as requested.
3. Annual Accounts and Governance Statement – JAC Member Questions & Answers	Thank you for the clear response to questions.	No response required.
	Thank you for the responses.	No response required.
	Thank you for your responses	No response required.
4. Business from the JAC: Governance and Scrutiny Board	The minutes of the 13 June, 17 July and 9 August 2023 have been seen and noted.	No response required.
5a. Internal Audit: Proposed Internal Audit Plan for Quarter 3/4	For the Personal Development Unit – Tutoring. Will this focus behaviours as well as skills? Feels like an important leverage point in terms of culture.	Where possible to comment on and evidence how tutors influence the behaviour of student officers in our audit, we will do so. This could be drawn from interviews with tutors and student officers and therefore any observations made may only be based on the opinions of the interviewees.
5b. Internal Audit: South West Audit Partnership (SWAP) Quarterly Update	No comments or questions.	No response required.
5c. Internal Audit: Estates – Compliance with Statutory Obligations	As per question below 31/12/23 seems too long for the response to this finding. Suggest this timescale is revisited and the review is completed urgently.	See below response.

Item	Question/Comment	Auditor/ASC/OPCC Response
	<p>Page 81. 1.8. Fire alarm testing. Agreed action – I would like to query the timescale for this agreed action. What is the rationale this not being sooner than 31st December (given the importance and urgency)?</p>	<p>SWAP: Gaps were highlighted from a review of fire alarm testing at one site although it was confirmed that these were occurring as scheduled at other sites (but could not be evidenced). The timescale is to allow the service to develop a method to record and monitor fire alarm testing across all sites and to allow a sufficient period of time to pass before revisiting to check whether these are being performed in accordance with requirements.</p>
	<p>This audit report makes uncomfortable if not ugly reading. The audit needs to be re-visited in 6 months time and revised report submitted.</p>	<p>SWAP: We would recommend that a detailed follow up occurs in Q1 2024/25 to be reported to JAC at the end of that quarter which will allow processes to bed in. However, if members and management would prefer that an audit is completed in Q4 of this year, then we will need to agree upon an audit to postpone from Q4 to Q1 (2024/25) to accommodate the review (please see Q3-4 Audit Plan Paper for list of Q4 audits).</p>
	<p>Any Suggested Actions:</p> <p>As a matter of urgency this audit must be re-visited and brought back for scrutiny in March 2024. If necessary another planned audit needs to be slipped into 2024-25 to make headroom for the work to be undertaken.</p>	<p>See above.</p>
5d. Internal Audit: Accounts Payable	No comments or questions.	No response required.
5e. Internal Audit: Accounts Receivable	No comments or questions.	No response required.
5f. Internal Audit: IT Service Desk Follow Up Report	Good progress has been made responding to this audit which is good to see.	No response required.
6. External Audit Progress Report	Assume on track to meet the December deadlines given no issues raised in this update?	Yes still proposing to report findings to the December 2023 JAC. Accounts audit is underway and progressing as planned to date. VFM audit work due to start in October 2023. Delivery plan shared between GT and ASP teams to ensure transparency.

Item	Question/Comment	Auditor/ASC/OPCC Response
7. Internal Audit Progress Review	Profile of recommendations especially the ratio of overdue/open/closed is very positive. There is still one quite old relating to Cyber Security which it would be good to have an update on.	There was an action at the Finance and Assets committee to get these recommendations updated and hopefully closed, which is being looking into. We will keep an eye on the progress. When we next report to the JAC we will have a further update. However if we are still struggling to get an update in a few weeks, this will be escalated to the Chief Officer for Finance, Resource and Innovation for the next steps.
	This section details a small number of recommendations which are overdue and are awaiting update from business lead. For at least one of these, the update was requested on 11 July. What are the next steps for following these up? e.g. page 102 "1x Delivering the Digital Strategy deadline 30th June 2023 (overdue -awaiting update from Business Lead, contacted 11th July)"	
Part 2 – Closed Section		
Report 8 – Internal Audit: Cash Handling	CLOSED SECTION	CLOSED SECTION

MEETING: Joint Audit Committee	DATE: 20th December 2023	AGENDA NO: 7.1
NAME OF PAPER: OPCC Strategic Risk Management Update	AUTHOR: Ben Valentine	PURPOSE: Information and Discussion

1. PURPOSE OF REPORT AND BACKGROUND

This report provides members of the Joint Audit Committee (JAC) with an overview of any significant changes to the Office of the Police and Crime Commissioner (OPCC) Strategic Risk Register (SRR), and other points related to the management of risk, in the period of time since the last JAC meeting held on 20th September 2023.

2. POINTS OF NOTE

The SRR was reviewed at the OPCC Management Board on 21st November 2023: key points and changes to risk assessment are highlighted below.

Across the SRR reference to ‘organisational reputation / reputational damage’ have been replaced with reference to public confidence. This is to emphasise that the focus is on how people feel about the organisation rather than how the organisation perceives itself.

SR4 – Failure to act as the voice of local people

The strategic risks *failure to engage with the public and other stakeholders* and *lack of public confidence in or awareness of OPCC* have been combined and articulated in this new way. This risk better reflects the core role of the PCC. The previous two risks were closely related so the cause, impact and controls were easily merged. The risk score was the same for both and this has been carried over to this new risk.

In the last six months, the OPCC Comms and Engagement team have successfully recruited to two new roles focussed on community engagement, as identified in last year’s OPCC review: one community engagement and stakeholder manager, and one communications and youth engagement apprentice.

The second round of Councillor Forums concluded in November 2023.

The [precept survey](#) is now live and will be open for 12 weeks in total. This year’s survey also ask respondents about their top priorities for policing.

SR5 – Lack of capacity, capability, or poor wellbeing within the OPCC

The mitigated probability has reduced from 4 to 3 which decreases the mitigated risk score from 16 to 12. This reflects the greater stability of staffing following sick absence and bereavement earlier in the year, and the embedding of the revised OPCC staff structure. Since the summer we have also launched a wellbeing strategy, a learning and development plan, and an online recruitment system that supports better candidate attraction.

SR6 – Failure to deliver commissioned services

In relation to the recommissioning of Victim Services the needs assessment has been completed, the [strategy and intentions document](#) has been published and a [stakeholder survey](#) launched.

SR7 – Failure to support delivery of effective and efficient collaborations with other forces

The unmitigated and mitigated probability have increased from 4 to 5 which increases the unmitigated and mitigated risk scores from 12 to 15. This primarily reflects the difficulties with National Police Air Service (NPAS) – which although it is a national issue – clearly has an impact locally in terms of value for money and effectiveness of the funding put in by Avon and Somerset.



Office of the Police and Crime Commissioner for Avon and Somerset

Strategic Risk Register

November 2023

A Strategic Risk is anything that might impede the delivery of the organisational objectives. Risk management is the process by which these risks are identified, assessed and controlled. This risk register is the document which records these risks and related information.

Risk is assessed by considering the causes of the risk and the consequences if that risk were to happen. The scoring is therefore based on the likelihood multiplied by the impact. The below grids explain the scoring in more detail. Risk is about planning for the future so when considering the assessment it goes beyond current performance.

Impact	5 Extreme	5	10	15	20	25
	4 High	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Low	2	4	6	8	10
	1 Negligible	1	2	3	4	5
		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
Probability						

Probability	
5 Almost Certain	Likely to occur within a twelve-month time period, or about a 75% probability of occurrence
4 Likely	Likely to occur within a two-year time period, or about a 50% probability of occurrence
3 Possible	Likely to occur within a three-year time period, or about a 25% probability of occurrence
2 Unlikely	Likely to occur within a five-year time period, or about a 15% probability of occurrence
1 Rare	Likely to occur in a ten year period, or about a 5% probability of occurrence

Impact	
5 Extreme	<ul style="list-style-type: none"> • Fatality of any individual • Financial impact greater than £1/2 m • Vote of no confidence from Local Authorities - failed • National media attention • Government/ HO intervention • Total disruption to service • Exceptional / long term reduction in public confidence
4 High	<ul style="list-style-type: none"> • Serious life-threatening injury of any individual • Financial impact greater than £1/4 m • Vote of no confidence from Local Authorities - failed • Regional media attention • Adverse comment by Minister / auditor • Major service disruption / reduction in public confidence
3 Moderate	<ul style="list-style-type: none"> • Serious non-life-threatening injury of any individual • Financial impact greater than £100k • Criticism from the Police and Crime Panel • Local media attention • Significant service disruption • Significant reduction in public confidence
2 Low	<ul style="list-style-type: none"> • Minor injury of any individual • Financial impact up to around £100k • Multiple thematic complaints • Some service disruption • Some reduction in public confidence
1 Negligible	<ul style="list-style-type: none"> • Slight injury of any individual • Low level financial loss • Isolated complaints • Minor service disruption • Minor / contained negative consequences

The unmitigated scores are the assessment based on the current position with no action taken or controls in place. The mitigated scores are based on the success of the controls (anticipated or actual) in reducing the risk.

It should be noted that the OPCC and the Constabulary are separate organisations and therefore each may assess the same risk as being at a different level. This is most evident in the risk of failure to deliver the Police and Crime Plan. This exists on both Strategic Risk Registers but may score differently. One of the main reasons for this is that the OPCC assess delivery of the plan as a whole which relies on agencies, other than the Constabulary to fully deliver e.g. the CPS and Courts. Whereas when the Constabulary assess this risk they need only consider the parts of the plan they are expected to deliver. A difference may also be caused whether considering the risk in the short, medium or long term.

RISK			ASSESSMENT		
Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Governance Failure	SR1	Chief of Staff	5	4	20
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			3	4	12
			Mitigated Risk change:		
Cause		Impact			
<ul style="list-style-type: none"> Joint Governance Framework not fully clear and understood in all aspects by ASP. New duties and expectations of PCCs arising from the national review. PCCs appear to have extra responsibility but without additional 'levers' to support delivery. Taking on any new responsibilities means there are more likely to be governance failures whilst the team learn. OPCC failure to engage on the design element of the '3 Ds' ways of working. Failure to ensure effective risk management and support the delivery of service. Information governance failure. Ineffective scrutiny and oversight of services and outcomes delivered by the Constabulary including SPR. Ineffective scrutiny and oversight of the OPCC Equality Duty. Failure to ensure adequate transparency of the OPCC and/or the Constabulary. Failure to ensure Chief Constable sets appropriate culture, ethics and values. Lack of control/influence over Criminal Justice agencies or other partners. PCC election taking place in May 2024 – need to ensure OPCC staff adhere to the politically restricted terms and that the OPCC remain neutral but provide suitable information to candidates. 		<ul style="list-style-type: none"> Lack of oversight and scrutiny of the Constabulary. Failure to deliver the Police & Crime Plan (SR2). Financial loss (SR3). Reduced public confidence and trust. Failure to deliver OPCC statutory requirements. The Constabulary and/or OPCC will be inefficient/ineffective. Failure to deliver the Beating Crime Plan. Damaged relationship with Constabulary, commissioned services or partners. Government criticism or penalties. Panel criticism. Sub-standard performance results and poor inspection outcomes. Risks not managed. Failure to improve the delivery of the broader Criminal Justice Service. 			
MITIGATION					
Controls	Review date	Owner	Commentary / Controls updates		
<ul style="list-style-type: none"> OPCC Management Board (OMB) - allows greater oversight of performance, risks and issues and provides a formal decision making mechanism for internal (non-Constabulary) business. Joint Governance Framework to be kept under review to ensure up-to-date and fit for purpose OPCC policies and procedures being reviewed. OPCC self-assessment of compliance with their Equality Duty. Oversight Boards - Performance & Accountability (PAB) and Governance & Scrutiny (GSB). PCC and Chief Constable 1:1s OPCC attend CMB and other strategic meetings (open invitation from the CC). Joint Audit Committee, External Audit, Internal Audit and annual governance statement. JAC Chair/member recruitment Police and Crime Panel meetings. COG attendance at weekly OPCC SLT. Compliance with statutory reporting requirements. Victim Services appointed and managed by the OPCC Commissioning Team. Independent scrutiny panels for complaints, use of police powers & OOC. Transparency Checklist OPCC Information Governance Group oversees compliance with GDPR and DPA 2018. Management of the OPCC and ASP interaction with the PCC election process and candidates PCC chairs the Local Criminal Justice Board 	Dec-23	Cos	<ul style="list-style-type: none"> Updated framework published and in depth review ongoing. 		
	Feb-24	Head of HR & BS	<ul style="list-style-type: none"> Policy review is advanced; staggered publication to staff has started and will continue through to Q4 of 23/24. 		
	Dec-23	CoS	<ul style="list-style-type: none"> Legal review of policies and procedures carried out to ensure legal compliance. OPCC has decided to expand this work to include APCC self-assessment on equality and race. Initial assessment circulated to SLT. Development of prioritisation plan to identify areas of highest concern and any quick wins has started but been put on pause due to other priorities. 		
	Jan-24	CFO	<ul style="list-style-type: none"> Revised Boards went live Mar-23. Quarterly performance dashboard (developed by the OPCC) in place from May-23. Formalised OPCC attendance at Strategic Planning Meeting. The internal audit report on governance concluded that the PCC and CC have an adequate and effective framework for risk management, governance and internal control. JAC members agreed to second (3 year) term. Agreed to recruit two new members. Existing members to agree Chair on a rotating basis. 		
	Dec-23	PCC CoS CoS Director of P&P Director of P&A Head of HR & BS CFO CoS PCC	<ul style="list-style-type: none"> Amended Specified Information Order - quarterly performance report published and complaints overview on PCC website. CoPaCC transparency award received for many years (not running 2022). Election Board being held every month until after May-24 elections. Joint Protocol has been agreed with ASP. Guidance has been sent to OPCC staff. Microsite is now live. Although the governance process is working well the outcomes do not necessarily reflect this. 		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to deliver the Police and Crime Plan	SR2	Chief of Staff	5	4	20

			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	4	16
			Mitigated Risk change:		↔

Cause	Impact
<ul style="list-style-type: none"> Plan is broad and ambitious. Lack of oversight of improvement activity and related outcomes. Underpinning the delivery risk of all of this is the financial uncertainty and the increased public expectation from the additional funding that policing has received both through central government grant and local taxpayers' increase in precept funding. Prevention is hard to measure/evidence and needs more than the police to deliver. Internal police culture and leadership at an operational level. Male violence against women and girls (includes the national rape crisis) carries significant volume and harm. Disproportionate outcomes particularly for Black, Asian, mixed and minoritised communities. Workforce not representative of the communities of A&S; insufficient progress has been made. Lack of capacity/capability within the Constabulary - inexperienced workforce (particularly in Patrol) / staff turnover in Comms / staff posts being reduced. Lack of oversight and scrutiny of the Constabulary. Positive Outcomes - not seeing the improvements hoped for. Police response to 'neighbourhood crimes' does not meet public expectations. Court backlogs means justice is not being delivered effectively or efficiently. Lack of control/influence over partnership agencies e.g. CJS. More officers will result in more people going through an already overstretched criminal justice system. Constabulary staff survey results show a decline in 2022. 	<ul style="list-style-type: none"> Loss of legitimacy in the OPCC and Constabulary. Loss of public confidence/trust in the OPCC and Constabulary. Undermines the Peelian Principle of policing by consent. Failure to keep people safe. Failure to protect and support vulnerable people. Failure to bring offenders to justice. People will feel unsafe. Police and Crime Panel criticism and/or fail to agree precept increase.

MITIGATION

Controls	Review date	Owner	Commentary / Controls updates
<ul style="list-style-type: none"> Police and Crime Plan 2021-25 engagement. Oversight Boards – PAB & GSB OPCC Business Plan now focusses the work of the OPCC on supporting the Police and Crime Plan OPCC Scrutiny Strategy OPCC attend CMB and other strategic meetings (open invitation from the CC). PCC and Chief Constable 1:1s Audits and Inspections (HMICFRS & SWAP) overseen by Joint Audit Committee Internal assurance mechanisms are in place to evaluate delivery of the Plan's objectives Oversight of all strategic constabulary data through Qlik Contacts analysis 	Jan-24	Head of C&E Director of P&A CoS Director of P&A CoS PCC CFO CFO Director of P&A Director of P&A	<ul style="list-style-type: none"> 'Together We Can' campaign launched Aug-23 which will have internal and external engagement. Revised Boards went live Mar-23. Quarterly performance dashboard (developed by the OPCC) in place from May-23. Five strategic aims and key deliverables agreed and published with related workstream tracker. Plan and objectives refreshed for 2023/24. Draft framework developed OPCC attendance at CMB and the GSB which follows this continues to work well in terms of assurance and open dialogue about areas of concern where the plan may not be delivered. New ASP governance and performance structure going live Sept-23. Qlik data now available for PSD as well as wider areas of policing through S&A and P&G. This assessment is now driving PCC GSB commentary. New Contact Management System (iCase) delayed and viability of the system to actually deliver against specification is being re-evaluated.

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Financial incapability or ineffectiveness	SR3	CFO	4	5	20
			Mitigated Probability	Mitigated Impact	Mitigated Risk

			4	4	16
			Mitigated Risk change:		↔
Cause			Impact		
<ul style="list-style-type: none"> Cost increases due to inflation and interest rates - inflation in 2023 higher than expected; also resulting in higher interest rates which make debt more expensive to service. Pay awards may exceed central government projections and effectively be unfunded. Over-reliance on reserves to fund the budget deficit through the medium term is a risk. 3 year settlement from 2022/23 with additional central funding for Op Uplift only. May not be able to achieve maximum precept increase from 2024/25 onwards; especially considering 'cost of living' crisis already impacting the public. Risks around pension funds due to wider economic impact. Increasing pension costs for officers and staff schemes; although this will probably be funded. Capital budget not fully funded in 2025/26 – borrowing already at prudent levels and diminishing potential for capital receipts. National work will require local funding with no control over decision making e.g. ESMCP, NPAS, national IT. Uncertainty of local costs in high value areas: IT and replacement of SAP. 			<ul style="list-style-type: none"> As officer numbers are protected it may mean using officers in roles currently undertaken by civilians if other savings do not materialise. Failure to set a sustainable revenue budget or capital plan across the medium term. The need for further savings after 10 years of austerity presents further challenges. Failure to meet heightened expectations of stakeholders. Loss of public confidence. Unable to fund adequate or minimum service. Unable to fund delivery of PCC priorities (SR2). Unable to afford change. Revenue budget underspends may undermine support from PCP for sustainable increases to the precept. Failure to ensure value for money. 		
MITIGATION					
Controls	Review date	Owner	Commentary / Controls updates		
<ul style="list-style-type: none"> Joint work on savings plans being progressed through SPM from autumn 2022. Includes consideration of 'spend to save' plans. Medium and long term financial planning. Regular oversight of revenue & capital budget. Maintain adequate risk-assessed reserves. Subject to external and internal audit both overseen by the Joint Audit Committee. Treasury Management strategy in place outcomes reviewed by CFOs. HMICFRS inspection regime. 		CFO CFO CFO CFO CFO CFO	MTFP after planned savings: 2023/24 balanced (without the need for reserves) 2024/25 -£10.0 million 2025/26 -£13.4 million 2026/27 -£16.9 million 2027/28 -£19.0 million <i>Key assumptions for revenue expenditure:</i> Pay – 3.0% in 2023/24* & 2024/25 and 2.0% p.a. thereafter *total cost in 2023/24 would be 5.4% because of the pay increase from Sept-22 Inflation – 4.0% in 2023/24, decreasing to 2.0% p.a. thereafter		

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to act as the voice of local people	SR4	Chief of Staff	4	4	16
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	4	16
			Mitigated Risk change:		↔
Cause		Impact			

<ul style="list-style-type: none"> ● Failure to engage with the public and other stakeholders ● Lack of public awareness of the PCC ● Lack of public confidence in the PCC ● Engagement methods do not always reach a wide audience or different communities or groups; failure to engage with young people. 	<ul style="list-style-type: none"> ● Loss of legitimacy ● Failure to understand people's priorities and issues re policing and crime and which could be biased by only hearing those individuals already proactive/engaged. ● Police and Crime Plan and delivery not aligned to public concerns and priorities. ● Failure to hear the victim's voice may mean services do not meet the actual need. ● Police and Crime Panel criticism and/or fail to agree precept increase. ● Lack of public confidence in the PCC. ● Could undermine the working relationship between the Constabulary and OPCC. ● Low voter turnout in PCC elections. ● Loss of political support for the need for PCCs. 		
MITIGATION			
Controls	Review date	Owner	Commentary / Controls updates
<ul style="list-style-type: none"> ● PCC - Councillor forums ● 'Together We Can' campaign promoting the role of the OPCC and the Police & Crime Plan. ● Annual Precept Survey ● PCC engagement two days a week. ● Overarching approach to communications with more focus on strategic priorities and objectives. ● Creation of tactical communications plans for particular workstreams (including public engagement/events) with ownership and delivery allocated to one person who is accountable. ● OCC/OPCC Corp Comms joint meetings. ● Calendar of regular media appearances / communications activities which will also link to national days or weeks where relevant. ● Joint working with the Constabulary on EDI portfolio. ● Revised stakeholder mapping and management. ● New contact management system. ● Tackling Disproportionality supported by the OPCC ● A&S Police & Crime Survey collects data on public awareness of and confidence in the PCC. ● Discharging good governance (SR1) and delivery of the Police and Crime Plan (SR2) are critical to ensuring confidence in the PCC. ● Gold Groups manage critical issues of public confidence in the police. 	<p>Dec-23</p> <p>Dec-23</p> <p>Jan-24</p> <p>Jan-24</p>	<p>Head of C&E</p> <p>Head of C&E</p> <p>Head of C&E</p> <p>Head of C&E</p> <p>Head of C&E</p> <p>Head of C&E</p> <p>Head of C&E</p> <p>Head of C&E</p> <p>Head of C&E</p> <p>Director of P&A</p> <p>Head of C&E</p> <p>Director of P&A</p> <p>PCC / CoS</p> <p>CoS</p>	<ul style="list-style-type: none"> ● First phase held Oct-22 – Feb-23. Second phase held Sept-23 – Nov-23. ● Campaign launched Aug-23 with internal and external engagement. ● Survey launched Nov-23. Will be open for 12 weeks and include online and postal elements. ● Strategy has been developed for new PCC with overarching theme focusing on vulnerable and under-represented communities to build trust and confidence. ● New system (iCase) delayed and viability of the system to actually deliver against specification is being re-evaluated. ● Delivery of this work involves community engagement including an independent scrutiny panel. ● 34.5% of all respondents (in the last year) had confidence in the PCC. This is 45.3% of those with an opinion. ● The OPCC has a standing invite to all Gold Groups.

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Lack of capacity, capability or poor wellbeing within the OPCC	SR5	CoS	5	4	20
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			3	4	12
			Mitigated Risk change:		
Cause	Impact				

<ul style="list-style-type: none"> • Vacancies and absence have a significant impact in the small OPCC team, and can contribute to stress and sick absence. • Increased demand on HR while ERP is being tested and implemented. • Increased government legislation and other activity in policing places greater demands on the OPCC, frequently with short notice making it difficult to manage resource. 	<ul style="list-style-type: none"> • Increased likelihood of materialisation of all other strategic risks through delivery failure. • Delivery of work is late or not to standards of quality desired. 		
MITIGATION			
Controls	Review date	Owner	Commentary / Controls updates
<ul style="list-style-type: none"> • Implementation of new VRP structure will release capacity back into the broader OPCC team. • PDR process and regular 1:1s between line managers and direct reports. • Annual staff survey, supplemented by pulse surveys, to inform internal policy and delivery. • Learning and Development Plan with commensurate training budget maintained. • Wellbeing resources and support offered and promoted, including Health and Wellbeing Passports. • Salary levels set at a reasonable market rate and in line with other OPCCs. • Regular team meetings to share knowledge and resolve issues. <ul style="list-style-type: none"> • Online Applicant Tracking System implemented to make recruitment process more effective and efficient for Hiring Managers, HR team and candidates. <p>Implement new HR and Finance back-office system (ERP Oracle) with ASP to make processes more effective and systems led.</p>		Director of P&P Head of HR & BS Head of HR & BS Head of HR & BS Head of HR & BS Head of HR & BS Head of HR & BS	<ul style="list-style-type: none"> • New VRP Director and Senior Partnerships & Engagement Manager role starting in Jan 24. • Staff survey from Feb-23. showed 78% of staff happy or very happy; the rest were neutral. • Skills matrix refreshed as part of the review with organisational and team requirements identified. <p>Training needs analysis exercise carried out in February and fed into recently launched OPCC Learning & Development Plan (Sept-23). Training opportunities and resources developed and promoted.</p> <ul style="list-style-type: none"> • Wellbeing and financial support initiatives promoted to the team. • Wellbeing strategy launched. <p>HR working alongside ASP colleagues to test and implement new HR and Finance back-office system. Go live due for April 24 but this may be delayed. Temporary resource in place to mitigate impacts.</p>

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to deliver commissioned services	SR6	Director of P&P	5	3	15
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	3	12
			Mitigated Risk change:		
Cause	Impact				

<ul style="list-style-type: none"> ● Cost of living increases reduce the capacity of commissioned services to deliver. ● All MOJ funding for victim services ends Mar-25 across core and specialist services (MOJ formula and general grants) which is a risk for local services the closer we get to this without clarity of budgets. ● Home Office funding for DRIVE ends Mar-25 ● Services without sustainable funding and cliff-edge arrangements. ● Reduction in rape support fund means less funding for therapeutic services. ● Victims and Prisoners Bill is proposing only modest funding to deliver the Collaborative Commissioning Duty. ● Inflationary pressures on these services - some working on the same budget for many years. ● Increasing demand. ● Backlogs in Lighthouse (the primary commissioned service). ● Additional demand on victim support services; particularly DA and SV. ● Significant additional reporting requirements for compliance purposes. ● Failure to hear the victim's voice may mean services do not meet the actual need. ● OPCC have less support from South West Police Procurement – could increase legal challenges to the commissioning process. 	<ul style="list-style-type: none"> ● Failure to support and protect, victims particularly vulnerable victims - PCP Priority 1 (SR2). ● Failure to reduce harm. ● Loss of public confidence in the PCC. ● Damaged relationships with Constabulary and partners. ● Non-compliance with Government grants. ● Reduction or withdrawal of victims grant from Government. ● Failure to devolve further funding/commissioning.
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MITIGATION

Controls	Review date	Owner	Commentary / Controls updates
<ul style="list-style-type: none"> ● Victim Services recommissioning for 2025/26 ● Commissioning Strategy ● Lighthouse victims' service jointly established with the Constabulary: service under joint review. ● Maintain a sufficiently resourced commissioning team within the OPCC. ● Victim Services Provider forum and AWP Partnership Board are regular joint strategic meetings with commissioned services. ● 6-monthly monitoring of services financial returns. ● Scan and apply for additional funding as available. ● Lobbying to increase funding for Victims and Prisoners Bill. Pursuing funding from MoJ related to Victim's Code of Practice. ● Therapeutic services – working with Integrated Care Board to support through one-off funding and remodelling of service offer. ● One-off funding for support for services to mitigate inflationary pressure. ● Independent evaluation of DRIVE to demonstrate value of the programme and secure further funding. 	Dec-23	Director of P&P	<ul style="list-style-type: none"> ● Planning work has begun. Needs assessment delivered. Victims Commissioning Board running. ● Commissioning Strategy published and stakeholder survey open. ● First phase of the review looked at the Safeguarding aspect of LSU. The increase in these resources may reduce some demand from the commissioned part of the service although this will be further reviewed. OPCC have provided a specification for the 'Lighthouse' element and ASP are submitting a proposal by the end of Dec-23.
	Jan-24	Director of P&P	
	Dec-23	Director of P&P	
	Dec-23	Director of P&P Director of P&P	
		CFO Director of P&P Director of P&P	
		Director of P&P / CFO	
	Dec-23	Director of P&P / CFO Director of P&P	

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to support delivery of effective and efficient collaborations with other forces	SR7	Chief of Staff	5	3	15
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			5	3	15
			Mitigated Risk change:		
Cause		Impact			

<ul style="list-style-type: none"> ● Challenges with staff retention and capacity in South West Forensics. ● Ineffective governance and scrutiny over existing collaborations – particularly SWROCU. ● NPAS is particularly challenging. ● Failure to agree effective models for collaboration. ● Ineffective governance and ownership of regional projects and programmes. ● Tension between local forces and collaborations in terms of competing interests and lack of uniformity of people and processes. ● Lack of direct influence/control in order to make changes i.e. everything must be done by (multi-force) committee. 	<ul style="list-style-type: none"> ● Governance failure as a duty of the PCC (SR1). ● Failure to deliver value for money. ● Failure to deliver specific services provided by existing collaborations. ● Inefficient compared to other regions/areas. ● Criticism from HMICFRS. ● Government scrutiny/intervention. ● Lack of resilience otherwise provided by a collaboration. ● Forced to accept others’ terms from future alliances or mergers.
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MITIGATION			
Controls	Review date	Owner	Commentary / Controls updates
<ul style="list-style-type: none"> ● Scrutiny of services provided through collaborations through Governance and Scrutiny Board. ● External review of SW Forensics was commissioned. ● South West Regional PCCs are politically aligned and have agreed to collaborate. ● Collaboration Governance. ● SWAP appointed as Internal Auditor (from April 2019) - working in partnership with other regional forces. ● Regional ACC is in place (in line with HMICFRS recommendations). ● HMICFRS will be conducting a Serious & Organised Crime Inspection which will include inspection of SWROCU. 	Mar-24	CoS CoS CoS CoS CFO CoS	<ul style="list-style-type: none"> ● SW Chief Constables and PCCs agreed to implement review recommendations and extra investment. ● SW Regional Away Day PCCs confirmed commitment to existing collaborations. ● SW Operational Board split into two to allow greater time for different parts of the collaborations. ● Op Scorpion - regional anti-drugs operation – six rounds have taken place between Jan 22 and autumn 2023. ● OPCC will attend inspection hot debrief to understand findings.

Risk	URN	Owner	Unmitigated Probability	Unmitigated Impact	Unmitigated Risk
Failure to deliver effective and efficient collaborations or outcomes with other partners	SR8	Chief of Staff	4	4	16
			Mitigated Probability	Mitigated Impact	Mitigated Risk
			4	3	12
			Mitigated Risk change:		
Cause	Impact				

<ul style="list-style-type: none"> ● Lack of control/influence over other criminal justice agencies. ● New duties and expectations of PCCs arising from the national review. PCCs appear to have extra responsibility but without additional 'levers' to support delivery. ● Partner funding remains under pressure with financial settlements not keeping pace with inflation and demand. This increases the risk of demand and funding requests moving to the ASC and OPCC. ● OPCC unable to effectively support the growing number of partnership programmes. ● Macro-economic factors could have a detrimental effect on partners, particularly Local Authorities. This financial position could cause partners to withdraw or reduce levels of service to partnerships. ● Failure to put in place effective governance and ownership of partnership working. ● Differing priorities and leadership of agencies. ● Changing political and economic landscape can make partnership working more challenging. ● Lack of meaningful 'live' information sharing. ● National review of CSPs ● Violence Reduction Partnership (VRP) – funding ends Mar-25 ● Serious Violence Duty – Challenges in working collaboratively to meet the key deliverables of the – due to unclear duty roles for specified authorities, limited capacity across organisations and different priorities in places. This includes setting of the SV definition and consideration to a collaboratively developed SNA and strategy. ● Safer Streets 5 (2023) – two projects have a set end point but the third is a broader piece of work about reducing MVAWG. Project Manager is only funded until Mar-25. HO funding only confirmed for one year of 18 month project. 	<ul style="list-style-type: none"> ● Governance failure as a duty of the PCC (SR1). ● Failure to deliver the Police and Crime Plan (SR2). ● Failure to deliver a whole systems approach to crime and continue the 'revolving door' of offending and victimisation. ● Failure to deliver value for money.
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MITIGATION

Controls	Review date	Owner	Commentary / Controls updates
<ul style="list-style-type: none"> ● Governance of Community Safety Plans ● Partnership Strategy ● Violence Reduction Units (VRPs) ● Serious Violence Duty governance ● Combatting Drugs Partnerships ● A&S Reducing Reoffending Board and Strategy ● PCC chairs LCJB and OPCC continue to be represented at CSPs, Children's Trusts, Health and Wellbeing Boards. ● Meetings (outside of Boards) with LA chairs/CEOs; CSP Chairs. ● PP&C team have leads for victims, CJS and reducing re-offending. ● PCC is a member of the Fire Authorities for Avon and Devon & Somerset. ● Information sharing relevant to all partnership working; particularly CJ, reducing reoffending and VRPs. 	<p>Dec-23</p> <p>Jan-24</p> <p>Nov-23</p> <p>Dec-23</p>	<p>Director of P&P</p> <p>Director of P&P</p> <p>Director of P&P</p> <p>Director of P&P</p> <p>Director of P&P</p> <p>CoS</p> <p>CoS</p> <p>Director of P&P</p> <p>CoS</p> <p>Respective Strategic Groups</p>	<ul style="list-style-type: none"> ● Need to improve OPCC oversight of these plans but that has to be considered in the context of the national review. ● Work delayed due to competing demands but workshop held with SLT Sept-23. ● VRP review complete and improvement plan in place. Changes to governance agreed and in place, recruitment ongoing. ● SV Duty plan in place and team progressing: on target for Home Office deadline. ● 5 CDPs (aligned to CSPs) went live in Sept-22. PCC brought all SROs together at the start of summer and now meeting 1-2-1 with them all by Nov-23. ● A&S RR strategy being developed with partners. Somerset leading the work – due to complete Spring 24.



MEETING NAME	DATE	AGENDA NO
Joint Audit Committee	06/12/23	8
DIRECTORATE / DEPARTMENT	AUTHOR	COG SPONSOR
Chief of Staff Directorate Portfolio Management Office (PMO)	7975 James DAVIS Delivery Manager - Portfolio	DCC REILLY
NAME OF PAPER	PURPOSE OF THE PAPER	SESSION
Constabulary Corporate Risk Register Report	Information	Open

1. PURPOSE OF REPORT

This report provides the Joint Audit Committee (JAC) members with a summary of the latest Avon & Somerset Constabulary Corporate Risk Register. The content of this report was informed through fieldwork reviews of all corporate risks during **November and December 2023**. The focus of recent corporate risk reviews has been to understand new mitigating activities in delivery across the Constabulary and their potential impact on mitigated risk values. This report provides the comprehensive detail for JAC members for December.

2. CORPORATE RISK HEADLINES

The Corporate Risk Headlines for the December Joint Audit Committee Cycle are as follows.

- All 7 Corporate Risks have been reviewed in detail with the relevant Chief Officer Group lead with updated narrative for unmitigated risks and risk mitigations captured.
- The Q3 review of Corporate Risks proposes just one change to the mitigated risk scores. This is for **Corporate Risk PR/738 Infrastructure**. Here, the mitigated risk value has increased from 12 to 16 (4 x likelihood 4 x impact) to reflect the business transformation potential and challenge of the Electric Vehicle Charging Infrastructure Project. At this point in time, although an initial review of requirements has been completed with other South West regional Forces, a clear Project Plan has yet to be developed.
- The table below provides an overview of the mitigated risk values for all corporate risks.
- There are some corporate risks whereby mitigations are in the early stages of implementation and that therefore the Constabulary is confident of reduced risk mitigation scores in time, and this has been reflected in the updated mitigation narrative.
- The full 7 x Corporate Risk records are attached to this report and include comprehensive updates on mitigating activities.
- The PMO has agreed with the DCC that it would be good practice to commit to an **annual review** of the 7 x Corporate Risks to ensure they capture the most appropriate themes and accurately describe the risk presented. This annual review will be driven by the PMO with the Chief Officer Group in Q1 2024/25 and considered an annual commitment within the Constabulary Strategic Planning Cycle.
- The PMO continues to be part of the **National Risk Management Forum** to understand emergent practice that could be deployed locally to further mature our approach. The last Forum was held on 29/11/23 and identified areas for improvement for consideration by the PMO relating to risk classifications, risk reporting, the linkage with horizon scanning, risk training and the implementation of risk appetites.

Corporate Risk Mitigated Value Assessments		Impact				
		Negligible (1)	Minor (2)	Moderate (3)	Significant (4)	Severe (5)
Likelihood	Very likely (5)					
	Likely (4)				Information Governance, Data & Digital, Infrastructure	Finance
	Possible (3)			Governance	Service	People, Confidence & Legitimacy
	Unlikely (2)					
	Very unlikely (1)					

3. QUARTERLY ANALYSIS OF THE ORGANISATIONAL RISK REGISTER

The Constabulary Risk Management process sees the identification and mapping of risk at two levels. The Corporate Risks are informed by Organisational Risks with the latter managed by local Directorates and Departments. As of 22/11/23, the Constabulary has identified **7 x Corporate Risks** (see Section 2) and **205 x Organisational Risks**. Organisational Risks are managed by the Improvement Consultant cohort and other local Directorate / Department “Super Users” working alongside the relevant SLTs. The PMO has new proactive process in place to drive organisational risk reviews with local Teams on a monthly basis.

The visibility of the Organisational Risk Register is maintained through our QLIK platform (Portfolio Application) which allows for live time analysis of risk records by the business. The graphics below show the overall number of risks identified by their risk type (essentially the first 6 x Corporate Risks) based on their mitigated assessment of the likelihood and impact of risk materialising.

The PMO continues to develop monthly **Committee Risk Reports** (copies available on request). These themed reports provide a focus for risk conversations in our formal Committee Meetings and an opportunity to capture updated mitigations, revised risk assessment scores, plan for future risk review dates and agree risk escalations where / if necessary.

The PMO is undertaking a **quality assurance** exercise of the Organisational Risk Register recognising the move of the Investigation Standards Forum under the formal governance framework and the introduction of a new Operational Improvement Committee. Therefore, there is the potential for some of the 205 Organisational level risks to be aligned to different meetings for their future management.

Governance

The number of Governance risks has increased from 18 to 16 since the last JAC but all mitigated values remain either amber (managed at Committees) or green (managed by Directorates).

	IMPACT Q			
	2	3	4	5
LIKELIHOOD Q				
3	-	2	1	-
2	4	2	4	-
1	-	1	1	1

Financial

There number of Finance risks has remained stable snice the last JAC (n=9) and again all mitigated values remain either amber (managed at Committees) or green (managed by Directorates).

	LIKELIHOOD Q		IMPACT Q	
	1	2	3	4
4	-	-	1	-
3	1	1	1	1
2	-	-	1	2
1	-	1	-	-

Service Delivery

The number of Service Delivery risks has remained stable at 90 since the last JAC with the number of red RAG risks increasing by from 11 to 14. The defined Risk Management process suggests that red RAG risks could/should be escalated to the Constabulary Management Board for their resolution. However, at this stage, the decision has been made to “tolerate” risks at Committee level noting planned mitigations that should reduce mitigated risk scores in the short to medium term.

	LIKELIHOOD Q		IMPACT Q		
	1	2	3	4	5
5	1	-	2	2	-
4	-	4	7	9	-
3	-	6	10	13	1
2	1	6	8	13	2
1	4	-	-	1	-

People

The number of People risks has decreased from 44 to 39 since the last JAC with the number or red RAG risks standing at 3.

	LIKELIHOOD Q		IMPACT Q
	2	3	4
5	-	-	1
4	5	4	2
3	2	7	3
2	3	8	4

Information Governance, Data & Digital

The number of Information Governance, Data & Digital risks has increased from 32 to 34 since the last JAC. There are now 3 risks with a red RAG mitigated assessment.

LIKELIHOOD <input type="text"/>		IMPACT <input type="text"/>				
		1	2	3	4	5
5	-	-	-	-	1	-
4	1	3	3	1	-	-
3	1	-	7	3	1	-
2	-	3	6	-	1	-
1	1	1	-	1	-	-

Infrastructure and Assets

The number of Infrastructure and Assets risks has increased from 6 to 9 since the last JAC. There are now zero risks for this theme with red RAG status.

LIKELIHOOD <input type="text"/>		IMPACT <input type="text"/>				
		-	2	3	4	5
-	2	-	-	-	-	-
4	-	-	1	-	-	-
3	-	-	1	1	-	-
2	-	1	1	-	2	-

Therefore these “heat maps” indicate only small changes to the Organisational Risk landscape since the September Joint Audit Committee. These changes are largely reflective of the continued proactive review of the Organisational Risk Register on a monthly basis. Additional detail (including reports for specific risks) are available for IAC members on request.

4. RECOMMENDATIONS

There are no specific recommendations to present to the Joint Audit Committee. The report is submitted for information, observations, feedback, and questions.

AVON & SOMERSET CONSTABULARY

Corporate Risk Register



Date of register 06/12/2023

Corporate Risk - overview information

Corporate Risk URN	PR000735	Current Mitigated Score	20
Corporate Risk Title	Inability to deliver a sustainably balanced budget	Mitigated Impact Score	5
Corporate Risk Owner(s)	Nick Adams	Mitigated Likelihood Score	4
		Date of Risk Review	29/02/2024

Corporate Risk Description	Our ability to deliver quality policing services and value for money for residents of Avon and Somerset is dependent of our ability to put the Constabulary on a sustainable financial footing allowing us to invest in the needs of the present without compromising the ability to meet the challenges of the medium to longer term. Prudent financial management and sustainable investment enable the organisation to work towards delivery of its strategic objectives and also those set out in the Police and Crime Plan.
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Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment	25
Unmitigated Impact Score	5
Unmitigated Likelihood Score	5

Rationale	<p>The financial context for Avon & Somerset includes the following:</p> <ul style="list-style-type: none"> • Since 2010/11 it has been necessary for Avon & Somerset to find more than £100M in revenue savings to balance our budgets, which is nearly a third of our size – there is no part of our organization that has not had to reduce to deliver savings. • In 2023/24 Avon and Somerset PCC will receive the equivalent of £211.10p in funding per head of population compared to a national average of £241.43p – a difference of £30.33p per person, or £52.9m in total. • Our funding position is even more stark when compared to those forces with one of the top 10 cities and measured by population size, of which Bristol is one. Across the other 9 PCC's representing one of these cities the average funding per head of population is £275.99, a difference of £64.89 per person, or £113.2m in total. <p>The PCC set a budget of £373.1M for 2023/24, of which £368.5m is delegated to the Chief Constable as the budget for running the</p>
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Constabulary. This budget requirement reflects the first full year of sustaining the uplift in officer numbers having achieved our uplift target by March 2023. It incorporates all the inflationary pressures experienced through the current economic climate and includes new savings of £3.0M.

At the time the budget for 2023/24 was set the pace of the inflationary pressures we were experiencing meant it was not possible to identify all savings required to balance the budget by the time we needed to present the budget for approval. Consequently, we identified a residual deficit of £3.7m to be closed through either a use of reserves or identification of further savings in-year. These savings were identified and reported on as having been found by the end of Q1, thereby enabling us to balance our budget and protect our reserve position.

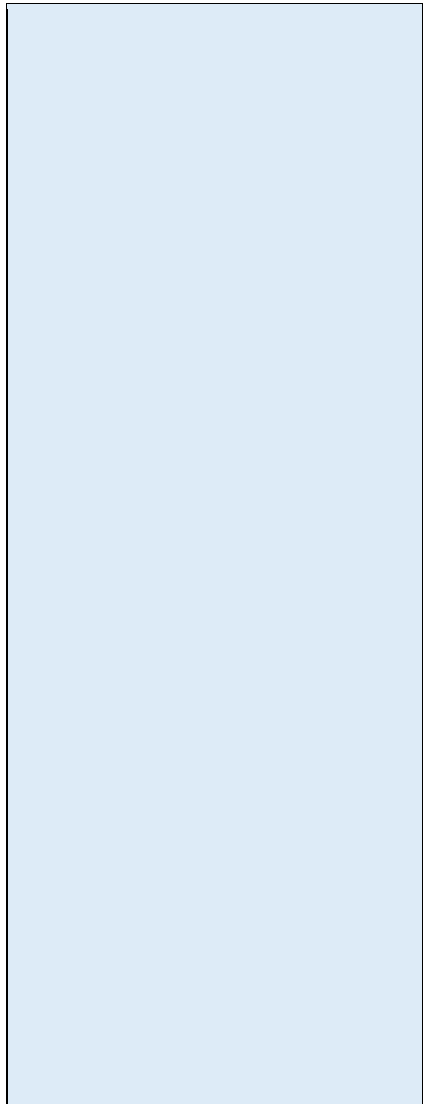
The Medium-Term Financial Plan (MTFP) is updated annually to forecasts over a 5-year planning horizon. The last MTFP published in February 2023 looked out to 2027/28, while the MTFP being developed at this time looks out to 2028/98. These forecasts predict a continued increase in costs, driven by our assumptions around pay awards, pay progression of a relatively inexperienced workforce, non-pay inflationary pressures and challenges around costs of pensions.

Our forecasts also predict a continued increase in funding, which in 2024/25 reflect the Autumn 2022 Spending Review (SR) announcements and subsequent notifications (which includes an assumed £10 increase in precept in 2024/25), and thereafter assume smaller increases to both grant funding (+0.9% p.a.) and council tax funding (+2% p.a. to council tax bills).

Despite the forecast increase in funding, it is clear that across the medium term our costs will continue to outgrow our funding. On latest forecasts as set out in our draft MTFP we predict a deficit of £8.0M in 2024/25, against which we have identified savings of £4.6m leaving a further saving requirement of £3.3m. We forecast this deficit will rise to £30.9M by 2028/29, against which we have identified savings of £7.1m, leaving a further saving requirement of £23.8m. At the time of this update (Dec 2023) we have identified further savings plans which we believe should substantially close the forecast deficit over the next two years. These will largely be achieved through targeted police staff headcount reduction.

Our Capital Programme continues to reflect a mixture of local and national projects, and similar to our revenue forecasts, predicts increases to costs driven by inflationary pressures. For example, we are forecasting an additional £5K in the purchase cost of each replacement police vehicle, thereby increasing the costs of maintaining a fleet of 1,000 vehicles in Avon & Somerset. Within this the cost of transitioning our fleet to electric vehicles, including the cost of managing a substantial program of work to install charging infrastructure, is beginning to be quantified. Managing this alongside our other ambitions without the provision of additional funding will place pressure on our capital funding and require us to challenge the timing and prioritization of some of our plans.

Our reserve levels are forecast to reduce across the medium term, particularly as we of these to fund our Capital Programme.



Corporate Risk latest assessment - mitigated risk

Mitigated Assessment
Mitigated Impact Score
Mitigated Likelihood Score

20
5
4

Rationale

PMO Quarter 3 Mitigations Review

The four themes of producing reliable forecasts to inform decision making, the identification and realisation of savings, making the case for more funding and the need for a fairer funding formula, as reported as part of Quarter 2 mitigations, remains central to our strategic approach to financial management.

The latest financial position was reported at the Strategic Planning Meeting (SPM) with Chief Officers and senior leaders on 30/11/23 and used to inform and influence future strategic decisions into Q4 and into the 2024/25 financial year. The SPM briefing provided an overview of the draft Medium Term Financial Plan (MTFP) covering the period until 2028/29. This initial analysis reported a deficit of £8.0M for 2024/25 increasing to £30.9M for 2028/29, against which savings of £4.6M had already been planned for achievement in 2024/25 rising to £7.1M by 28/29 – thereby leaving a residual deficit of £3.3M in 24/25 and £23.8M by 28/29.

Financial modelling considers funding forecasting assumptions relating to government grants, the council tax base and council tax precept. Additionally, cost forecasts have been factored as part of the MTFP with assumptions for pay awards and adjustments, pensions, and inflation amongst other considerations.

As with any forecasting there remain a number of inherent uncertainties, some of which will become clearer in coming days and weeks (e.g. the announcement of the police grant settlement in mid-December should clarify a number of uncertainties) and some which will take longer to work through. These uncertainties include the cost of pensions and pensions funding, the council tax precept, future pay awards and required business investments, core grant funding, uplift extensions, and the impact of financial constraints on local partners. A General Election is due within the next 12 months, and this also has the potential to create uncertainty in relation of financial planning assumptions.

The Constabulary is mitigating its financial risks in the short to medium term through its proactive savings identification work. Our savings plans have identified a further £10.2M over the next two years, which on current forecasts should be sufficient to balance our budgets in 2024/25 and 2025/26. This leaves a residual deficit of £13.3M by 2028/29.

Based on this revised assessment, there is no suggested change to the risk mitigated score of 4 x Likelihood and 5 x Impact = 20. However, there is the potential for further mitigation of the likelihood assessment in 2024 as medium to longer term strategic approaches to savings realisation for 2026/27 are identified ahead of required delivery dates. Initial strategic conversations in this respect were held at SPM and passed to the Strategic Change Team for future management as part of the Constabulary Portfolio approach.



Date of register 06/12/2023

Corporate Risk - overview information

Corporate Risk URN	PR000736	Current Mitigated Score	12
Corporate Risk Title	Failure to meet expectations of improved performance and service delivery	Mitigated Impact Score	4
Corporate Risk Owner(s)	Jon Reilly	Mitigated Likelihood Score	3
		Date of Risk Review	29/02/2024

Corporate Risk Description

When we consider the expectations of policing from the public and current government, we recognise they expect improvements to be seen on the back of investment in policing following years of austerity. When we consider that over the last 5 years precept (council tax contribution) has increased 35%, with the backdrop of the 'additional' 20,000 new police officers pledged by the government and the media attention and public opinion of policing in the past few years, scrutiny of what we do has never been as fierce.

The organisation has achieved its Police Officer Uplift numbers, exceeding it in fact, to support the National imperative to achieve 20,000 new officers. Where we have not yet seen the benefit is where our new officers are still in their initial period spent in Response policing, meaning we haven't yet been able to fill new posts created through uplift. We also continue to manage the abstraction of new officers who require to undertake studies for their degree programme.

We are also acutely aware of the requirement for savings that policing will need to deliver in the coming years, which is leading the organisation to review its savings requirements and uplift plans, while at the same time delivering services within the financial envelope, we have available.

The Strategic Policing Requirement (SPR) sets out the Home Secretary's view of what the current national threats are, and the national policing capabilities needed to counter those threats. The 2023 version introduces violence against women and girls as an additional national threat, and reaffirms the validity of the existing threats. The inclusion of violence against women and girls as a national threat sets clear expectations for local and regional police capabilities to tackle violence against women and girls and how local forces work with others, including collaborating with other agencies.

Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment	20
Unmitigated Impact Score	5
Unmitigated Likelihood Score	4

Rationale

Our priorities are set out through various national frameworks and local priorities, which mean we continue to have a large number of expectations placed on us. At present these numerous plans remain complimentary of each other, but in light of organisational growing pains, detailed in Corporate Risk 4, it may become necessary to prioritise and focus on specific areas of improvement.

We continue to manage challenges with non-core demand, 73% call for service relating to non-crime incidents over the last 12 months. Additional data also tells us that 62% of officer time at scene relates to non-crime incidents. We have sent a task force to visit Humberside Police to understand more on their approach called 'Right Person, Right Care', which National Police Chiefs Council supporting the national approach to 'Right Care, Right Person' to help forces reduce the number of deployments in respect of specific types of calls relating to mental health and concern for welfare, and help police staff in control rooms focus, from the outset, on getting the right person and agency, with the right skills, training, and experience to respond to the incident. We have commissioned a local Discovery Project to review Non-Core Demand for reporting into our Design Forum in June 2023 with the potential to commission a new corporate project as part of our Strategic Five-Year Plan. We are aware of the recent national narrative further to the announcement of the Metropolitan Police to stop servicing mental health demand later in 2023.

We recognise the synergy between Corporate Risk 4 and this risk, mainly when scrutiny of the police culture, behaviour and incidents of misconduct in a public office has been well documented. We have seen referrals to our Professional Standards Department increase, aligned with media coverage of conduct in other police forces. The Constabulary currently has its highest level of suspensions due to ongoing investigations. There is an intrinsic link to these factors underpinning the public's trust and confidence in our service delivery. It is reasonable to expect misconduct cases to increase as the organisational culture evolves and we root out attitudes and behaviours that do not align with our values. We have created an additional 7th Corporate Risk (reference PR/1436) to reflect this.

Corporate Risk latest assessment - mitigated risk

Mitigated Assessment	12
Mitigated Impact Score	4
Mitigated Likelihood Score	3

Rationale

PMO Quarter 3 Mitigations Review

The Constabulary has developed its Performance Control Strategy, reported through the Integrated Performance and Quality Report (IPQR) which informs the Management Board (CMB) monthly of our performance. Our Performance Control Strategy has set the Force level

performance priorities for local focus and delivery, these six areas are:

- Crime Data Integrity
- Investigative Standards
- Rape & Serious Sexual Offences
- Response Timeliness
- Crime Prevention
- Protecting the Vulnerable

Performance against each of the Performance Control Strategy areas was provided as part of the IPQR update at either the **October or November Constabulary Management Boards**. A precis of this reporting is provided here as part of risk mitigations. Further information is available from the PMO on request.

For **Crime & Data Integrity (CDI)**, performance is assessed as **STABLE (November)** with a number of improvement activities being managed. These include the accurate recording of rape crimes and incidents of rape, the recording of crimes which involve vulnerable victims, better recording of crime when anti-social behaviour is reported and the capture of equality data. Central to our work has been the review of circa 650 rapes since October. This has proven helpful in terms of the identification of several learning points including the non-identification of crimes by Communications, the need for accurate crime recording by the Incident Assessment Unit and the recognition of the need to record additional crimes post initial classification. We recognise the need to introduce regular scrutiny, to have full oversight by the Outcome Review Team and to improve Home Office Counting Rules knowledge across different departments. We continue to classify circa 80% of crimes within 24 hours. An Improvement Plan is in place where actions include a weekly GOLD Group of key stakeholders to review audit priorities and findings, a focus by Directorates on compliance and resolution of any key CDI issues and the implementation of a training schedule to better support IAU crime classifications.

For **Investigative Standards**, performance is assessed as **STABLE (November)**. Here improvement work is focusing on capturing why victims may withdraw their support for an investigation and whether evidence led prosecutions are considered in all such cases. We also recognise the need to improve the quality assurance and supervision of Investigations. We track performance using a number of key metrics. Recent data shows Supervisor Review timeliness (28 days) has dropped from 74% to 69%. Victim contact timeliness (28 days) remains stable as does the Follow-Up satisfaction measure. The File Quality compliance rate remains relatively stable at 46% with no evidence of improvement and our position remaining short of the national average (March 2023). The Force level positive outcome rate also remains relatively stable at 10.9% positioning the Constabulary 29th out of 43 Forces. An Improvement Plan is in place where actions include a focus on the initial / primary investigative response, a focus on the timeliness of identification, arrest and management of perpetrators and a focus on case file quality and compliance with DG6.

For **Rape & Serious Sexual Offences**, performance is assessed as **STRONG IMPROVEMENT (November)** as we have made significant progress in the introduction of processes for the timely allocation of rape crimes and other serious sexual offences. Reported rape volumes have increased linked to improved crime recording. The rape charge rate continues to increase (at 8.4% for the latest 12 month period). Rape charge volumes have also continued to increase showing a 63% increase in the absolute number year on year. Finally, the median days for RASSO allocation remains under 48 hours. The Improvement Plan here has actions relating to the embedding of the National Operating Model for SOTERIA, the continued drive to increase RASSO charge and volume rates and establishing effective professional development events to support embedding BLUESTONE cultural improvement.

For **Response Timeliness**, performance is assessed as **STABLE (October)**. This assessment reflects that immediate response within SLA remains stable (75% for September), priority response within SLA remains stable (54% for September) but noting call handling response challenges remain especially on the 101 secondary line (abandonment rate of 27% for September). Our Improvement Plan for this part of the Performance Control Strategy has actions focusing on improving our response through greater supervisory oversight, improving our

response timeliness for VAWG related logs both immediate and priority and improving our identification of repeat and vulnerable callers.

For **Crime Prevention**, performance is assessed as **STABLE (October)**. This is reflective of stable Neighbourhood Crime (a 12 month change of only +0.2%) and that the Constabulary Neighbourhood crime rates remain comfortably below the 2019 government baseline by 19%. Additionally, reported ASB volumes are showing good reduction (down 9% on last year). We have 91 Problem Solving Plans across the Constabulary. Visibility appears to be strong overall with opportunities to potentially increase NPT PC visibility. The Crime Prevention Improvement Plan has activities looking to make crime prevention "everyone's business", ensuring the Neighbourhood & Partnerships Directorate have access to structured training and a focus on improving the quality of our Problem-Solving approach.

For **Protecting the Vulnerable**, performance is assessed as **STABLE (October)**. This assessment is based on the aggregation of a number of key metrics. The DASH completion rate is currently 89% but BRAG compliance is lower at 78%. The non-compliant visit rate for Registered Sex Offenders (RSO) has not dropped below 15% in the last six months and there are currently 173 RSO risk assessments outstanding at the end of September. The number of Child Sexual Offence Disclosure Scheme (CSODS) applications awaiting a decision after 28 days remains stable. The number of DVDs applications awaiting a review is approximately 320. The ICAT backlog is showing an overall increase. The Protecting Vulnerable People Improvement Plan has activities relating to use of protection and civil orders, improving the quality and compliance of our use of risk assessments and how the "voice of the child" is recorded and contributes to investigations and decision making.

Based on the updated assessment of service delivery and key performance metrics / inspections / reporting mechanisms, the Q3 assessment is for no significant change to the mitigated value of this risk score which will remain as Impact 4 x Likelihood 3 = Mitigated Risk Value =12. The risk mitigation score should reduce in 2024 (likelihood) as the benefits of the new Performance Framework and Operational Improvement Committee are realised in terms of delivering measurable service improvement.



Date of register 06/12/2023

Corporate Risk - overview information

Corporate Risk URN	PR000737	Current Mitigated Score	15
Corporate Risk Title	Failure to grow, develop and then maintain the workforce and leadership culture, capacity and capability	Mitigated Impact Score	5
Corporate Risk Owner(s)	Louise Hutchison	Mitigated Likelihood Score	3
		Date of Risk Review	29/02/2024

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

Unmitigated Assessment	20
Unmitigated Impact Score	5
Unmitigated Likelihood Score	4

Rationale	<p>There are 3 headline areas where our risks assessment is focused, these are:</p> <p>Unprecedented growth and a changing workforce composition:</p> <ul style="list-style-type: none"> The huge logistical exercise of attracting, vetting, conducting medicals, inducting and on-boarding, training, tutoring, posting and supporting the huge numbers of new and inexperienced officers places record demands on our enabling services such as Recruitment and HR, Training and Tutors, Vetting, Occupational Health and others and entails significant collaboration and coordination between operational and enabling services and our HEI partner to deliver the numbers on time and effectively. The level of abstraction of PCDA and DHEP officers while undertaking their studies alongside performing their police officer roles. Recruiting to target officer numbers does not immediately translate to a fully deployable officers on the front line and as a
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result our response timeliness rates are impacted. A more experienced, deployable workforce will happen, but it will take time to achieve.

- The growth in officer numbers does not immediately translate to the growth in specialist areas we want to grow. This is true across all specialist areas and is particularly the case as we build our investigative capacity and capability. We have plans in place to realise this specialist growth, but again they will take time to fully realise. As a result, our overall positive outcome rate remains too low at 12%, reflecting the continued efforts we need to make in improving investigative standards as we build capability.
- The changes introduced this year through the Attorney General guidelines for disclosure and the Director General guidelines for charging have created additional pressures on front line officers and staff. Un-addressed this has the potential to significantly impact on officer and staff capacity, undermining the benefits of officer Uplift. We are working with other forces to highlight these concerns and seek pragmatic solutions.

Attraction and retention in an increasingly challenging marketplace:

- We are seeing locally and nationally increases against the projected leaver rates for police officers.
- A number of roles have become 'harder to fill' as the pay rates in the market have risen quite rapidly and a lot in some areas, particularly where there are shortages for in-demand technical skills.
- Many have talked about the impact of the pandemic on 'the great resignation' linked to employees re-evaluating what they want from their work and work/life balance.
- Public sector pay has been relatively stagnant for some time with it be argued that police officers especially have fallen behind compared to cost-of-living increases and pay in other roles that are less complex, risky and demanding.
- The attractiveness of policing as an 'employer' has taken a hit alongside wider trust and confidence following the widely publicised incidents of serious misconduct and concerns about sub-cultures in policing. This has a suppressive effect on our ability to recruit, especially from under-represented communities in whom there is already a trust deficit, and it also potentially dents morale and the ability to retain.

Institutionalising inclusion, investing in leadership and culture:

- Serious questions have arisen about policing culture and leadership against the backdrop of declining public confidence in wake of a series of misconduct cases nationally and stubborn inequalities in the police workforce and service delivery.
- Increase in volume and seriousness misconduct referrals/reporting and misconduct cases locally.
- Stubborn disparities in workforce experience and service delivery adversely affecting under-represented communities especially and adding to a trust and confidence deficit; understandable concerns about the relative glacial pace of change in some areas/aspects of our work.
- Growing levels of consciousness, internal and external activism, on the issues and impacts associated with inequality and discrimination, diversity, and inclusion deficits.
- Concerns from some that there is too much negative focus on the "<1%" and that this will dent morale of the majority.
- A lack of understanding and acceptance in some quarters that there are deep systemic and institutional roots that also need confronting in a systemic way.
- High levels of scrutiny and media attention to these issues
- Some reluctance and challenges in engaging all parts of the workforce in learning the knowledge and competencies we expect them to have in order to be able to promote an inclusive culture.
- Impacts of wellbeing and procedural justice on behaviour
- Questions about the effectiveness and rigour of our recruitment/selection processes in identifying, predicting and addressing those who do not demonstrate the right values and behaviours joining policing.

- Questions about the capacity of our internal professional standards, counter corruption, complaints, and grievance management capabilities to meet need and demand.
- Questions about the maturity and extent of our ability to use our data effectively to identify patterns or early warning signals to enable targeted and tailored intervention

Corporate Risk latest assessment - mitigated risk

Mitigated Assessment	15
Mitigated Impact Score	5
Mitigated Likelihood Score	3

Rationale

PMO Quarter 3 Mitigations Review

The 2023 People Survey data is now available for analysis and understanding. The response rate for the 2023 survey was 55% with 3977 responses received - this shows an improvement from the figure of 51% for 2022. The data is now with Management Teams to understand the key themes for their Directorates and Teams with the key outcomes from the survey being discussed by Senior Leaders at the Strategic Planning Meeting Day #2 on 01/12/23. Some of the initial headlines show a decrease in employee engagement by 2.8% points to 58.2% and a decrease with the statement "Avon & Somerset Police respects individual difference (decrease of 5.2% points to 68.6%). However, the statement "Overall I am happy at work" has increased by 1.1% points to 65.5%. An analysis of main themes shows an increase for questions linked to Learning & Development, Resources & Workload and Performance of My Manager. The Inclusion, Wellbeing and Fair Treatment index has stayed the same. There is a decrease in the values for the Culture & Ethics, Managing Change and Organisational Objectives indices. People Survey questions are also summarised in relation to our Constabulary values with the latest results showing an increase in respect of caring and learning but a decrease for courageous and inclusivity. However, our inclusive value still remains our strongest value. Encouragingly, the % of respondents who felt they had been bullied, harassed, or discriminated against in the last twelve months has decreased.

A recent **Discovery Project** has now concluded which has resulted in a detailed report outlining the "As Is" **culture** within the Constabulary. The process looked at seven themes (1) Evidence of Casey findings at Avon & Somerset (2) Challenging Inappropriate Behaviours and Safe to Speak Up (3) Leadership & Management (4) Our People (5) Ethics & Standards (6) How we Communicate Internally (7) How we Govern, Manage and Control our Work. The report identified evidence of themes reported within the Casey Report including institutional racism, misogyny, homophobia, discrimination. Opportunities for improvement were identified and these have all been agreed by the Chief Officer Group to take forward. Many of these already sit within existing workstreams but the creation of a Behavioural Insights & Prevention Working Group is to be established. The intention will be to establish this group in the New Year which will be the vehicle to delivering cultural change and in co-ordinating preventative activity. This will also consider how to take forward any future initiatives such as 'speak out'.

Additionally, we have undertaken a deep dive in **Police Officer recruitment** covering three headline areas - attraction, over-representation for some areas, eligibility issues (driving license) and also vetting. An Action Plan is now being developed to address findings.

The **Leadership Events** for 2023/24 are now scheduled and commence November. These events will be attended by all People Managers / Leaders with the themes covering strategic direction, leadership, and the role of the individual to deliver our organisational vision and objectives.

These events are complemented by the recent **Chief Officer Talk Time** sessions which have again shown good levels of engagement. The intent is to maintain these levels of engagement consistently throughout the year noting the need to develop a holistic Communication & Engagement strategy linked to the roll out of the VIVA Engage platform. A total of 43 Talk Time sessions were held between May and October across 19 locations and all 8 bases and over 650 attendees. A number of key Talk Time themes were identified including Demand, CPD, Collaborative Working, Estates, Institutional Racism, Resourcing, Wellbeing, Fleet, Communications and Finance. Circa 90% of Talk Time attendees found the sessions beneficial - however a number of recommendations have also been identified to further improve the approach.

Leadership Training plans continue to evolve with modules moving through pilot and into delivery through Q3 and Q4. The three courses developed are for "Acting Ready", "Core Leadership" and "Leadership Accelerator". Bookings are managed through central resourcing. With regards to the online Management Toolkit, content and videos are being progressed with SMEs with the release date of January 2024 unchanged (PSD, CTU and Vetting all filmed). New Trainers are being signed off to deliver the blue line personal development toolkit courses. Work continues Resources to identify names for the Launchpad Course. Initial feedback on the Team Leadership Model from the first Leadership Event has been positive. New updated Leadership Academy Maps have been added to the test intranet environment ready for test prior to release. Further meetings are scheduled with the Evaluation Partner, Leapwise. The Quality Assurance Panel have signed off the Futures Programme.

Programme #4 (Building a Skilled Workforce) has now commenced with a designated Programme Manager in position from 30/10/23. This will provide cohesion for a number of key workstreams including the implementation of the Occupational Health Review (Final Business Case approved in October for the restructure and introduction of a counselling function with a go-live from April 2024), work on the Leadership Academy and a Learning Strategy.

The recent revision of the **Constabulary Performance Framework** will mean the reporting of a revised set of KPIs and assessments against PEEL AFIs into the People Committee. We retain a good understanding of key metrics recognising the still relatively high turnover in Communication. The focus here is now on both attendance and vacancy management to help mitigate risks. A local issue relating to Firearms Instructors at Black Rock is also being managed.

Work continues to develop our approach to **Workforce Planning** working towards the development of a Strategic Workforce Plan. The TOR for this activity has been agreed - the aim is to connect resources, skills, and finance. The first iteration of the Workforce Plan will be ready for September 2024 and will evolve as a rolling Five Year Workforce Plan driven by key themes from the annual Force Management Statement.

Programme #7 (Building Trust & Confidence) will manage our approach to Trauma Informed.

We are still fully aware of gaps that need to be closed especially in relation to talent management and succession planning. This is not particularly formal or structured at this time so represents a risk. We recognise that we could do more to support people.

Therefore, after the Q3 review it has been decided that the mitigated risk value would remain as 15. Although a large range of activity has been documented, it is noted that for a significant amount, it remains relatively early in its development and implementation. Therefore, it could be one or two years before we can confidently expect to see a reduction in the likelihood score.

The next risk review date has been set for February ahead of the March JAC reporting period.



Date of register 06/12/2023

Corporate Risk - overview information

Corporate Risk URN	PR000738	Current Mitigated Score	16
Corporate Risk Title	Failure to maintain, invest in or optimise our infrastructure and assets	Mitigated Impact Score	4
Corporate Risk Owner(s)	Nick Adams	Mitigated Likelihood Score	4
		Date of Risk Review	29/02/2024

Corporate Risk Description	<p>Our infrastructure should enable the delivery of our vision to deliver outstanding policing for everyone. It is therefore important that our infrastructure, assets, and services achieve this and are developed sustainably, in a way that is mindful of our financial, political, social, and environmental landscape and, in a way that offers value for money. For clarity, this risk focuses on infrastructure, which includes our physical assets (buildings, fleet, equipment, uniform) and facilities, as well as the specialist services that provide and maintain those assets. It also encompasses a range of professional services that support our operational directorates. Our IT infrastructure is also a critical enabler of our success, but it is outside the scope of this risk as it is reflected within Corporate Risk - Digital and Data.</p>
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Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment	20
Unmitigated Impact Score	5
Unmitigated Likelihood Score	4

Rationale	<p>Officers, staff, and volunteers need to be able to count on having the working environment, tools, equipment and information available to them do their jobs effectively. Geopolitical issues are affecting the global marketplace and supply chains, causing challenges for us in securing the infrastructure we need to function as a Police service.</p> <p>Estate</p> <p>Since the pandemic we have moved a significant proportion of our staff (c. 1,600) to blended working, with a hybrid of home and office working. This change in our ways of working impacts on our estates usage, providing some opportunities while also requiring us to think</p>
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about what our people need from their office environment. These considerations are reflected in our estates strategic plan, presented to the Constabulary Management Board in August 2023, and to the PCCs Governance and Scrutiny Board in September.

The cost of our buildings has increased significantly, driven by inflationary pressures on the costs of utilities and in the cost of business rates following the changes which were implemented with effect from April 2023.

We have some specific challenges within our estate which are informing our forward plans. In particular we are progressing decisions in relation to our estate in South Somerset (Yeovil and Chard) after a period of indecision. We know this is important both in terms of providing reassurance to our communities about our presence in this area, as well as to provide positive progression for the morale of our officers and staff based here. We are also at various stages of project delivery around our estate in Bath, Central Bristol (Trinity Road), South Bristol (Broadbury Road) and Minehead.

Our estate will also need to support the infrastructure required to charge electric vehicles as we gradually transition to these over the coming years.

Vehicles

The market for vehicles is undergoing substantial change, coinciding with global and more local supply chain challenges. Prior to the conflict in Ukraine, we were already seeing some challenges presented from the shortage of semi-conductors, and the early stages of manufacturers plans to end production of internal combustion engine (ICE) powered vehicles.

The conflict in Ukraine has only added to these challenges, which means lead time for new vehicles is many months and for parts is also proving to be a challenge. We have seen improvement in manufacturing of vehicles, but reliable delivery still remains a challenge.

As a result of incidents concerning BMW police vehicles with certain engines, we removed a number of these vehicles from operational use in Spring 2022. This has presented acute challenges in relation to specialist operations roles. These challenges remain but should become less acute as replacement vehicles are brought into the fleet.

Over the medium term we recognize that it will be necessary to transition our fleet gradually to alternative fuel, with the majority expected to transition to electric by 2030, reflecting the pace at which the market is transforming its manufacturing capabilities.

This will require significant investment in charging infrastructure, as well as careful management around training and operational deployment all of which will need to be effectively co-ordinated.

Uniform and equipment

There continue to be supply chain challenges requiring ongoing management in relation to the provision of uniform and equipment. This does not necessarily present consistently, with some items being more readily available and others less so from time to time.

Mitigated Assessment	16
Mitigated Impact Score	4
Mitigated Likelihood Score	4

Rationale

PMO Quarter 3 Mitigations Review

Programme #8 within the Constabulary Portfolio of Change (Estates & Fleet Fit for the Future) provides the central co-ordination for the delivery of a number of significant estate projects – all of which have made significant progress during Q3.

- South Bristol (Broadbury Road), a Final Business Case was approved at the Governance & Scrutiny Board on 09/11/23. The option approved focusses on the enhanced remodeling and refurbishment of the Bristol Broadbury Road site. Mobilisation of the successful contractor will be from December 2023 with construction due to commence mid-January 2024.
- Central Bristol (Trinity Road), The Guinness Partnership Executive Board has provided the green light from an executive perspective to complete purchase of our police station in February 2024 and start work in March 2024.
- Yeovil (Horsey Lane), work is focused around Project Technical Meetings, stakeholder analysis and local communications. An Outline Business Case is expected in February 2024 ahead of the submission of a Final Business Case in August 2024
- Bath (Plymouth House) Project is aiming for a Business Case in February 2024. The Project Team have completed a number of activities in the Delivery Stage including monthly stakeholder meetings, understanding local LPA CCTV requirements, local operational building requirements (including CTSA and Designing Out Crime) and procurement processes.
- Our Chard project is also progressing well. Here, an Outline Business Case for refurbishment was completed and approved in October allowing for work on final design and technical specifications to begin ahead of a Final Business Case in May 2024.

The Estates Team are also now considering new initiatives for the medium to long term. These include a Strategic Review of HQ. Some initial Discovery Project work will commence in the New Year to describe our shared vision for our HQ estate exploring potential opportunities. The initial conversations will be held at the Portfolio Steering Board on 25/01/24.

We are also committed to delivering Electric Vehicle Rapid Charging Infrastructure. An initial review of the requirements and next steps was completed in collaboration with the other 4 South West regional forces. This work has outlined the scale of the task ahead of us to manage this transition. Further work is needed to develop this into a clearer plan, with the initial project mandate to step up this work expected to come to the Constabulary's Portfolio Steering Board early in 2024. Given the emerging scale of the business transformation required to manage this change, and the lack of a clear project plan at this stage, we have reflected an increase in our mitigated risk score.

AVON & SOMERSET CONSTABULARY

Corporate Risk Register



Date of register 06/12/2023

Corporate Risk - overview information

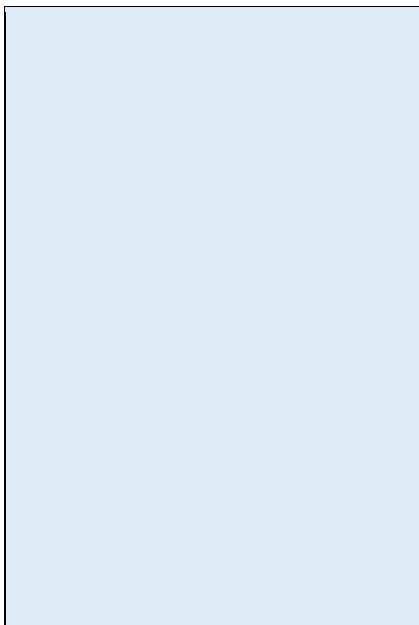
Corporate Risk URN	PR000739	Current Mitigated Score	16
Corporate Risk Title	Information Governance practices, data and digital assets are not governed and controlled or used legitimately, ethically, appropriately, or effectively for policing purposes	Mitigated Impact Score	4
Corporate Risk Owner(s)	Nick Adams	Mitigated Likelihood Score	4
		Date of Risk Review	29/02/2024

Corporate Risk Description	Data is a critical asset for the constabulary and significant investment has been made to facilitate operational use of data. Effective and innovative use of data will be critical for the force to deliver its vision of outstanding policing for everyone and show sustained improvement against the four priorities in the Police and Crime Plan 2021-25. In order to fully realise the ambition to be a data-driven organisation, officers and staff need easily accessible, trusted data and analytics with clear purpose to help make evidence-based decisions to drive internal and public-focused outcomes. The recent Data Strategy and Roadmap for change, co-developed with an external partner, outlined the recommended steps for the force to continue on this trajectory of pushing boundaries and innovating with data. However, the Strategy also recognised the increasing demand on Information Governance & Data Ethics, and related functions, to ensure innovation is secure, ethical, and compliant.
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Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment	20
Unmitigated Impact Score	5
Unmitigated Likelihood Score	4

Rationale	Information Governance – The Constabulary employs an experienced Head of Compliance who is also the Force Data Protection Officer, with the current role holder having started in Force in August 2023, prior to which we relied on external support for an interim period following the previous post holder leaving the organization in 2022. While we have an established information governance and
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compliance team, embedded within our legal and compliance directorate, we recognise that there is more that we can do to mature our organisational approach to information governance – particularly in continuing to raise awareness of the responsibilities everyone has in managing this, and willingness and appetite to balance risk against opportunity in the use of data to unlock insight and opportunity.

Management of Police Information (MOPI) and Criminal Procedure and Investigations Act (CPIA) compliance remain an ongoing focus for the Constabulary, as does the application of crime recording rules as measured through our Crime Data Integrity (CDI) work – the latter in particular being a focus of current improvement activity.

Data informed decision making – In many ways Avon & Somerset has a successful track record in using our data to build insight and inform decision making – democratizing this through the provision of tools to all officers and staff across the organization. However, we recognize that this has been achieved despite the complex data architecture we have in place, where data is held in multiple systems – thereby compromising our ability to confidently build a single view of the data we hold to inform our decision making and planning activities.

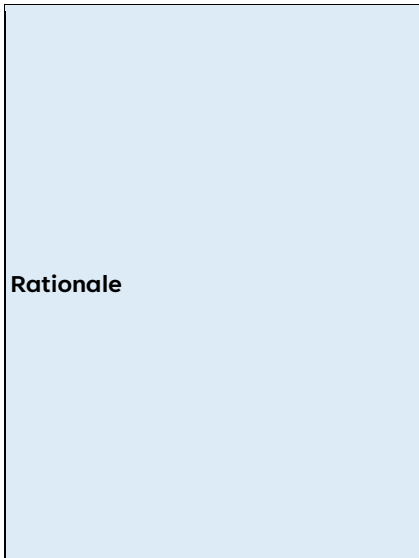
Data literacy across the organisation is improving but will continue to remain an area where we will want to do more to fully realise our ambition to become more data driven as an organisation.

The Constabulary has made strong investment in future technologies such as advanced analytics, robotics, and automation. However, the aforementioned foundational issues may pose challenges to the success of innovative techniques.

Corporate Risk latest assessment - mitigated risk

Mitigated Assessment
Mitigated Impact Score
Mitigated Likelihood Score

16
4
4



PMO Quarter 3 Mitigations Review

This risk has been reviewed in detail for the Q3 submission recognising the focus on the management of data as a critical asset. There are two clear elements of risk mitigation here.

Information Governance – Following the recruitment of an experienced Head of Compliance and Data Protection into force, our focus is now on the development of an Information Governance Framework through which we will look to improve our organisational approach to the identification / implementation of risk appetite disciplines. Through this work we are developing a framework and tools to support the application of information governance responsibilities across the organisation and will progress this alongside opportunities for increasing awareness of information governance across the organisation. This work is progressing and includes the development of tools to help with the process of completing Data Protection Impact Assessments. We expect this to roll out more fully in the first half of 2024.

This work also includes a review of the current Register of Processing Activity which details the information asset owners across the organisation. It is recognised, through a responsibility assignment matrix (RACI) that has been completed for all IG and data responsibilities, that further training, better handovers of responsibilities and better accessibility to the Record of Processing Activity (ROPA) will significantly improve awareness and compliance.

Data informed decision making – We will be using Programme #5 (Data, Digital and I.T. Futures) as our delivery mechanism to mature our approach and develop improvements to our data architecture. A Business Case for the development and introduction of a Data Platform is in the pipeline, with placeholders reflecting this planned investment set aside within our Medium-Term Financial Plan (MTFP). Through this work we hope to provide the tooling and capability to control our data. Timescales for delivery are anticipated to be within the next 18-24 months.

The Constabulary has recognised the opportunities but also risk associated with Artificial Intelligence. A draft Artificial Intelligence Strategy has been produced to be discussed in our Confidence & Legitimacy Committee (Information, Data and Security) meeting in December 2023.

Our recent People Survey results for 2023 are extremely encouraging. A total of 72% of respondents are confident in understanding and using data. A total of 66% of respondents feel they have access to data that is useful to their role. A total of 89% of respondents understand their responsibilities in relation to data quality. A total of 92% of respondents understand data protection legislation.

We recently took part in a Police Digital Service (PDS) Data Maturity Assessment workshop (22/09/23), where data practitioners and leads around the Force took part in a series of assessments regarding maturity of key themes. The results of this assessment were recently provided by PDS along with a series of recommendations. The high-level summary showed that we felt we were stronger regarding risk, leadership, and metrics whereas architecture was assessed as the lowest theme requiring focus. The report will be highlighted at the next Confidence & Legitimacy Committee in December.

The risk mitigation scores remain unchanged for Q3 but there is an expectation for the likelihood assessment to decrease in 2024 as the tangible governance changes are landed.

AVON & SOMERSET CONSTABULARY

Corporate Risk Register



Date of register 06/12/2023

Corporate Risk - overview information

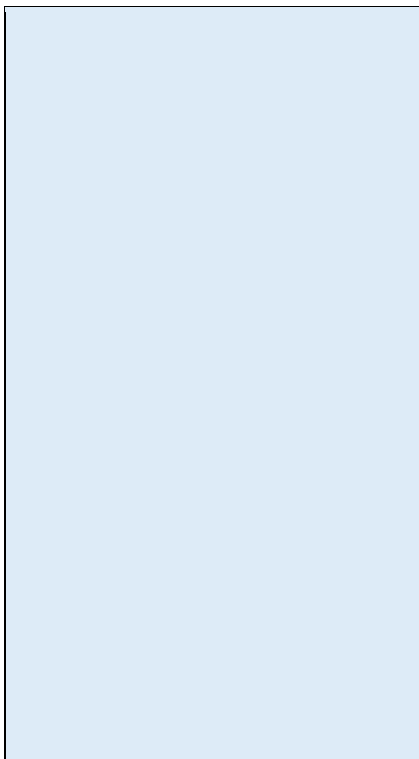
Corporate Risk URN	PR000740	Current Mitigated Score	9
Corporate Risk Title	Governance arrangements need to be understood, appropriately applied and effective.	Mitigated Impact Score	3
Corporate Risk Owner(s)	Nick Adams	Mitigated Likelihood Score	3
		Date of Risk Review	29/02/2024

Corporate Risk Description	<p>Within a professional environment as large and complex as Policing, effective and well-understood governance arrangements are critical to keeping us on track. A robust governance framework will help us ensure we are fulfilling our mission to Serve, Protect and Respect Avon and Somerset's communities. Furthermore, it will enable the delivery of our vision for outstanding policing. The starting point for good governance is having absolute clarity on the rules within which we choose to, and indeed must, operate to ensure consistent, transparent, evidence-based and ethical decision making.</p>
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Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment	12
Unmitigated Impact Score	4
Unmitigated Likelihood Score	3

Rationale	<p>The Constabulary adheres to the Chartered Institute for Public Finance Accountants (CIPFA): Delivering Good Governance in Local Government (2016) framework, which sets the standard for local authority governance in the UK. Furthermore, the publication of the International Framework: Good Governance in the Public Sector (CIPFA/IFAC**, 2014), contains seven principles for good governance applicable to local government, which the constabulary has adopted and built its own governance framework around.</p>
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The principal statutory framework within which Constabulary operates, includes the following:

- Police Reform and Social Responsibility Act 2011
- Policing Protocol Order 2011
- Financial Management Code of Practice (Home Office, 2013)
- Strategic Policing Requirement (Home Office, 2015)

Without a framework in place to adhere and comply with the requirements outlined in these frameworks, we would be vulnerable to scrutiny from several sources, and exposed to reputation damages undermining confidence in policing.

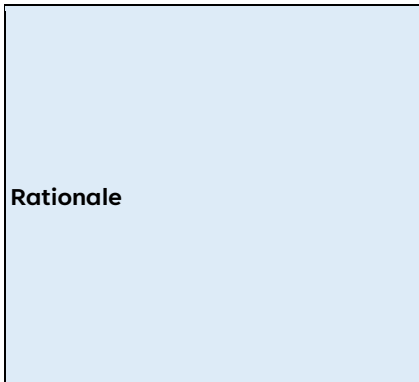
Locally we have a joint scheme of governance in place between the Police and Crime Commissioner and the Constabulary, through which we set out how we will conduct business efficiently and effectively in accordance with the statutory framework within which we operate. Earlier in 2023 it was recognised that the capacity at Chief Officer level to oversee planning and performance management has been challenging to manage, with limited capacity to lead the breadth of organisational activity across the Chief Officer portfolio. To address this a third ACC role was introduced in the spring of 2023, to head up our “Strategic Planning & Performance” portfolio.

Across the South West region there are several collaborative partnerships in which Avon and Somerset is a member. These include operational functions such as the South West Regional Organised Crime Unit (SWROCU), South West Forensics (SWF) and organisational functions such as the South West Police Procurement Service (SWPPS). Each of these have their own governance and oversight arrangements, which ultimately report into a regional strategic board where regional PCC’s and CC’s retain oversight. While these arrangements exist, it is recognised that more could be done to clarify the governance arrangements, particularly to ensure that the provide clarity in the support and enabling of performance and strategic objectives.

Corporate Risk latest assessment - mitigated risk

Mitigated Assessment
Mitigated Impact Score
Mitigated Likelihood Score

9
3
3



Rationale

PMO Quarter 3 Mitigations Review

The PMO continue to own and manage Constabulary Governance processes. The Governance Framework has been subject to further review and iteration in Q3 recognising the implementation of the new constabulary Portfolio of Change and the introduction of a revised Performance Framework centred on PEEL Questions ahead of the 2024 inspection.

All Governance Framework Terms of Reference have now been revised and updated to reflect the new performance and programme reporting arrangements – this mainly effects the Committee level meetings. From September 2023, we have introduced the new Portfolio Management Board alongside new project lifecycle stages (of which there are now seven) and a new Change Commissioning Process. These new arrangements will ensure the visible end to end management of the Constabulary’s change portfolio.

Further to the Governance Review of 2022, we have now formally introduced the Operational Improvement Committee with the first meeting scheduled for 13/12/23. This Committee will complement the existing Investigation Standards Forum which has now moved under formal governance framework management by the Portfolio Management Office.

Finally, as part of the development of the new Strategic Planning Cycle, a clear annual cadence for Strategic Planning Meeting (SPM) agenda has been defined. The Q3 Strategic Planning Meeting focused on financial planning (linked to the development of the MTFP) and People (further to the publication of the People Survey 2023). The Q4 Strategic Planning Meeting will focus on the development of an organisational SWOT analysis to inform our 2024/25 Portfolio based on the key findings from a number of documents including the Force Management Statement, Strategic Threat Assessment and PESTLE analysis. The 2024 Annual Scheme of Governance will be produced Q4/Q1 next year.

Regionally we have instigated a new process to scrutinise the forward year budget proposals across our collaborations. Initially this review was overseen by regional Chief Finance Officers, and then refined into a series of recommendations which were considered by a scrutiny panel comprising chief officers from the five regional forces, and which was chaired by the Avon & Somerset Chief Constable. Through this process we have tightened the oversight and budgetary control of our regional collaborations.

There are no changes suggested to the risk mitigation scores for PR/740 at this stage – the assessment remains as 3 x Impact and 3 x Likelihood. However, the likelihood score for this risk is expected to reduce in 2024 as the new elements of governance delivery (e.g. Operational Improvement, Programme reporting, SPM cadence) are embedded.



Date of register 06/12/2023

Corporate Risk - overview information

Corporate Risk URN	PR001436	Current Mitigated Score	15
Corporate Risk Title	Decreasing public confidence and legitimacy impacts negatively on service delivery.	Mitigated Impact Score	5
Corporate Risk Owner(s)	Jon Reilly	Mitigated Likelihood Score	3
		Date of Risk Review	29/02/2024

Corporate Risk Description

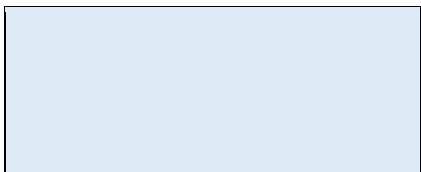
The latest public confidence survey indicates the lower levels of public confidence with a figure of 66.5% for the last 12 months compared with a figure of 77.7 % for the previous 12 months (based on the question "Taking everything into account I have confidence in the Police in this areas").

This latest result is delivered against a national narrative from the Casey Review. The review discussed whether leadership, recruitment, vetting, training, culture, and communications support the standards the public should expect. It made recommendations for how high standards can be routinely met so that levels of public trust and confidence can be restored and maintained. We are clear that the report is potentially one of the most important moments for UK Policing in a generation. The wider coverage of the report described widespread racism, sexism and homophobia throughout the Metropolitan Police systems and culture. The report dealt with much more than discrimination and Baroness CASEY has provide a succinct diagnosis of her report.

1. Services to women and children are not good enough.
2. Policing is at its most threadbare closest to the frontline – closest to the public.
3. There is institutional racism, sexism, and homophobia.
4. The Metropolitan Police needs to clean itself up and must root out the bad.

The report was not written about Avon & Somerset Police but under the same test criteria we need to understand how we would measure up. We reflect that many parts resonate, and we acknowledge elements that are true for us. We are committed to confronting and addressing them. The inclusion of this Corporate Risk reflects the various mitigations we have identified and work outstanding to deliver.

Aside from CASEY, the scope of Police delivery remains at the forefront of national debate with the recent focus on the Humberside Right Care Right Person model and announcement from the Metropolitan Police Service to move back from supporting incidents of mental health later in 2023 with wider interpretations how this is out of kilter with founding PEEL principles of wider community wellbeing.



There remains continued media interest in local disciplinary hearings managed by Professional Standards with outcomes published via local media outlets. We recognise how some local cases would have caused concern with the public. We understand that our own culture will directly impact on how the public feels about us. We are also aware of the impact of complaints and the impact on complainants and their levels of confidence.

Corporate Risk initial assessment - unmitigated risk

Unmitigated Assessment
Unmitigated Impact Score
Unmitigated Likelihood Score

20
5
4

Rationale

The unmitigated assessment score of 20 is based on the combination of a number of considerations that are interlinked. These include the latest declining public confidence figures, the publication of the CASEY Review and the wider implications for UK policing and the recognition of local misconduct and cultural issues within Avon & Somerset. The aggregation of these creates a high unmitigated risk assessment whereby the continued legitimacy of the Constabulary could be subject to public debate.

Corporate Risk latest assessment - mitigated risk

Mitigated Assessment
Mitigated Impact Score
Mitigated Likelihood Score

15
5
3

Rationale

PMO Quarter 3 Mitigations Review

The Public Confidence & Legitimacy Risk was reviewed with DCC REILLY on 14/11/23 to identify themes for the Q3 mitigation updates. The themes included for reporting this quarter reference our activities in relation to **Race Matters, Violence Against Women and Girls, Community Engagement, and core performance.**

For **Race Matters**, we have now developed a Community Engagement Network with over 50 members of the Community - this enables us to discuss potential ways forward with our Race Matters delivery. We have commissioned an independent community lead to work with the Community Engagement Network to propose a scrutiny and advisory structure to support our Race Matters work. Our Anti-Racism Strategy is in development following workshops with both the community and our staff to identify the key objectives required to becoming an actively anti-racist police service. A Deferred Prosecution Model Business Case has been approved to support the introduction of a model for first time / low level offenders. Research shows that as our current Out of Court Disposal processes all require an admission of guilt, it can disproportionality impact on black and ethnically minoritized groups entering into the Criminal Justice system due to the lack of confidence in the Police to investigate effectively. Our Race Matters development days for operational staff commence in November and will support in understanding the past, the present and the future of policing Black and ethnically minoritized groups.

For **Violence Against Women and Girls (VAWG)**, the DRIVE Programme for male Domestic Abuse perpetrators is continuing its rollout across the Constabulary. The VAWG lens has been applied to the HMICFRS PEEL areas for improvement and mapped with the National Delivery Plan and performance and outcome framework to ensure Force level activity is targeted towards VAWG. We have assigned an Inspector for Patrol to undertake a thematic analysis of 160 Domestic Abuse cases to provide a Forcewide view of performance relating to investigative management, commenting on evidence, safeguarding, and case direction. A review of our use of Civil Orders has concluded with recommendations to improve our use of Orders within the Constabulary. These include producing local guidance, consistent recording, consideration of a dedicated resource to manage compliance, new starter and CPD training and the creation of digital applications to improve both volume and quality. The findings from the recent "Managing Offenders and Suspects" Performance & Quality Assessment will help understand further risks and opportunities. We note that outstanding warrants and suspects are currently a concern. Intelligence cohort developments will also be kept in view.

For **community engagement**, the partial Independent Advisory Group (IAG) membership review as instigated within the Race Matters workstream will help us understand how to best achieve proportionate and effective BAME community representation across all LPAs. Some IAGs are reporting reduced membership further to COVID and the changes to meeting arrangements. However, a focus on maintaining active members of IAGs has been prioritised. In Bristol, an engagement initiative has seen all Beat Managers and PCSOs set an IPR objective of establishing and maintaining at least one positive proactive engagement with a community group. This is to re-establish good habits of engaging with communities that became less possible during the pandemic. The engagements are not incident or campaign-related but encourage officers to connect with the community group in a wholly positive way, connecting around a shared interest, which is the starting point for engagement that will then allow all of the associated benefits to be realised. A recent review has established that ongoing contact has been established and is being maintained with over 90 new Community Groups.

Finally, we feel that we will drive public confidence and legitimacy if we can demonstrate **improvement** in core **operational policing outcomes**, so we have referenced latest performance data for burglary and rape and serious sexual assault (RASSO). For burglary, we can report a continuous downward trend over the past five years. The latest data (November) shows that 79% of burglaries are allocated including attempt and commercial. For burglary dwelling specifically, recorded crime has decreased by 14.5% over the last 12 months with an average positive outcomes rate of 6.8%. For Rape and Serious Sexual Offences (RASSO), the November PQA is reporting positive performance metrics in relation to reported rape volumes, rape charges, rape charge volumes, comparatively strong charge rates and RASSO allocation timeliness.

After the Q3 review of the latest mitigations, there is no change to the overall mitigation risk assessment scores of 5 Impact x 3 Likelihood = 15.

The Joint Audit Findings for Avon and Somerset Police

Year ended 31 March 2023



Contents



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

Jackson Murray

Name: Jackson Murray

For Grant Thornton UK LLP

Date: 30 November 2023

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the PCC and Chief Constable or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Avon and Somerset Police and Crime Commissioner ('the PCC') and Avon and Somerset Chief Constable and the preparation of the PCC's and Chief Constable's financial statements for the year ended 31 March 2023 for those charged with governance.

Financial Statements

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

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

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

Our audit work was completed using a hybrid of remote and on-site working between August and November 2023. Our findings are summarised on pages 4 to 20.

We have not identified any adjustments to the financial statements of the Chief Constable that impact on the Chief Constable's Comprehensive Income and Expenditure Statement. We have identified one adjustment to the financial statements of the PCC that would have resulted in a £0.6m adjustment to the PCC's Comprehensive Income and Expenditure Statement, however this remains unadjusted. Audit adjustments are detailed in Appendix D.

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

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinions for the group, PCC or Chief Constable financial statements, subject to the following outstanding matters;

- finalisation of our work on senior officers remuneration;
- completion of final quality reviews of our audit file and satisfactory conclusion of any resultant queries.

Once completed, we will be in a position to issue our audit opinions following:

- receipt and review of the updated narrative report and annual governance statement;
- receipt of management representation letters; and
- receipt and review of the final sets of financial statements and related signed documents.

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

Our anticipated audit report opinions will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

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

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

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have completed our VFM work, which is summarised on page 21, and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented to the Joint Audit Committee alongside this report. We are satisfied that the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

Statutory duties

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

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

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

Significant matters

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

We would like to record our thanks to the finance team who have responded to our audit queries promptly and appropriately throughout the audit period.

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging, with just 1% of 2022/23 audit opinions issued by 30 September 2023 nationally. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/about-time/)

We would like to thank everyone at the PCC and Chief Constable for their support in working with us to ensure information was provided in a timely way to ensure we did not fall behind and enable us to issue a timely audit opinion.

2. Financial Statements

Overview of the scope of our audit

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

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

Audit approach

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

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

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing unqualified audit opinions on the financial statements of both the PCC and the Chief Constable following the Joint Audit Committee meeting on 20 December 2023. This is subject to the outstanding items as detailed on page 3.

2. Financial Statements



Our approach to materiality

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

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

We set out in this table our determination of materiality for the PCC, Chief Constable and group.

	Chief Constable (£)
Materiality for the financial statements	9,400k
Performance materiality	7,000k
Trivial matters	470k
Materiality for senior officers remuneration	17k

We have determined financial statement materiality based on the lowest gross expenditure figure of the group, the PCC and the Chief Constable for the financial year. The Chief Constable has the lowest figure therefore this has been used to determine our materiality. In the prior year we used the same benchmark. £9.4million (PY £8.2m), equates to 1.5% of the Chief Constable's prior year gross expenditure.



2. Financial Statements: Significant risks

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

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

Risks identified in our Audit Plan	Relates to	Commentary
Management override of controls	PCC / Chief Constable / Group	<p>We have:</p> <ul style="list-style-type: none"> • evaluated the design and implementation of management controls over journals; • analysed the journals listing and determined the criteria for selecting high risk unusual journals; • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our examination of the control environment has identified the following deficiencies, which have been raised in previous audits:</p> <ul style="list-style-type: none"> • finance team members have the ability to create and approve their own journals as there are no automated controls within the financial system to prevent this. Manual interventions put in place by Management are designed to prevent an individual creating and approving their own of journals, however through our audit work we have noted that journals created and approved by the same person do continue to exist; • there are no authorisation / approval limits set for individuals within the financial system. This could result in inappropriate individuals approving high value journals as approval for journals is based on a rota system, rather than value or risk; • Assyst is a portal created in December 2021 to add an extra layer of transparency to the journals review process. Within Assyst there is a field for evidence to support a journal to be included, however through our inquiry of journal users and our own observations after inspecting the software, we noted that evidence is not always submitted to support the journal. <p>Our testing strategy was designed to take account of the risks associated with the deficiencies identified above. No instances of management override were identified from our review of journals.</p> <p>In addition to our review of the journals control environment, our IT Audit colleagues have reviewed the SAP financial ledger system and noted a deficiency relating to inappropriate access to SM18 and SM19 transaction codes. This access allow the user to delete or amend transactions in SAP without creating an audit trail of the amendment. They also identified a significant deficiency related to excessive access to critical T-Codes in SAP. This was also noted in our 2021/22 Joint Audit Findings report. Similar to last year, we have also had to perform additional procedures to assure ourselves that the transactions in SAP and associated system reports are complete and accurate.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
The revenue and expenditure cycle include fraudulent transactions (rebutted)	PCC / Chief Constable / Group	<p>It was reported in our joint audit plan that we had determined there was no significant risk of material misstatement relating to revenue or expenditure recognition.</p> <p>We consider our rebuttal of the presumed revenue and expenditure recognition risks to remain appropriate.</p>
Valuation of land and buildings	PCC / Group	<p>We have:</p> <ul style="list-style-type: none"> • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the PCC's valuer's report and the assumptions that underpin the valuation; • engaged our own valuation expert to assess the instructions to PCC's valuers, the valuers report and the assumptions that underpin the valuation; and • tested, on a sample basis, revaluations made during the year to see if they had been input correctly into the PCC (and group's) asset register; and • evaluated the assumptions made by the valuer, and management, for those assets revalued at 31 March 2023. <p>We held discussions with the valuer throughout the audit to ensure we understood and could challenge the key assumptions used in the valuations.</p> <p>Overall, we are satisfied with the inputs and assumptions adopted by the valuer in their 2022/23 valuations. The valuer has addressed prior years' recommendations and based build rates on BCIS source data, and also factored in further assumptions such as site adjustments, contract adjustments and professional fees adjustments. We deem this as reasonable, but we would recommend the valuer to review annually the % adjustments applied and adopted to ensure that they remain appropriate.</p> <p>In our 2021/22 audit we recommended that the useful life should be clearly used in the obsolescence factor applied to specialised assets. In 2022/23 the valuer has now considered further elements such as build dates, and has linked the re-assessed build dates to obsolescence rates suggested by the Valuation Office Agency. However, the recommendation that the valuer directly link assets' remaining UELs to physical obsolescence rates remains. This is due to the fact that if buildings have been maintained well, their remaining useful lives would be extended which then directly links to depreciation, as opposed to having a 'hypothetical build date' which brought the build date to a newer calendar year. Due to this it creates a potential risk that insufficient depreciation has been reflected within the valuation of some assets where remaining lives might be considered excessive when compared to the overall lifespan of a building. Therefore, we recommend the valuer to review this approach each year, however we are satisfied that there are no material issues for 2022/23.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Valuation of the net defined benefit liability (LGPS and Police Pension Schemes)</p> <p>The Group's net defined benefit liability as reflected in its balance sheet, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£2.6billion at 31 March 2023 for both LGPS and Police Schemes) and the sensitivity of the estimate to changes in key assumptions.</p> <p>The actuarial assumptions used are the responsibility of the entities but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of Chief Constable's pension fund net liability as a significant risk.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p>	Chief Constable / Group	<p>We have:</p> <ul style="list-style-type: none"> updated our understanding of the processes and controls put in place by management to ensure that the Group's pension fund net liability is not materially misstated and evaluate the design of the associated controls; evaluated the instructions issued by management to their management expert (Barnett Waddingham "the actuary") for this estimate and the scope of the actuary's work; assessed the competence, capabilities and objectivity of the actuary who carried out the Group's pension fund valuation; assessed the accuracy and completeness of the information provided by the Group to the actuary to estimate the liability; tested the consistency of the pension fund asset (LGPS only) and liability and disclosures in the notes to the core financial statements with the actuarial reports; and undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report. <p>Our audit work to date has not identified any issues in respect of valuation of the pension liability. At the time of writing, we await receipt of the final assurances from the auditor of the Somerset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements for the LGPS only.</p> <p>We also await receipt of further information in respect of the significant experience adjustments reflected in the LGPS pension liability from the Group's actuary.</p>

2. Financial Statements: key judgements and estimates

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

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £199.7m	PCC / Group	<p>Other land and buildings comprises £159.3m of specialised assets such as Police Headquarters and Police Centres, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£38.6m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The PCC engaged Jones Lang LaSalle Limited (JLL) to complete a full valuation of Land and Buildings as at 31/03/2020 as part of the cyclical valuation programme. At 31/03/2021, 31/03/2022 and 31/03/2023 their internal valuer has undertaken a desktop valuation. All land and buildings assets were revalued during 2022/23.</p> <p>The total year end valuation of land and buildings was £199.7m, a net decrease of £1.8m from 2021/22 (£201.5m).</p>	<p>We have carried out the following work in relation to this estimate in line with the revised ISA540 requirements:</p> <ul style="list-style-type: none"> assessment of management's expert to ensure suitably qualified and independent; assessed the completeness and accuracy of the underlying information used to determine the estimate; assessed the appropriateness of any alternative site assumptions; assessed the consistency of estimate against market data; and assessed the adequacy of disclosure of estimate in the financial statements. consultation of our auditor's expert, discussing the methods and assumptions applied by the valuer. See recommendation on page 28. 	Light Purple

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment																								
LGPS Net pension liability – £33m	Chief Constable / Group	<p>The Group and Chief Constable's Local Government Pension Scheme (LGPS) net pension liability at 31 March 2023 is £33m (PY £393m).</p> <p>The Chief Constable uses Barnett Waddingham to provide actuarial valuations of the Chief Constable's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<p>In assessing the estimate, we have:</p> <ul style="list-style-type: none"> assessed management's expert to ensure they are suitably qualified and independent; assessed the actuary's approach to confirm reasonableness of approach; used an auditor's expert (PwC) to assess the methods and assumptions used by management's actuary (see table below for consideration of assumptions); gained assurance over the completeness and accuracy of the underlying information used to determine the estimate; assessed the impact of any changes to valuation method; assessed the reasonableness of decrease in estimate; and assessed the adequacy of disclosure of estimate in the financial statements. <p>We currently await the final letter of assurance from the auditor of Somerset Pension Fund and a response from the actuary on the significant experience items recognised in 2022/23.</p> <table border="1"> <thead> <tr> <th>LGPS Assumptions Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>4.80%</td> <td>4.80% – 4.85%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.90%</td> <td>2.65% - 2.95%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.90%</td> <td>3.90%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>Pensioners: 21.4 Non Pensioners: 22.7</td> <td>Pensioners: 19.5 – 22.1 Non Pensioners – 20.9 – 23.4</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>Pensioners: 23.2 Non Pensioners: 24.7</td> <td>Pensioners: 22.9 – 24.5 Non Pensioners – 24.3 – 25.9</td> <td>●</td> </tr> </tbody> </table>	LGPS Assumptions Assumption	Actuary Value	PwC range	Assessment	Discount rate	4.80%	4.80% – 4.85%	●	Pension increase rate	2.90%	2.65% - 2.95%	●	Salary growth	3.90%	3.90%	●	Life expectancy – Males currently aged 45/65	Pensioners: 21.4 Non Pensioners: 22.7	Pensioners: 19.5 – 22.1 Non Pensioners – 20.9 – 23.4	●	Life expectancy – Females currently aged 45/65	Pensioners: 23.2 Non Pensioners: 24.7	Pensioners: 22.9 – 24.5 Non Pensioners – 24.3 – 25.9	●	Light Purple
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Assessment

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2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment																								
Police Pension Scheme liability - £2.6billion	Chief Constable / Group	<p>The Chief Constable's Police Pension Scheme liability at 31 March 2023 is £2.6billion (PY £3.9billion). The Chief Constable operates three pension schemes for police officers, these are the 1987, 2006 and 2015 Police Pension Schemes.</p> <p>The Chief Constable uses Barnett Waddingham to provide actuarial valuations of their Police Pension Scheme liabilities. A full actuarial valuation is required every four years.</p> <p>Whist the last full actuarial valuation was completed in at 31 March 2021, the estimate of the pension liability at 31 March 2023 is based on up-to-date membership data and assumptions. Given the significant value of the net pension fund liability (surplus), small changes in assumptions can result in significant valuation movements.</p>	<p>In assessing the estimate, we have considered the following:</p> <ul style="list-style-type: none"> assessed management's expert to ensure they are suitably qualified and independent; assessed the actuary's approach to confirm reasonableness of approach; used an auditor's expert (PwC) to assess the methods and assumptions used by management's actuary (see table below for consideration of assumptions); gained assurance over the completeness and accuracy of the underlying information used to determine the estimate; assessed the impact of any changes to valuation method; assessed the reasonableness of decrease in estimate; and assessed the adequacy of disclosure of estimate in the financial statements. <table border="1"> <thead> <tr> <th>Police Pension Scheme Assumptions</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>4.80%</td> <td>4.80% – 4.85%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.90%</td> <td>2.65% - 2.95%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.90%</td> <td>3.90%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>Pensioners: 21.1 Non Pensioners: 22.5</td> <td>Pensioners: 20.5 – 21.2 Non Pensioners – 21.8 – 22.4</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>Pensioners: 23.5 Non Pensioners: 25</td> <td>Pensioners: 22.8 – 23.4 Non Pensioners – 24.3 – 24.9</td> <td>●</td> </tr> </tbody> </table> <p>Two of the assumptions detailed yellow in the assessment above fall just outside of the expected range; however we are satisfied this does not create a risk of material misstatement as a 0.1 year movement in assumption for non-pensioners would result in a non-material movement of £5.2million. This is based on the actuaries sensitivity analysis.</p>	Police Pension Scheme Assumptions	Actuary Value	PwC range	Assessment	Discount rate	4.80%	4.80% – 4.85%	●	Pension increase rate	2.90%	2.65% - 2.95%	●	Salary growth	3.90%	3.90%	●	Life expectancy – Males currently aged 45/65	Pensioners: 21.1 Non Pensioners: 22.5	Pensioners: 20.5 – 21.2 Non Pensioners – 21.8 – 22.4	●	Life expectancy – Females currently aged 45/65	Pensioners: 23.5 Non Pensioners: 25	Pensioners: 22.8 – 23.4 Non Pensioners – 24.3 – 24.9	●	Grey
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2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Private Finance Initiative (PFI)	PCC / Group	<p>The PCC is part of a private finance initiative with Blue Light Partnership which includes the provision of services and building maintenance over the 25 years of the contract. At the end of the contract the ownership of the properties will pass over to the PCC. One of the properties provided, the BlackRock firearms training facility, is part of a Tri-Force agreement between the PCC and the PCC's of Gloucestershire and Wiltshire.</p> <p>The PFI properties are recognised on the balance sheet and revalued as part of the revaluation cycle. The liability to pay the cost of the capital investment to the Blue Light Partnership is also recognised on the balance sheet.</p>	<p>In assessing the estimate, we have:</p> <ul style="list-style-type: none"> reviewed the updated PFI model to ensure inputs can be evidenced; agreed the unitary charge included within the accounting model back to supporting invoices; agreed the liability figures back to the evidence to support PFI model; compared management's PFI model to a model produced by ourselves. This identified an immaterial difference of £2.1m. The GT model was at the point of inception of the PFI and is not updated each year to consider inflation, we therefore deemed the difference as reasonable and in line with our expectations; assessed the adequacy of disclosures of estimate in the financial statements; assessed the completeness and accuracy of the underlying information used to determine the estimate; and ensured that the PCC is correctly recording their share of the liability in accordance with the Tri-Force agreement. 	Light Purple

Assessment

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2. Financial Statements: key judgements and estimates



Significant judgement or estimate	Relates to	Summary of management's approach	Audit Comments	Assessment
Provisions - £12.509m	PCC / Chief Constable / Group	The PCC and Chief Constable are responsible for determining the amount that should be provided for each year for probable future expenses. The provision is calculated based upon previous years' experience and advice from experts.	<p>We have:</p> <ul style="list-style-type: none"> sample tested provisions; and agreed the method of calculation and assumptions used. <p>From our work we have identified that the "Overtime liability – OCC" provision has been overstated by £600k as this amount was paid in-year but is still recorded in the year end provision amount.</p> <p>An expert (Marsh) is used to calculate the insurance provision. It was confirmed that the "buffer" and an element relating to MMI, both totalling to £1.9m, have been excluded from the provision as at 31 March 2023. At the previous balance sheet date both elements were included in the provision. Management have determined that the estimate by Marsh is cautious and therefore do not deem it necessary to include these values within the provision, also citing that £500k of the General Fund balance figure is set aside for these elements if needed.</p> <p>Given the values, this change to estimation approach does not cause a material issue.</p>	Light Purple

Assessment

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2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
			Security management	Technology acquisition, development and maintenance	Technology infrastructure		
SAP	ITGC assessment (design and implementation effectiveness only)					Management override of controls	The IT findings have been considered in our journals testing

As in previous years, IT audit colleagues have identified some significant deficiencies within the SAP financial ledger system. These deficiencies are taken into account in our journals testing, and also lead to us undertaking additional work to corroborate system reports to the underlying system data. Further information on the recommendations raised in previous audits is provided on page 30.

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

2. Financial Statements: other communication requirements

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

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Joint Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Letters of representation have been requested from both the PCC and the Chief Constable.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the PCC's bank and related investment and borrowing entities. This permission was granted and the requests were sent. We have received positive confirmations from all requests.
Accounting practices	We have evaluated the appropriateness of the PCC's and Chief Constable's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management were provided.

2. Financial Statements: other communication requirements



Our responsibility

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

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

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements, including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – please refer to Appendix G and Appendix H.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit; • if we have applied any of our statutory powers or duties; and/or • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions.</p> <p>Note that detailed work is not required as the group does not exceed the threshold. We intend to issue our assurance statement to the NAO when we issue our audit opinions.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2022/23 audit of Avon and Somerset PCC and Chief Constable in the audit reports, as detailed in refer to Appendix G and Appendix H.</p>

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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



Improving economy, efficiency and effectiveness

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



Financial Sustainability

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



Governance

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

Potential types of recommendations

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



Statutory recommendation

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



Key recommendation

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



Improvement recommendation

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

Conclusions

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. No significant weaknesses in arrangements have been identified.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention, and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and we confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

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

Details of fees charged are in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

4. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Group or investments in the Group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Group.
Contingent fees in relation to non-audit services	No non-audit services are provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments
- G. Management Letter of Representation – PCC
- H. Management Letter of Representation – Chief Constable
- I. Audit opinion – PCC
- J. Audit opinion - Chief Constable
- K. Audit letter in respect of delayed VFM work

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan– Audit of Financial Statements

We have identified 6 recommendations for the group/PCC and Chief Constable as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<p>We have identified a number of assets with a zero net book value where the asset is still in use.</p> <p>There is a risk that useful economic lives are incorrect, leading to incorrect depreciation charges, or a risk that assets remain on the register that are no longer in use.</p>	<p>Management should ensure that asset lives applied are appropriate and also undertake reviews of the zero net book value assets and consider whether the asset is still in use.</p> <p>Management response</p> <p>We will continue to review the useful lives of our assets as part of the zero net book value process and we will adjust any useful lives as appropriate, excluding those at zero book value that are no longer in use.</p>
Medium	<p>In our work on leases, we identified some small differences between the lease agreements and the leases disclosure.</p> <p>Whilst the differences were not significant, there is a risk that financial statements disclosures are incorrect.</p>	<p>Management should ensure that the leases disclosure is reviewed against the underlying lease information and appropriately updated at least annually.</p> <p>Management response</p> <p>We will add in a management review of the lease note as part of our year end processes and this will also be included in the work undertaken on the new IAS 16 standard.</p>
Medium	<p>In our review of asset useful economic lives (UEL) we identified a number of assets where management could not support the appropriateness of the life used. We also identified multiple assets where the UEL allocated is longer than the UEL detailed in the accounting policy.</p> <p>There is a risk that depreciation charges are therefore incorrect.</p>	<p>Management should ensure that the useful economic lives being used to depreciate assets are appropriate and in line with the accounting policy.</p> <p>Management response</p> <p>We will regularly review assets according to the policy and adjust where necessary.</p>
Medium	<p>In our testing of post year end transactions, we noted two transactions that had not been appropriately accrued for at year end. The financial effect of the amounts not being accrued was insignificant, however the errors highlighted a lack of communication between the relevant departments and finance about year end commitments. In one instance, the appropriate use of a purchase order would likely have resulted in the error not arising.</p> <p>There is a risk that the year end balance sheet position is not accurate if commitments are missed as part of the financial year end close down.</p>	<p>Management should ensure there is appropriate communication and training in place to ensure amounts are accounted for in the period in which they relate.</p> <p>Management response</p> <p>Finance Business Partner will provide for ‘finance for no finance’ training to their directorates and highlight the requirement to communication charges made to other departments in advance of year end.</p>

Controls

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

B. Action Plan– Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	In reconciling the Fixed Asset Register to the valuers report we identified a number of small differences between the two.	<p>Management should ensure that the information from the valuers report is appropriately and accurately reflected in the Fixed Asset Register and that the two reconcile.</p> <p>Management response</p> <p>We will complete a reconciliation once SAP is update to ensure it is consistent.</p>
Low	In our work on cash, we have identified that there is a bank account with no bank reconciliation completed for it. In our work we also identified that there were reconciling items that dated back several years showing on the bank reconciliation as reconciling items.	<p>Management should ensure that bank reconciliation are produced for all accounts and that the reconciling items are reviewed to ensure that any old cheques are written off.</p> <p>Management response</p> <p>We will investigate and write off any reconciling items. We will ensure there are reconciliations for all accounts even those being closed.</p>

Controls

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

C. Follow up of prior year recommendations

We identified the following issues in the audit of Avon and Somerset PCC and Chief Constable's 2021/22 financial statements, which resulted in 8 recommendations being reported in our 2021/22 Audit Findings report and 2 follow up recommendation from 2020/21. We have followed up on the implementation of our recommendations and note 7 are still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Journals</p> <p>The finance team have the ability to create and post their own journals as there are no automated controls within the financial system to prevent this from occurring. The manual interventions put in place by Management are designed to prevent self creation of journals, however through our audit work we have noted that journals created and posted by the same person do exist.</p>	From our journals work we are aware that there are still journals that are both created and posted by the same individual.
X	<p>Journals</p> <p>During the audit we have noted that there are no authorisation limits set within the financial system for individuals to post or approve journals. This could result in inappropriate individuals approving high value journals as approval for journals is based on a rota system rather than value or risk.</p>	From our journals work we are aware that there are still no authorisation limits set within the financial system.
X	<p>Journals</p> <p>In December 2021, a new portal was introduced, called Assyst, which was designed to add an extra layer of transparency to the journals process. The aim of this portal was so that an individual can enter the journal and an appointed person would review the data presented and by clicking a button, would transfer the data into the financial system. Assyst has a field for evidence to be included but through our enquiry of journal users and our own observations after inspecting the software, we noted that evidence is not always submitted to support the journal</p>	From our journals work we are aware that there are still some journals with no evidence attached to support the journal.
✓	<p>Workforce report</p> <p>As part our audit procedures we requested payroll reports as well as a workforce report which shows the employees for both the Office of the Police and Crime Commissioner and the Chief Constable. When we compared these reports we noted that individuals were included within the payroll report that had not been included within the workforce report. We understand that this is due to the time of day that the report is run as records are locked down overnight and an overnight run will produce more accurate data. We obtained a revised workforce report that had been run overnight and noted no further discrepancies.</p>	The report run this year was appropriate.

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Valuation of land and buildings</p> <p>Valuations are performed differently depending on the type of asset being valued. One such valuation method for land and buildings is the Existing Use Valuation (EUV) and this method is based on the floor area of the property multiplied by a market rent, typically measured per square foot/metre. In some situations, not all of the buildings is being used and therefore an element of the floor area could be valued at a lower market rent. The best practice approach would be to show the total floor area of the property and split this according to the elements being used measured at a higher market rate and then the element not being used at a lower or nominal market rent. The valuer has not shown this in his calculations but has instead just included the floor area for the element of the buildings being used.</p>	<p>From our work on PPE revaluations supporting evidence has been provided to support all revaluations samples.</p>
X	<p>Valuation of land and buildings</p> <p>We identified that valuations do not use up to date data to form estimates of build rates, floor areas and Useful Economic Lives/obsolescence assumptions. The calculations should be in line with best practice and supporting evidence should be retained for all assumptions made in the calculations.</p>	<p>This has been partially actioned. Build rates are now based on BCIS source data and appropriate floor areas are being used. Obsolescence rates are being applied but the valuer should ensure these are reviewed annually to ensure their appropriateness. The valuer considers useful lives through use of a re-assessed build rate, however it is best practice to use the useful life of the asset.</p>
X	<p>Journals</p> <p>During our audit we noted that two 'test' journals have been posted within the financial year. Two journals were posted that netted off to £50 but these remain within the ledgers from which the financial statements were prepared. We have undertaken further testing to ensure that there are no other journals posted as a 'test'.</p>	<p>From our work on journals we have identified that there were test journals posted in 2022/23, which reversed the test journals we identified in our previous year's audit. This ensures a net nil impact overall across the two years.</p>
✓	<p>Valuation of land and buildings</p> <p>Land and buildings are categorised by their use into different classes of assets which then lead to the valuation approach and are disclosed in the financial statements in those classes. During our audit work, we have noted that two assets have been misclassified (Kenneth Steele House and Yeovil Police Station, as previously reported).</p>	<p>We have not identified any classification issues in our work land and buildings valuations.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Historic balances on general ledger codes</p> <p>Within the finance system there are general ledger codes which ultimately form the financial statements. There are two types of codes, those that filter through to the 'comprehensive income and expenditure statement' and those which relate to the 'balance sheet'. The comprehensive income and expenditure statement is a summary of all income and expenditure during a defined period of time and therefore these codes will be reversed out at year end and cleared to a nil balance. The balance sheet codes however show the assets and liabilities of an organisation and therefore will be cumulative and will only be cleared to a nil balance by a manual intervention.</p> <p>Our audit work has noted two areas where balances on these codes are historic and management should implement reviews of these to establish whether these items are needed.</p> <p>Debtors code 99218 – the description of this code is 'cycle saver scheme'. The net balance on this code as at 31 March 2022 is £202k however when we look at the absolute value of the code i.e. we add up each transaction in value rather than deducting negative values, this totals £4.7m. The values relating to the year ended 31 March 2022 are a net value of £29k and an absolute value of £191k, meaning that the rest of the transactions are older and are dated as far back as 2009.</p> <p>Creditors code 99106 – the description of this code is 'Holding account general' and is mainly used to hold deductions from the pension payroll until they can be reallocated. We obtained a listing of this code and found that the net balance on this code was £8k however the absolute balance of this code was £184m. We queried this with Management and were provided with a 'Balance Sheet Reconciliation' for this code. This reconciliation showed that the transactions outstanding as at 31 March 2022 was £8k and these had a corresponding absolute value of £476k. This means that there are old transactions on this code, which net to nil but have a corresponding absolute value of £183m.</p>	<p>As part of our work in creditors in 2022/23 we identified that the net value of the holdings code was £1.9k however the absolute value was £185m, therefore supporting that these codes have not been cleared down.</p>
✓	<p>Disposal of assets</p> <p>During our audit testing we noted that proceeds from vehicle sales is not being included in the calculation for gain / loss on disposal of the asset. The value of proceeds not included in the calculation for the financial year ended 31 March 2022 is £205k and hence not material.</p>	<p>No such issues noted in 2022/23.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p data-bbox="293 419 748 443"><u>Excessive access to critical T-Codes in SAP</u></p> <p data-bbox="293 480 510 504">Our audit identified:</p> <ul data-bbox="293 536 1227 967" style="list-style-type: none"> <li data-bbox="293 536 1227 619">• Four users from the SAP Support Team have been granted DEBUG access for unlocked dialog accounts. DEBUG access allows users to alter system source code and logic directly in the production environment. <li data-bbox="293 624 1128 647">• It was noted that one of these users was disabled in SAP in September 2021. <li data-bbox="293 652 1227 794">• Six users from the SAP Support Team have been granted access to the SM49 and SM69 T-Codes on unlocked 'A Dialog' accounts (user accounts that can be logged in to). Access to these T-Codes allows a user to run commands which can execute changes in the operating system that supports SAP and log directly into the SAP database as a privileged user. <li data-bbox="293 799 1128 823">• It was noted that two of these users were disabled in SAP in September 2021. <li data-bbox="293 828 1227 906">• Three users from the SAP Support Team have access to critical T-Codes on their SAP support accounts and end user accounts (end user IDs 529445, 528844 and 529150). <li data-bbox="293 911 1227 967">• 26 end users (out of approximately 7,000 active users) have been granted access to the SM37 job scheduler which allows them to modify or delete batch jobs. 	<p data-bbox="1245 419 2119 504">Review of the reports confirmed that DEBUG and SM49 / SM69 access has been removed from all users (except the FIREFIGHTER account, as is customary and is currently locked).</p> <p data-bbox="1245 536 2119 619">Management have removed some but not all access to the SM37 scheduler for end users. No further follow up work has been undertaken as the finding has not been fully remediated.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

D. Audit Adjustments- PCC

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

Impact of adjusted misstatements

No adjusted misstatements identified.

Misclassification and disclosure changes

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

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<p>We identified that four amounts in the Group Expenditure and Funding Analysis had been incorrectly entered.</p> <p>In the “as reported to management” column, £1,757k should be £1,914k and £3,529k should be £3,507k. These changes resulted in a change to the Net cost of services “as reported to management” from £353,572k to £353,706k.</p> <p>In the “adjustment to arrive at the chargeable to general reserves” column £497k should be £340k and £407k should be £429k. These changes resulted in a change to the Net cost of services “as reported to management” from £54,224k to £54,089k.</p>	We recommended that management amend the disclosure.	✓
<p>In our work on precepts, we identified that £144,894k of council tax from local authorities has been incorrectly attributed to council tax support grant in the Expenditure and Funding Analysis. The council tax support grant should be nil which is consistent with the CIES, and the Council tax from local authorities should be stated as £144,894k as opposed to nil.</p>	We recommended that management amend the disclosure.	✓
<p>In our work on the Movement in Reserves Statement we identified that within note 16, the “retirement benefits payable to pensioners” figures had been double counted in the line above which is ‘Employer’s contribution to scheme’. £43,142k should be £36,422k and £18,396k should be £18,292k.</p>	We recommended that management amend the disclosure.	✓

D. Audit Adjustments- PCC

Misclassification and disclosure changes

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

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
In our work on borrowings, we have identified a £2,775k loan has been incorrectly categorised in the 2 to 5 year category instead of the 1 to 2 year category.	We recommended that management amend the disclosure .	✓
In our work on Public Finance Initiative (PFI) we identified that PFI liabilities fair value at note 30.2 had been incorrectly entered as £77,188k, this should have been entered as £62,630k.	We recommended that management amend the disclosure.	✓
In our work on financial instruments, we identified that the Liquidity Risk disclosure note 30.7 has been incorrectly entered as £48,000k this should be £40,000k.	We recommended that management amend the disclosure.	✓
In our work on remuneration disclosures, we identified that the numbers disclosed did not agree to supporting information. Total CC's employee numbers incorrectly entered as 839 should be 844 and total PCC'S employee numbers entered as 6 and should be 5. Combined total now 849.	We recommended that management amend the disclosure.	✓
A number of presentational and typographical changes were identified within the draft financial statements, Annual Report and Narrative Report which have been corrected by management in order to aid transparency.	We brought these to the attention of management, who adjusted most of these errors.	✓

D. Audit Adjustments - PCC

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. The PCC is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement	Statement of Financial Position	Impact on total net expenditure	Impact on general fund	Reason for not adjusting
In our work on provisions, we identified that £600k had been paid against provisions in year but was still included in the year end provisions balance.	Cr Net Cost of services £0.6m	Dr Provisions £0.6m	(£0.6m)	0	Not material

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2021/22 financial statements

Detail	Comprehensive Income and Expenditure Statement	Statement of Financial Position	Impact on total net expenditure	Impact on general fund	Reason for not adjusting
Yeovil Police Station (PCC accounts) As previously noted, the financial statements classify Yeovil Police Station as Land and Buildings. As the asset is not in use, under the CIPFA Code it should be classified as surplus. This would mean that it is also valued using a different methodology. The PCC's valuer has issued an updated valuation report which values the asset at £2m. It is held in Other Land and Buildings at £1.1m.	Cr Net cost of services £0.9m	Cr Land and buildings £1.1m Dr Surplus assets £2m Cr Capital Adjustment Account £0.9m	£0.9m	0	Not material



D. Audit Adjustments- Chief Constable

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

Impact of adjusted misstatements

No adjusted misstatements identified.

Misclassification and disclosure changes

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

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
From our testing of grants, we identified £1.6million had been incorrectly recorded in the income and expenditure note as 'Other specific grants' when it should have been classified as 'Uplift grant'.	We recommend that management update income and expenditure analysed by nature note.	✓
Management identified a disclosure error in the Contributions by Employer figure in note 17. This was disclosed as £36,422k but should have been entered as £43,142k. The value originally excluded £6,720k relating to expected injury pension payments.	We recommend that management update the note.	✓

D. Audit Adjustments – Chief Constable



Impact of unadjusted misstatements

No unadjusted misstatements identified.

E. Fees and non-audit services

We confirm below our final fees charged for the audit.

Audit fees	PCC	Chief Constable	Total
Scale fee	£32,180	£17,751	£49,931
Value for Money audit – new NAO requirements	£7,000	£3,000	£10,000
ISA 540	£1,200	£600	£1,800
Additional journals testing	£2,100	£1,000	£3,100
Additional procedures to address IT control deficiencies	£5,000	£0	£5,000
Auditor’s expert in respect of land and buildings valuations	£5,000	£0	£5,000
Impact of revisions to ISA 240 and ISA 315	£1,250	£1,250	£2,500
Testing of payroll change in circumstances	£0	£500	£500
Total audit fees (excluding VAT)	£53,730	£24,101	£77,831

E. Fees and non-audit services

No non-audit or audited related services have been undertaken for the group/PCC and Chief Constable.

Audit Fees reconciliation:

	Fee £'000
Fees for 2022/23 per financial statements	58
Plus actual additional fees for current year (excluding VFM)	17.9
Plus additional fees for current year VFM work not included in figure in financial statements	2
Final anticipated fees for 2022/23	77.9

None of the above services were provided on a contingent fee basis.

This covers all services provided by us and our network to the group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard (ES 1.69)).

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

A summary of the impact of the key changes on various aspects of the audit is included below:

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assess and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

G. Audit opinion- PCC

Our audit opinion is included below. We anticipate we will provide the PCC with an unmodified audit report.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for Avon and Somerset (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2023, which comprise the, the Group Comprehensive Income and Expenditure Statement, the PCC Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the PCC Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the Police Officer's Pension Fund Statements comprising the Police Officers Pension Fund Account and Pension Fund Net Assets. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2023 and of the group's expenditure and income and the Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

G. Audit opinion- PCC

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Police and Crime Commissioner and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Police and Crime Commissioner and the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Police and Crime Commissioner and group and the Police and Crime Commissioner and group's disclosures over the going concern period.

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

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

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

G. Audit opinion- PCC

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

Responsibilities of the Police and Crime Commissioner and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities set out on page 11, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Police and Crime Commissioner and the group without the transfer of its services to another public sector entity.

G. Audit opinion- PCC

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the Police and Crime Commissioner and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011). We also identified the following additional regulatory frameworks in respect of the police pension fund: Public Service Pensions Act 2013, the Police Pension Fund Regulations 2007, the Police Pensions Regulations 2015 and the Police Pensions Regulations 2006.

We enquired of management and the Police and Crime Commissioner concerning the Police and Crime Commissioner and group's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management and the Police and Crime Commissioner whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the Police and Crime Commissioner and group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to unusual journals that altered the Police and Crime Commissioner and group's financial position for the year.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud; and
 - journal entry testing, with a focus on journals posted by senior management, manual year end cash adjustment posting journals and journals posted and approved by the same person.

G. Audit opinion- PCC

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the police sector
- understanding of the legal and regulatory requirements specific to the Police and Crime Commissioner and group including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Police and Crime Commissioner and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Police and Crime Commissioner and group's control environment, including the policies and procedures implemented by the Police and Crime Commissioner and group to ensure compliance with the requirements of the financial reporting framework.

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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

G. Audit opinion- PCC

Responsibilities of the Police and Crime Commissioner

The Police and Crime Commissioner is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Police and Crime Commissioner of Avon and Somerset for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

G. Audit opinion- PCC

Use of our report

This report is made solely to the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

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

Bristol

H. Audit opinion- Chief Constable

Our audit opinion is included below. We anticipate we will provide the Chief Constable with an unmodified audit report.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of the Chief Constable for Avon and Somerset (the 'Chief Constable') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the Police Officer's Pension Fund Statements comprising the Avon & Somerset Police Officers Pension Fund Account and Pension Fund Net Assets. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

H. Audit opinion- Chief Constable

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Chief Constable. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Chief Constable and the Chief Constable's disclosures over the going concern period.

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

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

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

H. Audit opinion- Chief Constable

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

Responsibilities of the Chief Constable and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities set out on page 14, the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Chief Constable without the transfer of its services to another public sector entity.

H. Audit opinion- Chief Constable

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011). We also identified the following additional regulatory frameworks in respect of the police pension fund: Public Service Pensions Act 2013, the Police Pension Fund Regulations 2007, the Police Pensions Regulations 2015 and the Police Pensions Regulations 2006.

We enquired of management and the Chief Constable concerning the Chief Constable's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Chief Constable whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the Chief Constable's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to unusual journals that altered the Police and Crime Commissioner and group's financial position for the year.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on journals posted by senior management, manual year end cash adjustment posting journals and journals posted and approved by the same person.

H. Audit opinion- Chief Constable

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the police sector
- understanding of the legal and regulatory requirements specific to the Chief Constable including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Chief Constable's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Chief Constable's control environment, including the policies and procedures implemented by the Chief Constable to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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

H. Audit opinion- Chief Constable

Responsibilities of the Chief Constable

The Chief Constable is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Chief Constable of Avon and Somerset for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

H. Audit opinion- Chief Constable

Use of our report

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Jackson Murray, Engagement Lead

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date:



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

2022/23

December 2023



Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary






Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Police and Crime Commissioner (PCC) and Chief Constable (CC) have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

Auditors are required to report their commentary on the PCC and CC's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the PCC and CC's arrangements for securing economy, efficiency and effectiveness in their use of resources. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment	2021/22 Auditor Judgement on arrangements	2022/23 Auditor Judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified	 No significant weaknesses in arrangements identified but prior year improvement recommendation still stands	 No significant weaknesses in arrangements identified	
Governance	No risks of significant weakness identified	 No significant weaknesses in arrangements identified	 No significant weaknesses in arrangements identified	
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	 No significant weaknesses in arrangements identified, but improvement recommendation made	 No significant weaknesses in arrangements identified but one improvement recommendation made	

-  No significant weaknesses in arrangements identified or improvement recommendation made.
-  No significant weaknesses in arrangements identified, but improvement recommendations made.
-  Significant weaknesses in arrangements identified and key recommendations made.

Executive summary



Financial sustainability

The PCC and Chief Constable have a good track record of sound financial management and delivered a breakeven revenue outturn in 2022/23, after year-end adjustments. The PCC and Chief Constable have also continued to keep reserves at an appropriate level to help manage the financial risks moving forward.

The Medium Term Financial Plan (MTFP) clearly articulates future financial plans, the challenges and risks associated with these, and the assumptions applied in its creation. Whilst the MTFP does show a challenging financial position into the future, this is understood and appropriate work is underway to manage to gap.

Overall we are satisfied that the PCC and Chief Constable had appropriate arrangements in place to manage the risks they faced in respect of their financial resilience. Our work has not identified any significant weakness regarding financial sustainability.



Governance

Governance arrangements continue to be appropriate and robust, providing assurance to the PCC and Chief Constable. The Constabulary implemented changes to governance structures in the period to further strengthen arrangements.

Overall, we found no evidence of significant weaknesses in the PCC's or Chief Constable's governance arrangements for ensuring that they made informed decisions and properly managed its risks.



Improving economy, efficiency and effectiveness

The PCC and Constabulary have put in place effective arrangements to improve economy, efficiency and effectiveness. Regular performance reporting ensures transparency and allows responsible officers to be held to account. The latest PEEL inspection report issued in March 2023 by His Majesty's Inspectorate of Constabulary, Fire & Rescue Services (MHICFRS) scored the Constabulary as "Good" in the 'Good use of resources' criteria. We have made one improvement recommendation in relation to the reporting of tender waivers.



Financial Statements opinion

We have completed our audit of your financial statements and issued unqualified audit opinions on **XX XXXX 2023**, following the Joint Audit Committee meeting on 20 December 2023. Our findings are set out in further detail on page 18.



Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the PCC and CC's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

We have completed our audit of your financial statements and issued unqualified audit opinions on **XX XXXX 2023**, following the Joint Audit Committee meeting on 20 December 2023. Our findings are set out in further detail on page 18.

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue any statutory recommendations.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a Public Interest Report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not apply to the court under Section 28 of the Local Audit and Accountability Act 2014.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue an advisory notice.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for a Judicial review.

Securing economy, efficiency and effectiveness in the PCC and CC's use of resources

All PCCs and CCs are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The PCC and CC's responsibilities are set out in Appendix A.

PCCs and CCs report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the PCC and CC have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

Arrangements for improving the way the PCC and CC delivers their services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the PCC and CC's arrangements in each of these three areas, is set out on pages 7 to 16. Further detail on how we approached our work is included in Appendix B.

Financial sustainability and governance



We considered how the PCC and CC:

- identifies all the significant financial pressures that are relevant to their short and medium-term plans and builds them into their plans
- plans to bridge funding gaps and identify achievable savings
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures the financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identify and manage risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Overview of the arrangements to ensure financial sustainability

The PCC and CC have continued to face significant financial challenges in 2022/23 and these will continue through to 2023/24 against a backdrop of the current economic climate. Despite this, to date savings targets have been achieved and favourable financial outturns have allowed reserves to be increased. Further work is needed to address deficits forecast from 2025/26 onwards, however we consider arrangements to be appropriate.

Outturn 2022/23

The 2022/23 revenue outturn was a break-even position, once all year-end adjustments had been made. The underlying performance before these year-end adjustments and planned contributions to capital was a £3.7m(1.0%) underspend, of which £3.5m related to performance against Constabulary managed budgets and £148k against PCC managed budgets. After final year-end adjustments there remained a £1.4m underspend against the original budget and this was transferred to the capital reserve as the forecast revenue deficit for the 2023/24 financial year had been covered from savings already identified. This supports the conclusion that overall, arrangements are appropriate.

The capital budget was underspent by £6.8m, with £12.2m (or 64%) delivered against the £18m budget for 2022/23. The main underspend relates to several digital programmes not able to be completed and hence deferred, and some underspends in Estates due to delayed projects.

The latest published MTFP covers the period 2023/24 to 2027/28. It indicates that there are still significant financial challenges over the 5-year period, with deficits ranging from £10m in 2024/25 to £19m in 2027/28.

The MTFP discusses the capital investment intended through the period, such as digital transformation as well as investments across the estate and fleet, whilst maintaining and replacing the existing asset base. The funding will come from borrowing to support specific projects as well as maintaining the existing revenue contributions of £6.5m per annum over the period. This significant contribution is important to the affordability of the capital plan and provides long-term benefits to the organisations. Since the publication of the MTFP, the PCC and CC have been able to balance the 2023/24 deficit position, and we have also seen evidence of clear proposals that would also balance the 2024/25 position.

Annual Budget Setting Process

Our work has confirmed that the budget is informed by the MTFP and that there is appropriate engagement from the PCC and Chief Constable, as well as other key stakeholders in both organisations. Following the replacement of the Police and Crime Board with the Governance & Scrutiny Board (GSB) and the Performance & Accountability Board (PAB), the strategy for the budget and MTFP was agreed at the GSB in September 2022. This established some of the key assumptions e.g. the impact of general inflation, utilities inflation, fuel inflation and specific areas of inflation (PFI, cleaning contracts, premises maintenance costs, Microsoft licences and medical retirements). It also identified some of the key expenditure pressures as well as areas where the Constabulary could make savings.

These were then built into the proposed draft budget and MTFP and taken initially to the December 2022 meeting for comment before being further refined ahead of submission to the GSB in February 2023 where they were approved. We are content that the assumptions included in the MTFP are prudent and reasonable.

The MTFP document is very clear, articulating the risks and challenges as well as sensitivities of assumptions appropriately. Our view is that the quality and clarity of the MTFP benchmarks well against other police bodies.

Financial sustainability and governance

Budgetary control

Monitoring against the MTFP and budget is undertaken monthly and budget variances are reported to both the Constabulary Management Board (CMB) and the GSB quarterly via the financial performance report. These quarterly reports provide updates on both the Office of the Police and Crime Commissioner as well as the Constabulary forecast outturns. The reports are detailed and illustrate the forecast revenue outturn as well as capital budget performance, with further breakdowns into each Directorate explaining the over and underspends accordingly. A high level one page summary is also included to set the scene of the report and allow decision makers to focus on key areas of potential concern.

The level of detail included within these report is in line with our expectations and provides adequate levels of information to allow meaningful understanding and challenge, with meeting minutes supporting and evidencing this challenge. Budget holders have access to the finance app within Qlik Sense which shows data for their individual areas. The data shows spend against the budget with the variance and percentage of budget spent also highlighted. Graphs show spend against the different categories of expenditure and further drill down into the detailed ledgers is available if needed, without the need to log into SAP (the financial software). At most the data is only one day old which allows near real-time self-service access to relevant finance information for all budget holders.

Funding gaps

Initially the MTFP identified funding gaps as outlined in the table below:

	Forecast				
	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
Standstill Deficit	6,611	13,049	17,630	21,129	23,149
Officer Pay and Allowances savings	-93	-114	-124	-130	-135
Staff Pay and Allowances savings	-286	-286	-1,043	-1,043	-1,043
Premises cost savings	-503	-514	-514	-514	-514
Transport cost savings	-9	-9	-9	-9	-9
Supplies and service cost savings	-1,789	-1,889	-2,249	-2,249	-2,222
Partnership cost savings	-272	-272	-272	-272	-272
Revised Surplus/Deficit	3,659	9,965	13,419	16,912	18,954
Planned Contribution (from)/to reserves	-3,659	-	-	-	-
Underlying need for further savings	-	9,965	13,419	16,912	18,954

Management have confirmed that at the date of drafting our report, the deficit for 2023/24 has been managed via a combination of staff cost reductions and an increase in income. The 2023/24 budget gap of £3.7m was originally planned to be managed using reserves but reporting at Q2 in November 2023 has indicated that this is no longer required. As at the end of Q2 quarter the Constabulary had identified and released savings and adjustments of £3,949k from the budget, leaving them with a £290k forecast surplus outturn. This includes £3,095k savings from police staff (reduction of 36 FTE) and PCSO budgets (vacancy factor increase to recognise holding of 34 FTE). In addition to this, management identified other non-pay savings and adjustments of £855k, including price adjustments on energy and fuel costs and adjustments on collaboration budgets. Management have also recognised and adjusted for additional cost pressures around business rates and PFI costs.

Variances have also been reported for income, with a further £8.8m identified including circa £7.7m of additional grant funding in support of the increased pay award. Management also reported an overachievement of £666k on interest income because of higher Bank of England interest rates and received unplanned income of £211k for Op Safeguard which relates to the provision of custody cells to the prison service.

The above factors have also largely eliminated the forecast revenue budget gap in 2024/25 and as it stands, plans are being worked up as part of the 2024/25 budget and MTFP process about how to deal with the gaps from 2025/26 and beyond. It is important to note that savings are not dependent upon significant changes to service delivery or operations, and for this reason there was not any specific public consultation on proposals. There is public consultation undertaken by the PCC on the proposed precept, and this decision does link to savings i.e. the lower the precept, the less services or higher savings requirement.

Financial sustainability and governance

Financial planning

The Police and Crime Plan 2021-25 includes the priorities of the PCC which are subsequently monitored through the Integrated Performance and Quality Report (IPQR) and fed into the budgeting process and MTFP on an annual basis.

The PCC approves the Capital Strategy (included as part of the MTFP) annually. The five year capital programme is included in the current MTFP, showing planned expenditure of £103.9m for the five years to 27/28 of which £22.8m is due to be spent in 23/24. The table below includes the annual detail;

	Current	MTFP					Total
	22/23	23/24	24/25	25/26	26/27	27/28	
	£'000	£'000	£'000	£'000	£'000	£'000	
Capital Expenditure	12,581	22,839	29,307	18,524	10,784	9,844	103,879
Less; Capital Funding	(12,581)	(22,840)	(29,307)	(18,523)	(7,021)	(6,840)	(97,410)
Deficit	-	-	-	-	3,464	3,004	6,469

The Capital plan includes asset replacement as well as larger capital projects. Asset replacements covers ICT, Estates, Fleet and Equipment. Capital projects are split into digital and estates projects, with digital being split into national, regional and local projects with Estates being broken down into Somerset, Bristol, BANES and other projects. The Capital Plan also breaks down the sources of funding each year proposed to cover the expenditure. As noted previously, the revenue contribution is significant at £6.5m each year, partly reflecting the lack of central funding for capital projects. The strategy is in line with the Police and Crime Plan and appears to make sense in the overall financial context, though it is noted that the continued affordability of significant capital plans is challenging for all police bodies.

The Quarter 2 Financial performance report updated the capital programme which has increased to £25.6m having been reviewed and schemes have been added, removed, or profiled into future years, as necessary. An underspend of £5.4m is currently being forecast. The main underspend relates to ICT where some budgets are no longer required this year due to delays in projects being progressed.

Financial Plan – consistency with other key strategies

The Chief Officer for People and Organisational Development confirmed that for 2022/23 there was not a formally agreed workforce plan, but rather a monthly workforce update and trajectory. This is reasonable given that the Constabulary's performance management tool Qlik Sense can be used to see real time information and employee numbers and pay costs are budgeted and controlled centrally by the finance team. We saw evidence that the Constabulary does understand its staffing costs, and understand further improvements to workforce planning are planned for future budget cycles.

Reporting to the PCC on treasury management is undertaken bi-annually, with reports from the PCC's Chief Finance Officer taken to the GSB. The 2022/23 outturn report, taken to GSB in June 2023, confirms that treasury activity was undertaken in accordance with the prudential indicators. Investments are prudent, and undertaken on the PCC's behalf by the treasury team at Somerset County Council as part of their longstanding contract. The PCC follows a low risk appetite approach to investments and has no commercial property portfolio. The performance of the investments has led to additional interest payments which have contributed significantly to easing the immediate pressures on the 2023/24 budget and allowed for increased income forecasts moving forward.

Managing financial risk

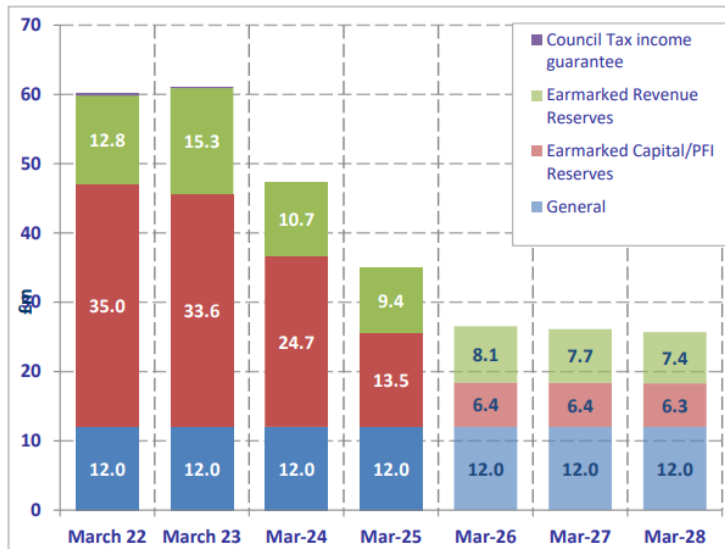
There are appropriate arrangements for incorporating risks into financial plans, with the budget assumptions report including scenario planning and the MTFP report including a risk assessment section that quantifies the impact of various modelled changes to assumptions for both income and expenditure. Cash flow forecasting has been undertaken during 2022/23 and beyond and no projected shortfalls were identified.

One of the main risks is that pay assumptions have been especially challenging as inflation and the general cost of living crisis has driven up pay awards in the public sector. The pay awards have subsequently been set at £1,900 per person regardless of rank or scale point. When calculated, this level of pay award is higher than had originally been budgeted, however additional grant funding has been confirmed by the Home Secretary which should cover the additional in-year costs. The same award has been issued for staff, being the £1,900 for each spinal point. These increased pay award assumptions have been built into the MTFP forecasts as part of the 2023/24 MTFP and have been updated during the year and are currently being fed into the 2024/25 budget and MTFP planning round.

Financial sustainability and governance

In addition to the PCC’s reserves, the Chief Constable retains an operational contingency within the annual revenue budget to help finance large scale operations or issues and to deal with day to day changes in demand and pressure. This is normal for policing bodies and is a prudent method to account for these potential uncertainties. General Reserves are maintained at an acceptable level of 3% of net expenditure and sit at £12m. The PCC and Chief Constable are aware of the need to have plans to replenish reserves if they are used to plug short term financial funding gaps and take a prudent approach in their management. The table below summarises the PCC’s forecast reserves position over the next 5 years.

Figure 8: Useable reserve projections over the life of the MTFP



Conclusion

We have found no evidence of significant weakness in the PCC’s or Chief Constable’s arrangements for managing financial risk.

Governance



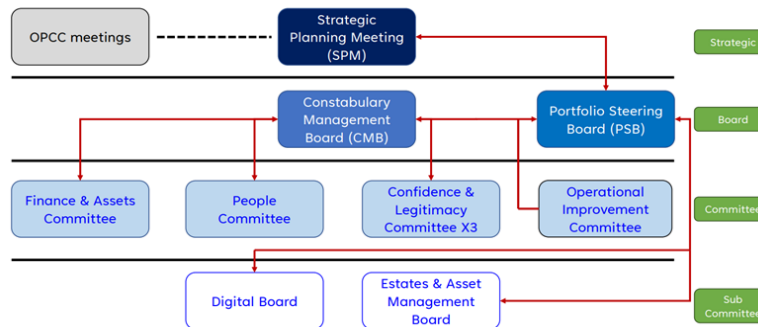
We considered how the PCC and CC:

- monitor and assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out the annual budget setting process
- ensure effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitor and ensure appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Overview of governance arrangements

The Constabulary commissioned a review of its governance arrangements which was carried out by LEAPWISE who reported in July 2022. New arrangements were put in place from February 2023 and have been operating since then. The new governance structure is in the diagram below:

Constabulary Governance Framework – October 2023



The Constabulary have created a revised structure which is overseen and supported by the portfolio management officer (PMO). The PMO has now mapped and diarised all meetings until March 2025 and ensures that all agendas and papers are provided for these meetings in a timely way so that the members of the committees have time to be able to review, digest and analyse the detail. The PMO has introduced a Portfolio Steering Group to manage projects through the 7-stage project lifecycle and ensure that they get properly assessed in the process. This group also has the overview of all current projects of which there are, as of November 2023, 87, of which 40 are "live".

The new arrangements further strengthen previous governance arrangements, with the PCC's governance arrangements continuing following a review and resultant update in the prior financial year.

Monitoring and assessing risk

The PCC and Constabulary maintain separate risk registers that are updated regularly and reported to the Joint Audit Committee. The Constabulary risk register show each risk separately and each risk has its own unique reference number. The risk owner is identified along with the mitigated score and unmitigated score. Detail is provided around the "Context in which the risk is considered", "What has been identified that could cause a risk" and "the impact of the cause, should it happen". Detailed notes are provided under each section. The PCC risk register is laid out in a tabular format along with the mitigated and unmitigated risk score. The "Cause" and "impact" are detailed as well as "controls" and also commentary is provided. Risk owners are also identified.

The risks are scored and in addition the Constabulary risk register is RAG rated. Each risk on both risk registers has a named risk owner. The risks are of a nature that we would expect given the objectives of both bodies and no risk of significant weakness was identified. From our review of risk reporting and attendance at the Joint Audit Committee we can confirm that risk reporting arrangements continue to strengthen.

The Internal Audit (IA) function is provided by SWAP Internal Audit Services, who reported to the Joint Audit Committee in June 2023 that in total, 13 Constabulary and OPCC audits had been completed, with two supplementary pieces of regional work still in progress and IA provided a "reasonable" assurance opinion for the year. They stated that: "There is generally a 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".

Governance (continued)

Monitoring and Compliance with standards

Following our improvement recommendation in the 2020-21 VfM report which highlighted that a number of policies were out of date, the Constabulary have carried out a review of policies and procedures and updated them where required. This has fallen under the remit of the PMO.

There are various policies and procedures across both the Office of the Police and Crime Commissioner and the Constabulary which monitor and ensure compliance with legislation and regulatory standards. These include the Joint Scheme of Governance, Police Officer Standards of Behaviour, Police Staff Standards of Professional Behaviour, Whistleblowing Policy, Financial Regulations and Gifts and Hospitality policies. In addition to this the Police and Crime Commissioner and the Chief Constable are active participants within national bodies and through these roles, legal and regulatory changes are highlighted and actioned locally.

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

Informed Decision Making

As mentioned earlier in this report the Constabulary have reviewed their governance arrangements with the support of LEAPWISE and new governance arrangements were introduced from February 2023. Part of these have involved the establishment of the Portfolio Management Officer (PMO) role and this role has as one of its remits to support the revised committee structure and ensure that all relevant papers are provided for each meeting. Our review of papers submitted to the GSB, PAB, CMB and JAC indicates that a good standard of documentation is presented to those committees. Reports are clear, well structured and give the committee members the information they require to make informed decisions.

Audit Committee Effectiveness

The purpose of the Joint Audit Committee (JAC) is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements to the PCC and CC. The Committee's role in ensuring that there is sufficient assurance over governance, risk and control gives greater confidence to those charged with governance that those arrangements are effective.

The JAC at Avon & Somerset Police currently comprises three independent members and met five times in 2022/23. From our attendance at the JAC and also via our review of the minutes and papers we are satisfied that the committee is fulfilling its duties adequately and continues to be effective in its role.

Conclusion

The PCC and CC have established effective governance arrangements around, risk management and review. Overall, we found no evidence of significant weaknesses in the PCC's or Chief Constable's governance arrangements for ensuring that they made informed decisions and properly managed risks.

Improving economy, efficiency and effectiveness



We considered how the PCC and CC:

- use financial and performance information to assess performance to identify areas for improvement
- evaluate the services they provide to assess performance and identify areas for improvement
- ensure they deliver their role within significant partnerships and engage with stakeholders they have identified, in order to assess whether objectives are being met
- where they commission or procure services assess whether they are realising the expected benefits.

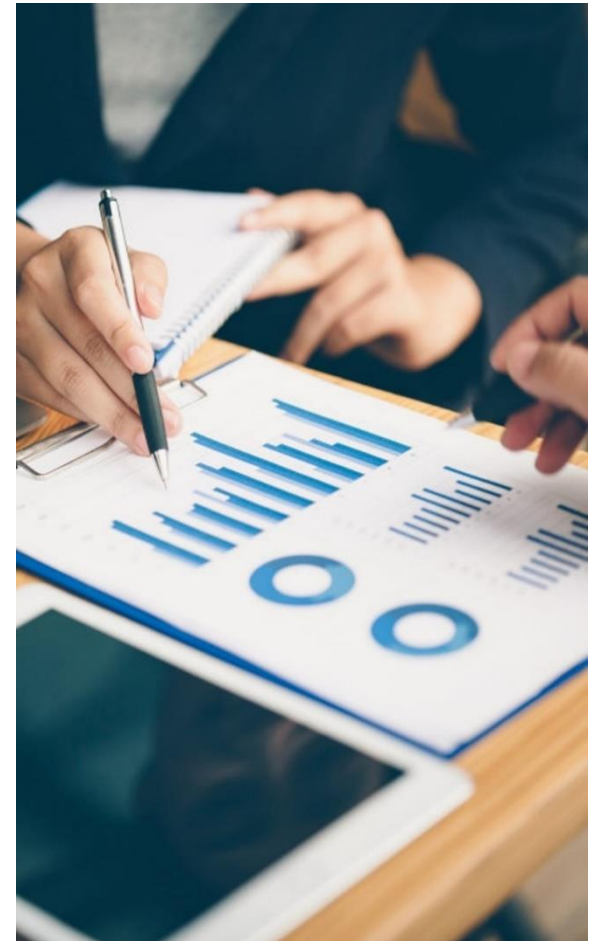
Overview of Arrangements for improving economy, efficiency and effectiveness

The PCC and CC have put in place effective arrangements to improve economy, efficiency and effectiveness. This includes a collaborative arrangement for procurement services.

Performance Reporting

We reported last year that the PCC priorities are reviewed via the Integrated Performance and Quality Report (IPQR) which is taken to the Performance and Accountability Board (PAB) on a quarterly basis. This has continued in 2022/23 and our review of the reports has led us to conclude that the quality of the reports is good allowing the Board to get a deep understanding of activities taking place to deliver against the priorities, the associated risks and importantly how the Constabulary is managing those risks. The Constabulary continues to make good use of its Qlik Sense software tool to support its performance management process and accordingly there is no evidence to suggest that strategic priorities are not being evaluated.

The governance structure established in February 2023 following the LEAPWISE report (see governance section of this report) is supporting a new approach to strategic performance in the Constabulary. An Assistant Chief Constable (ACC) has been assigned the role to drive this forward and the Force Management Statement (FMS) is being used as the fundamental evidence base for all force strategic planning. There is a more outcomes focused approach in the new governance structure and each committee will be responsible for particular strategic outcomes, the change related to that outcome as well as the associated risk management. There are also clearly aligned Chief Officer or senior leads responsible for all areas of governance. It is early days in the development of this new approach but it should aid the Constabulary in improving its outcomes and achieving its strategic priorities .



Improving economy, efficiency and effectiveness (continued)

HMICFRS PEEL report

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) provide independent assessment of the performance of police forces. Part of their role is to promote improvements in police services through inspection, monitoring and reporting on the efficiency and effectiveness of police forces. The latest PEEL inspection report for the Constabulary was issued in January 2023. Their judgements are summarised in the table below.

Our judgments

Our inspection assessed how good Avon and Somerset Constabulary is in ten areas of policing. We make graded judgments in nine of these ten as follows:

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

Source: HMICFRS PEEL report Avon & Somerset Police January 2023

It is encouraging to see the use of resources is assessed as "Good" as this is a strong indicator of an organisation delivering good value for money. The Constabulary is using the assessments and addressing the issues raised in those areas where they require improvement in particular and progress against these is reported at both CMB and via the quarterly reports to the PAB.

As an example we note that the CMB for October 2023 includes a detailed review of one of the PEEL assessments requiring improvement i.e. "How good is the Constabulary to responding to the public"? The CMB papers include a detailed analysis of how the Constabulary is performing, where there are areas for improvement and what they are doing about it.

Service improvement

There is no evidence to suggest that minimum service standards have not been met. The Constabulary continues to monitor its performance via its IPQR reports that allow for appropriate challenge and any relevant actions to be taken.

Partnership working

We reported in our 2021/22 audit that partnership working is a strength and we note that this has continued in 2022/23. The Police and Crime Plan sets out the four priorities of the Police and Crime Commissioner, with the second priority being "Engaging, supporting and working with communities, victims and partner organisations" showing the importance that the Commissioner places on Partnership working.

HMICFRS commented within their latest inspection report that "we found the constabulary works effectively with a wide partnership of agencies to protect the vulnerable and reduce demand. One of many good examples of this involved the constabulary working with the local authority, health service, fire and rescue service and a dementia charity."

This is positive evidence of a strong partnership working culture and appropriate arrangements.

Improving economy, efficiency and effectiveness (continued)

Commissioning and procurement

As we reported in last year's audit report, Avon and Somerset Police entered into a collaborative arrangement with four other Police Forces – Devon and Cornwall, Dorset, Gloucestershire and Wiltshire. This appears to be working well with the latest significant contract, the provision of Custody Healthcare, now well established and operating effectively.

The Constabulary contract standing orders and financial regulations are incorporated into their joint scheme of governance, which is owned and overseen by the Office of the PCC. These are published on the PCC's website and are subject to periodic review which last occurred in 2022.

Contract monitoring is largely devolved and is dealt with by the relevant service manager. We reviewed the management of the PFI contract as an example and found that this is managed via a PFI Partner Liaison Group (PLG) meeting chaired by the Constabulary CFO to a standard agenda. This oversees performance around facilities, defects, utilities and general management of the contracts. These are enabled by monthly performance meetings which the PFI contracts officer (within the South West Police Procurement Service) manages. There have been no unusual issues which have arisen in the year through this process, other than the continued resolution of defects and management of day to day issues, and we noted appropriate arrangements to be in place.

We noted that while the tender waiver process is in place there is no regular reporting of tender waivers to the JAC, which would be best practice. We include an improvement recommendation (see improvement recommendation 1) to address this.

Conclusion

Our work has not identified any risks of significant weakness in the arrangements with regards to improving economy, efficiency and effectiveness. We have made one improvement recommendation (see improvement recommendation 1 on page 15)

Improvement recommendations

Improvement Recommendation 1

The PCC should report on the number and value of waivers to Governance & Scrutiny Board annually.

Summary findings

At present, the procurement team does not report on tender waivers to the Governance & Scrutiny Board. Doing so would increase the transparency of such waivers and allow the Board to gain further assurance about procurement processes.

Criteria impacted



Improving economy, efficiency and effectiveness

Management comments

The PCC agrees that it would be appropriate that tender waivers should be reported to the Governance and Scrutiny Board on an annual basis.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1 We would recommend that the PCC includes reporting of performance in the section of the website where the Police and Crime Plan has been published so that members of the public can easily monitor the performance.	Improvement	February 2023	The section of the OPCC website which carries the Police and Crime Plan already has a link directly to the Performance against the plan. The performance data can also be accessed from the Performance section of the website.	Yes	None required

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the PCC and CC's financial statements:

- give a true and fair view of the financial position of the PCC and CC as at 31 March 2023 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23

We conducted our audit in accordance with:

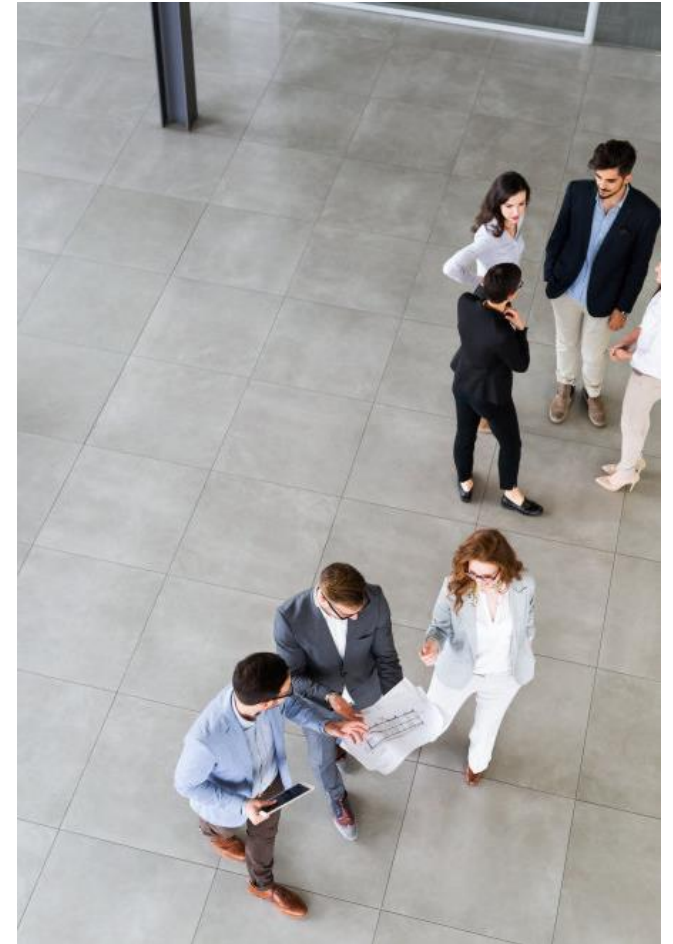
- International Standards on Auditing (UK);
- the Code of Audit Practice (2020) published by the National Audit Office; and
- applicable law.

We are independent of the PCC and CC in accordance with applicable ethical requirements, including the Financial Reporting PCC and CC's Ethical Standard.

Audit opinion on the financial statements

We issued unqualified opinions on the PCC and CC's financial statements on **XX December 2023**.

More detailed findings are set out in our Joint Audit Findings Report, which was presented to the PCC and CC's Joint Audit Committee on 20 December 2023. Requests for this Audit Findings Report should be directed to the PCC and CC



Appendices

Appendix A – Responsibilities of the Police and Crime Commissioner and Chief Constable

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the PCC and CC's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the PCC and CC will no longer be provided.

The PCC and CC are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the PCC's and CC's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the PCC and CC under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and CC. We have defined these recommendations as 'key recommendations'.	No	
Improvement	These recommendations, if implemented should improve the arrangements in place at the PCC and CC, but are not a result of identifying significant weaknesses in the PCC and CC's arrangements.	Yes	15

Officers of the Police & Crime Commissioner

The statutory Officers of the Police & Crime Commissioner (PCC) are

Mark Shelford	Police & Crime Commissioner for Avon & Somerset Phone 01278 646188
Alice Ripley	Chief of Staff and Monitoring Officer to the Police & Crime Commissioner for Avon & Somerset Phone 01278 646188
Paul Butler	Chief Finance Officer to Police & Crime Commissioner for Avon & Somerset Phone 01278 646188
Address for Chief Officers	Valley Road Portishead Bristol BS20 8QJ

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

Sarah Crew	Chief Constable Phone 01278 646212
Nick Adams	Chief Officer Finance, Resources and Innovation Phone 01278 646400
Address for Chief Officers	Valley Road Portishead Bristol BS20 8QJ



Statement of Accounts for year ending 31 March 2023

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Chief Finance Officer's Narrative Report

This section highlights and explains some of the more relevant areas of finance, financial strategy and other key issues that are reported in the accounts and provides commentary on the key issues that have had a major effect on the finances now and those which may do so in the future. This statement should be read in conjunction with the Chief Finance Officer's Narrative Report in the Office of the Chief Constable's Statement of Accounts.

1 Introduction

The Statement of Accounts summarises the financial year for 2022/2023. The income and expenditure, assets, liabilities and reserves which are recognised in the accounts of the Police and Crime Commissioner (PCC) reflect the current legislative framework as well as the local arrangements operating in practice. The key elements of the legislative framework and local arrangements include

- ✚ The Police Reform and Social Responsibility Act 2011 (The Act)
- ✚ The Home Office Financial Management Code of Practice for the Police Services of England and Wales (published in October 2018)
- ✚ Avon & Somerset PCC's Scheme of Governance

These financial statements include the following

- ✚ **A statement of responsibilities** - This sets out the responsibilities of the PCC and the CFO in respect of the Statement of Accounts
- ✚ **An annual governance statement** - This statement reviews the effectiveness of the PCC's internal control systems
- ✚ **A comprehensive income and expenditure statement** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Taxation is raised to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement
- ✚ **A movement in reserves statement** - This statement shows the movement during the year on the different reserves held by the PCC
- ✚ **A balance sheet at 31 March 2023** - The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the PCC. The net assets of the PCC (assets less liabilities) are matched by the reserves held
- ✚ **A cash flow statement** - The cash flow statement shows the changes in cash and cash equivalents during the year. The statement shows how cash and cash equivalents are generated and used by classifying cash flows under operating, investing or financing activities
- ✚ **A police officers pension fund account statement** - This statement summarises the total police officer pension contributions and pension benefits paid. The difference is funded by the Home Office

2 Presentation of the Statement of Accounts

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

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

3 Financial Performance

3.1 The Revenue Budget

The budget supports the policing requirement for the Avon and Somerset policing area which serves the five principal local authority areas of South Gloucestershire, Bath & North East Somerset, Bristol, North Somerset, and the county of Somerset. Around 1.7 million people live within the 1,844 square miles our area covers, with greater concentrations around our towns and cities, which include Bristol, Bath, Weston-Super-Mare, Taunton and Yeovil.

In February 2022 the PCC approved a 2022/2023 net revenue budget of £353.7m, an increase of £12.7m (3.6%) on the previous year. This budget was funded through a combination of Government grants (£211.6m/59.5%) and local council tax (£144.1m/40.5%). In total £348.3m was provided to the Chief Constable in order to support the provision of policing services to the communities of Avon & Somerset.

In order to manage ongoing inflationary and other cost pressures the Constabulary needed to identify and deliver savings of £3.0m, which when combined with the increase in funding enabled us to deliver a balanced budget. This took our cumulative savings since 2010/2011 to £93m.

Financial performance against budget is monitored throughout the year, reported to senior managers of the OCC and through to the PCC. These reports are published in order to provide public transparency of our financial performance.

Once year-end adjustments have been made, a break-even position has been achieved during 2022/23. The underlying performance showed a £3.7 million/1% underspend, of which £3.5m relates to performance against Constabulary managed budgets and £0.2m against PCC managed budgets. £0.4 million of this underspend will be carried forward for planned expenditure, £1.8 million will be put in reserve for insurance provisions and £1.4 million will be put into the capital reserve.

Revenue performance and the small underspend before adjustments were a consequence of several factors and reflected a complex financial environment with a changing inflationary position, nationally agreed pay awards and a number of changes to income during the year. The key areas include

- ✚ **Officer pay and allowances** – This saw an overspend of £1.7m/1.1% against budget reflecting the flat rate pay award of £1,900 for each pay point which had a greater cost than the 3.5% budgeted for. The pressure created by the pay award was in part recognised by the Government with additional grant funding.
- ✚ **Officer overtime** – An overspend of £3.3m/51.6% against budget was driven by supporting and resourcing the increase in officer numbers through uplift, as well as by provision of policing to support local and national events for which there is frequently offsetting income.

- ✚ **Staff pay and allowances** – The £2.8m additional cost of the pay award was offset by ongoing vacancies which resulted in a net overspend of £0.8m/0.9% against budget.
- ✚ **Staff overtime** – Cover for vacancies in areas that have been challenged by recruitment and retention largely generated the £0.8m/58.8% against the overtime budget.
- ✚ **Pensions** – An underspend of £1.4m/17.2% against budget, largely reflects the movement in the underlying provision for ill-health retirements needed at the end of the financial year.
- ✚ **Premises** – The underspend of £1.7m/11.4%, 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 and the repairs and maintenance costs of our fleet of vehicles.
- ✚ **Other supplies and services** – we overspent by £1.0m/6.1%. This includes a £1.7m increase to our provision for historical claims reflecting our revised assessment as to the likely costs of these. The underlying position was therefore a modest underspend.
- ✚ **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 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).

A full account of the financial performance report for 2022/2023 is reported to the PCC at the Governance and Scrutiny Board, and can be found published on the PCC's website.

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, however we recognise the current economic climate which will continue to present challenges in common with those faced by other organisations and we will continue to proactively monitor and adjust our forecasts as necessary.

4.1 Revenue Budget

Our current revenue forecasts show our costs increasing at a faster rate than our revenue funding. This reflects the inflationary challenges in both 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 non-pay costs (e.g. fuel, utilities, etc.) 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 officer uplift allocation – 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; and
 - 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 made provision to balance 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 this reserve provision. 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 order to protect services to our communities in the context of significant cost increases 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 its ambitions for growth in 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. Significant progress has been made in closing the 2023/24 deficit and there are a range of plans in various stages of development to unlock the further savings we forecast will be required for 2024/25 and potentially beyond.

The challenge of balancing our budgets does not undermine our ambitions for continuous improvement. Avon and Somerset are an innovative police force, and remains focussed on releasing the capacity of its 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 Commissioning

Over £8.9 million has been spent by the PCC in 2022-23 to support delivery of the Police and Crime Plan for Avon and Somerset. The PCC has been able to do this both through local investment and by successfully securing additional government funding for specific purposes to the benefit of local communities.

The OPCC's work over this year has been strengthened by the development of an updated Commissioning Strategy which is shortly due for publication. The aim of the new strategy is to inform and standardise the OPCC approach to commissioning as well as let stakeholders know how the OPCC works to commission services and outcomes. The updated strategy details the different ways we commission service depending on our role, budget and remit and also provides the team with a decision making template for new opportunities to support our efficiency and effectiveness.

PCC funding has contributed towards a number of OPCC portfolios over 22/23

- ✚ **Victim Services** - In 2022/23 the PCC received a total of £4.02m Ministry of Justice funding for victims services. Services commissioned include advocacy, support related to abuse and exploitation, restorative justice and sexual assault support services. The total number of victims supported by MOJ funded services in Avon and Somerset 22/23 was 53,511 (inclusive of Lighthouse) or 16,298 outside of Lighthouse (largely within the Voluntary, Community and Social Enterprise (VCSE) sector.
- ✚ **Serious Violence** – The OPCC received £2.01m from the Home Office to support the work of the Violence Reduction Unit and Serious Violence Duty in 22/23. The Avon and Somerset model is devolved seeing the OPCC work in collaboration with the five Community Safety Partnership areas with these local VRUs overseen through a Strategic Governance Group chaired by the DPCC.
- ✚ **Perpetrators and Prevention** – The OPCC continues to invest in services related to mental health, police custody and reducing reoffending as well as local community safety initiatives via a grant to Community Safety Partnerships. To further the PCC's ambitions to prevent crime, April 2022 saw the launch of the Commissioner's Crime Prevention Fund which supports community projects and activities across Avon and Somerset that help to reduce crime and anti-social behaviour. £200,000 was made available to support this work in 22/23 with £177,971 being awarded in grants.

6 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. The liability has no impact on the reported outturn and the usable reserves.

8 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 CFOs 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. To understand the performance from the last year and see the progress made against the Police and Crime Plan people can refer to the Annual Report 2022/23 which is published on the PCC's website.

Looking ahead we recognise the ongoing challenges created as we manage the immediate and ongoing demand pressures in a time of economic challenge, whilst also training and maturing the uplifted workforce capacity and capability. Our forward plans will help us navigate this period of growth and uncertainty, maintaining our focus on efficiency and effectiveness and continued service improvement, which when coupled with effective operational processes, tools and capabilities will ensure we are well placed to realise our vision and deliver the outcomes our communities rightly expect of us.

Paul Butler

Chief Finance Officer to the PCC

20 December 2023

Police & Crime Commissioner for Avon & Somerset

Statement of Responsibilities

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

1 Police and Crime Commissioner's Responsibilities

The Police and Crime Commissioner is required to

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

2 The Chief Finance Officer's Responsibilities

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

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

- ✚ chosen suitable accounting policies and then applied them consistently
- ✚ made reasonable and prudent judgements and estimates
- ✚ complied with the CIPFA Code
- ✚ kept proper accounting records which were up to date
- ✚ taken reasonable steps for the prevention and detection of fraud, including preparing an audit and risk-management strategy
- ✚ made sure that the internal control systems are effective – pages 12 to 25 show this in more detail.

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

Mark Shelford

Police and Crime Commissioner

20 December 2023

Paul Butler

Chief Finance Officer to PCC

20 December 2023

Police & Crime Commissioner for Avon & Somerset

Auditor's Report

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

Report on the Audit of the Financial Statements

To be added

Police & Crime Commissioner for Avon & Somerset

Annual Governance Statement

Introduction

Governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, cost effective, open and accountable manner. It comprises the systems, processes, culture and values by which organisations are directed and controlled, and through which they account to, engage with and lead their communities.

There is a statutory requirement to conduct a review, at least once a year, of the effectiveness of the organisation's governance. This statement gives the results of our yearly assessment of how well we are managing and controlling risks in achieving our aims and meeting the responsibilities that we have by law.

The financial year 2022/23 was the first full year for Police & Crime Commissioner (PCC), Mark Shelford and for the Chief of Staff of the Office of the PCC (OPCC).

This last year has been particularly challenging for policing with ongoing negative media attention and decreasing public confidence. There have been continued stories of police wrongdoing and criminality: in the most appalling case David Carrick was convicted of multiple rapes and domestic abuse offences over two decades whilst serving as a police officer in The Metropolitan Police. Towards the end of the year these issues were really brought to a head with the publication of *An independent review into the standards of behaviour and internal culture of the Metropolitan Police Service* (The Baroness Casey Review) on 21st March 2023. Although this was a review of The Metropolitan Police (Britain's biggest police force) this has had broader ramifications for British policing.

Given these problems the independent scrutiny and accountability of policing by PCCs has arguably become even more important. You will see throughout this statement how the Avon and Somerset PCC is discharging his duties in holding the Chief Constable to account.

1 Scope of Responsibilities

The PCC and Office of the Chief Constable (OCC) are responsible for ensuring their business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the PCC and OCC are responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of their functions, which includes ensuring that a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. The PCC and OCC have a joint governance framework which is published on the OPCC website at www.avonandsomerset-pcc.gov.uk¹.

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

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

In discharging this overall responsibility, the PCC is responsible for establishing proper arrangements for the governance of its affairs in accordance with the Joint Scheme of Governance, and in so doing the PCC is ensuring a sound system of internal control is maintained throughout the year, including appropriate arrangements for the management of risk.

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

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

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

2 The Governance Framework

The governance framework in place throughout the 2022/2023 financial year covers the period from 1 April 2022 to 31 March 2023 and up to the date of approval of the annual Statement of Accounts.

The governance framework enables the PCC and CC to monitor the achievement of their strategic objectives and to consider whether those objectives have led to the delivery of appropriate services which provide value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot, however, eliminate all risk of failure to achieve aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness.

This statement provides a summary of the extent to which the aspirations set out in the PCC's Code of Corporate Governance are currently being met. This statement has been written to evidence how the CIPFA principles of good governance are being delivered. It is important to note that this group Annual Governance Statement should not be read in isolation but in conjunction with the Annual Governance Statement of the Chief Constable. The Chief Constable's governance is integral to, and underpins, the PCC's system of governance as the vast majority of the PCC's funding is delegated to the Chief Constable and the Constabulary is the primary organisation that will deliver the Police and Crime Plan.

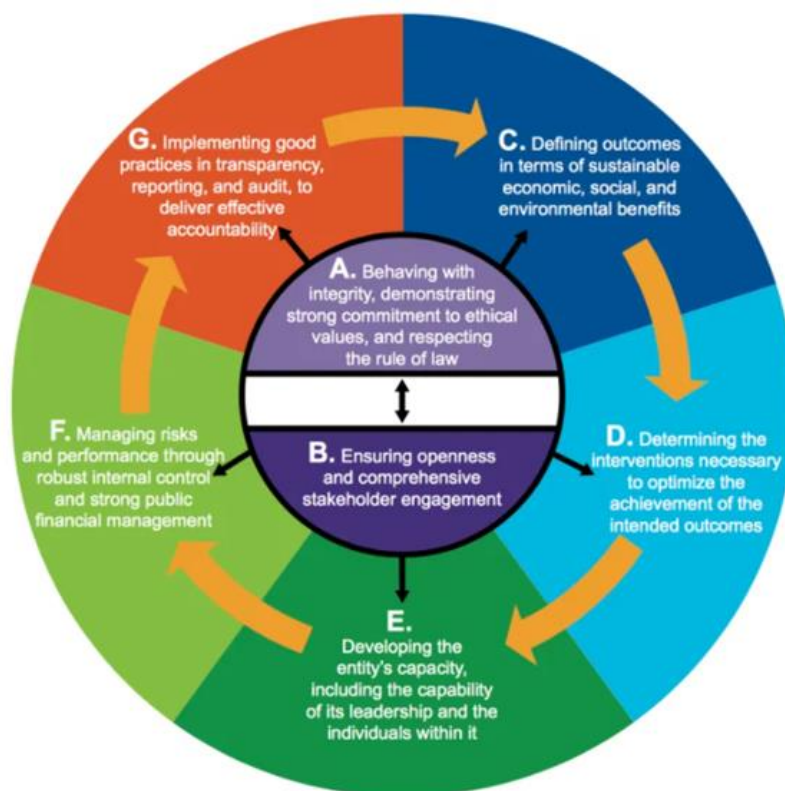


Figure 1 CIPFA principles of good governance

2.1 Principle A - behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The OPCC has an ethical framework which incorporates the seven Nolan Principles – nationally agreed standards for those in public service – with additional elements of the College of Policing code of ethics. Integrity is a core principle of this framework. The OPCC also has a code of conduct – which builds upon the ethical principles – and is incorporated into staff members’ contracts of employment. The code of conduct forms part of the formal induction for new members of staff. In addition to these the OPCC has published policies and procedures covering important and specific areas such as: anti-fraud, bribery and corruption, data protection and freedom of information, equal opportunities and whistleblowing. The OPCC has also defined a set of organisational values which all employees are expected to embody and demonstrate in the way they work

- ✚ Openness
- ✚ Partnership
- ✚ Compassion
- ✚ Courage

The PCC maintains scrutiny of the Constabulary’s Professional Standards Department and the Constabulary’s complaints process. This scrutiny includes oversight of those complaints that are handled externally by the Independent Office for Police Conduct (IOPC). This has been done informally through meetings and updates with or from senior officers as well as a formal quarterly review at the Governance and Scrutiny Board.

The PCC has a legal responsibility for complaint reviews. In the first instance all complaints about the police must be made to the police. If a person makes a low-level service complaint, and at the conclusion of the complaint they are dissatisfied with how it has been handled, they can request a PCC review. During 2022/23 the OPCC dealt with 167 complaint reviews of which 20% were upheld.

Another important system of redress, that the PCC has responsibility for, relates to police officer misconduct. A panel led by an independent Legally Qualified Chair (LQC) and accompanied by a police Superintendent and an Independent Panel Member (IPM) hear misconduct hearings. Both the LQCs and the IPMs are recruited and appointed independently by the OPCC. In the last year, there have been challenges with the numbers of LQCs willing to chair misconduct hearings due to an ongoing legal case which would have national implications for indemnity of LQCs. The OPCC have worked with colleagues across the country to stabilise this provision and ensure adequate numbers of LQCs and IPMs to support the Police Misconduct Regime.

Where an officer is subject to a misconduct hearing and is dissatisfied with the result they can appeal. This appeals process is known as a Police Appeal Tribunal and is coordinated by the OPCC. During 2022/23 there were two appeals.

2.2 Principle B - ensuring openness and comprehensive stakeholder engagement

The PCC is elected to be the 'voice of the people' in overseeing the delivery of their police service. The PCC has a statutory duty to secure an efficient and effective police for their area. Therefore, the two most important stakeholders are the public and the Constabulary. Since taking office the PCC has wanted to ensure a strong focus on engagement with two days a week spent on engagement.



2.1.1 Public

The PCC has a social media footprint and often communicates with and through other national and local media such as television, radio and newspapers: the PCC has regular pieces in both local papers and on local radio. The PCC has a phone line and e-mail which are available for anybody to make contact and every contact is listened to. The PCC has a website, separate from the Constabulary, through which many key documents and updates can be accessed by anybody.

The PCC also conducts a Local Police and Crime Survey: a survey of 3,000 local residents a year which reports quarterly. It is used to understand public sentiment about the PCC and police as well as asking about issues important to the community and views on precept funding.

Public opinion is of particular importance to the PCC when deciding if, and by how much, to raise the Council Tax Precept. The Government set the maximum precept amount PCCs could ask for at £15. This increase meant that the responses gathered through the regular survey would not have been directly applicable. As a result of this a standalone online survey was run, as was a stratified, randomised postal survey. In just six weeks these surveys resulted in 3,760 responses and had the best ethnic diversity of respondents that these surveys have ever achieved. The survey results supported the precept increase proposed to, and approved by, the Police and Crime Panel (see below).

The PCC has a number of independent panels to scrutinise the performance of the Constabulary and provide feedback and learning. The panels assess cases/incidents based on all the information available including body worn video footage. The selection of cases is usually random to ensure independence. However, the choice of case or incident to review can also be informed by particular themes or resulting from specific points of public interest or issues of public confidence. The panels issue reports to the PCC and Chief Constable and are published on the PCC's website. The panels are described below

-  **Independent Scrutiny of Police Complaints Panel** – formerly the Independent Residents Panel – volunteers from the communities of Avon and Somerset come together with the PCC's office in order to examine complaints made against the Constabulary. In the financial year 2022/23 the panel met quarterly as planned in June, September, December 2022 and March 2023.
-  **Independent Scrutiny of Police Powers Panel** – volunteers from the communities of Avon and Somerset come together with the PCC's office to examine the use of Taser, stop and search, body worn video and the use of force by the police. This panel was highlighted

by HMICFRS as positive practice in their report 'Disproportionate use of police powers - A spotlight on stop and search and the use of force' (February 2021). In the financial year 2022/23 the panel met four times: in April, twice in July, and October 2022. It should be noted that the March meeting was cancelled due to a lack of capacity within the OPCC to support this.

- ✚ **Out of Court Disposal Panel** – Out of court disposals are a means of resolving an investigation without prosecution through the courts. This panel brings together professionals from numerous criminal justice agencies and victims services who review the use of out of court disposals. In the financial year 2022/23 the panel met quarterly as planned in June, September, December 2022 and March 2023.

2.2.2 Constabulary

The PCC usually spends one day each week meeting with the police workforce both through formal and informal meetings.

There continues to be a good, open relationship between the OPCC and the Constabulary. This is facilitated through informal working relationships and formal governance structures. The Constabulary extends an open invite to their meetings and during the last year the OPCC have continued to attend key meetings such as Strategic Planning Meetings, the Constabulary Management Board and the Committees which sit under this. The Constabulary have also maintained their attendance at the PCC's weekly SLT meeting.

Both organisations continue to work closely together on budgets and managing these. This is evident in the way in which forward financial planning is undertaken, and through the management of in-year financial performance. In the last year the organisations worked together to improve financial forecasting and deliver more consistent reporting.

2.2.3 Partners and Other Local Stakeholders

The PCC has been clear about the need to engage with other elected officials across Avon and Somerset. When undertaking engagement days the PCC will often do this with Councillors and MPs. The PCC and Chief of Staff have continued to meet as a group with the Local Authority leaders and CEOs from across Avon and Somerset.

In addition to this, in the last year the PCC has started a new element of engagement through Councillor Forums. Nine forums were held from October 2022 to March 2023: one for each of the local authority areas with two in Bath and North East Somerset. The forums lasted for two hours each and saw the PCC and Constabulary colleagues engaging with local councillors on police and crime issues.

The OPCC continue to represent the PCC at Community Safety Partnerships (CSP) meetings across each of the Local Authority areas engaging with numerous key stakeholders. The PCC also provides a Police and Crime Grant to CSPs (through the local authorities) which is used to achieve joint outcomes. The OPCC further worked with CSPs to develop their Community Safety Plans throughout the last year.

The PCC Chairs the Local Criminal Justice Board in order to engage with partners such as CPS, courts and probation.

The CFO chairs a Business Crime Forum for the Avon and Somerset area on a quarterly basis and the OPCC have continued to regularly attend the Rural Crime Forum.

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

2.2.4 Regional Representation

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

As well as collaboration boards, the PCC and Chief Constable meet regularly with the other four regional PCCs and Chief Constables in the South West of England to seek ways to enhance regional cooperation and collaboration. This regional meeting is also undertaken at a PCC CEO/Chief of Staff level.

The South West PCCs (and forces) have continued to collaborate on Operation Scorpion which tackles drug crimes.

2.2.5 National Representation

The PCC is a member of the national Association of Police and Crime Commissioners (APCC). Through membership of this association, access is gained to various national agencies and groups. Within the APCC the PCC is the national lead for the Economic and Cyber Crime portfolio. In addition the OPCC are part of the Association of Policing and Crime Chief Executives (APACCE) network which is a group for OPCCs that share information and best practice. The CFO is a member of the Police and Crime Commissioners Treasurer Society (PACCTS), a national network for CFOs.

The OPCC have regularly taken part in and engaged with various national forums on topics such as victims and victims' services including meetings held with the Ministry of Justice and Victims' Commissioner.












2.3 Principle C - defining outcomes in terms of sustainable economic, social and environmental benefits

The priorities and strategic objectives of the PCC are set out in the PCC's Police and Crime Plan 2021-25. This was developed with significant consultation as discussed above. There are four priorities each underpinned by six areas of focus

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

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

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

-  Reduce crime and anti-social behaviour (ASB).
-  Increase the proportion of crimes reported to the police.
-  Increase positive outcomes from reported crime and ASB.
-  Fewer people to be killed and seriously injured on the roads.
-  Increase engagement with and from communities.
-  Increase victim satisfaction.
-  Increase feelings of safety.
-  Increase the morale of the police workforce.
-  Increase the capability of the police workforce to deliver against local and national priorities.
-  Reduce the negative environmental impact whilst maintaining operational efficiency.
-  Increase satisfaction with the service provided by the police.

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

- ✚ Increase confidence in the police.

2.4 Principle D - determining the interventions necessary to optimise the achievement of the intended outcomes

As part of the review of the OPCC a business plan was created which set out five strategic aims for the OPCC

- Aim 1** Engage with diverse communities and facilitate external scrutiny of police performance, supporting legitimacy and public confidence
- Aim 2** Support and challenge ASP to provide an efficient and effective service, focussed on preventing crime
- Aim 3** Work with partners to improve community safety, provide an effective criminal justice system, and support victims of crime
- Aim 4** Support delivery of OPCC aims in line with our values, including through improved digital tools and learning and development
- Aim 5** Lead the national PCC approach to economic and cyber crime, informing national strategy and supporting local response to fraud.

Against each of these aims are a number of key deliverables against which progress is tracked and overseen by the Senior Leadership Team through the OPCC Management Board.

About 98% of the funding that the PCC receives is delegated to the Chief Constable to manage. Of the remaining budget, directly controlled by the PCC, a significant amount is used to commission victim support services from third party organisations. These services operate through a grant agreement following a competitive commissioning process. New contracts started from 1st April 2019 and the early stages of the re-commissioning work began in 2023.

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

In recent years, serious violence has increasingly been recognised as a national problem. As part of the Home Office Serious Violence Strategy, the PCC has successfully secured funding from 2019/20 to run Violence Reduction Units (VRUs). The PCC successfully secured VRU funding for a further three years at an increased level: £2.04 million (2022/23); £1.53 million (2023/24); and £1.51 million (2024/25).

Avon and Somerset operate a hub and spoke approach. The funding is divided between the five CSP areas (the spokes) based on population and levels of serious violence. All VRUs continued to be overseen through a Strategic Governance Group (the hub), chaired by the Deputy PCC, which includes a Chief Officer from Avon and Somerset Police, local authority leaders and representatives from other partners. This sets a strategic work plan and the spokes collectively deliver against working on their own local delivery plans. A separate VRU Annual Report is published which can be accessed on the website at www.avonandsomerset-pcc.gov.uk³.

PCCs have a statutory duty to deliver an Independent Custody Visitors (ICV) Scheme. This scheme involves volunteers from the community visiting police centres to check on the welfare of detainees in custody, the conditions in which they are held and that their rights and entitlements are being observed. Beyond being a statutory duty this scheme is a critical part in ensuring all detainees are treated fairly and respectfully and receive the best possible policing service. This

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

scheme delivers openness and accountability because the ICVs are members of the public. A separate annual report is published on the PCC's website www.avonandsomerset-pcc.gov.uk⁴.

In February 2022 *Identifying Disproportionality in the Avon and Somerset Criminal Justice System*⁵ was published. This report contains 83 recommendations for different agencies across the five workstreams: stop and search; youth justice; out of court disposals; prisons; and HR. Avon and Somerset Police have the most recommendations and implementation of these will be overseen by the PCC through the Governance and Scrutiny Board (see 2.6 below). The Local Criminal Justice Board has established a sub-group to oversee implementation of all recommendations and this is chaired by the Chief Constable. In order to support this work a programme management framework was established and an independent person has been appointed to lead this.

2.5 Principle E - developing the entity's capacity, including the capability of its leadership and the individuals within it

When the permanent Chief of Staff started in January 2022 one of her first tasks was to conduct a review of the OPCC. This continued through the first three quarters of 2022/23 and there was a phased delivery of the new structure and practices throughout September and October 2023.

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

- ✚ **Director of Performance and Accountability** – a new role within the Senior Leadership Team that leads the directorate responsible for performance, scrutiny, contacts, complaints, misconduct hearings, Police Appeals Tribunals, and the secretariat function. They also act as the Deputy Monitoring Officer in the absence of the Chief of Staff.
- ✚ **Senior Scrutiny and Assurance Manager** – leads the team that deals with volunteers, scrutiny panels, contacts, misconduct hearings and Police Appeals Tribunals.
- ✚ **Secretariat Manager** – ensures the PCC, DPCC and Statutory Officers receive high quality briefing, advice and logistical support, and managing the business of key PCC oversight meetings.

Despite these many important appointments there have been a number of challenges with staffing.

In the new staffing structure a new engagement role was first advertised in August 2022. At the time of writing this role has not been filled but a person is due to start in June 2023.

One of the two Scrutiny and Assurance Managers was absent for a long period and then left the organisation, meaning the role was vacant for seven months.

A long standing member of the office, who dealt with contacts, sadly passed away. During this period the other Contact and Scrutiny Officer also had a prolonged period of absence.

These highlight the fragile nature of the resource model in the OPCC and the lack of resilience.

During quarter four of 2022/23 the OPCC ran a training needs analysis which all staff were asked to complete. The findings from this process will be considered by the SLT in the coming year and will form a new development plan for the office.

2.6 Principle F - managing risks and performance through robust internal control and strong public financial management

In May 2022 the most senior meeting in the PCC's and Chief Constable's governance structure changed from being the Police and Crime Board to the Governance and Scrutiny Board (GSB).

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

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

Although there was a change of name, a refresh of the terms of reference and a reduction in time from four hours to two and a half hours, the fundamental aspects of the meeting remained the same. This is where necessary, high-level decisions were signed off and was the formal holding to account of the Chief Constable. This had standing agenda items for performance, assurance and for both organisations to bring forward risks and issues for discussions and questions which formed an important part of the risk management process. Over the last year this meeting has continued to operate successfully with meetings held every month (except August 2022) with relevant papers included, minutes and actions taken and responded to and followed up. The minutes continued to be published on the PCC website www.avonandsomerset-pcc.gov.uk⁶.

The GSB was reviewed and revised with the new format launched in March 2023. It is now a monthly meeting scheduled to last three hours. The meeting will also be divided into two clear parts of Governance and Scrutiny. This was done to ensure that there was sufficient time for scrutiny; as over the last year there were some occurrences of the GSB where scrutiny was not as thorough as it could have been due to the time constraints of the meeting.

2.6.1 Risk Management

Risk is maintained under constant review and is summarised in the Strategic Risk Register of the PCC and the Constabulary's Corporate Risk Reports. The OPCC register is formally reviewed, internally, at the OPCC Management Board. Both registers/reports are also scrutinised by the Joint Audit Committee (JAC) (see 2.7.2 below).

When the OPCC are considering and assessing risk, it takes account of the Constabulary view of risk, particularly as articulated in the Constabulary's Corporate Risk Reports. This does not mean risks will always be viewed the same by both organisations as their remits are different.

Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the PCC's overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximize the use of the PCC's assets and limited resources to best achieve the PCC's objectives and targets.

Over the last year the key financial reporting to, and scrutiny at, GSB has continued as part of the risk management process. This includes quarterly and year-end financial performance reports; annual accounts; treasury management annual report and strategy; and the five year Medium Term Financial Plan (MTFP).

2.6.2 Performance

The OPCC have continued to publish a quarterly performance report which covers both the national policing priorities and Avon and Somerset Police and Crime Plan. This report is subject of the Performance and Accountability Board and is scrutinised by the Police and Crime Panel.

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

During the last year the OPCC have also developed an internal performance dashboard based on the Constabulary performance against the plan. This uses the same data in the public report but adds statistical analysis of the performance over time to provide a red, amber, green system of assessment. This provides an independent aid to the OPCC as to where they need to direct scrutiny and ask questions. The first version of this dashboard was produced in May 2023 to inform questions at the GSB.

Another of the most powerful tools in performance management in Avon and Somerset are our data analytics and data visualisation capabilities. These have been deployed throughout the

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

Constabulary, democratising data and providing a tool to drive performance improvements. The OPCC has access to this tool, providing live time data which supports the PCC's ability to scrutinise and hold the Chief Constable to account.

In terms of financial performance, as can be seen in these group accounts, once year-end adjustments have been made, a break-even position has been achieved during 2022/23. The underlying performance showed a £3.7 million/1% underspend, of which £3.5m relates to performance against Constabulary managed budgets and £0.2m against PCC managed budgets. £0.4 million of this underspend will be carried forward for planned expenditure, £1.8 million will be put in reserve for insurance provisions and £1.4 million will be put into the capital reserve.

The current MTFP shows larger deficits than at the time of writing last year. Reserves will be used to balance year 1 but the deficit is £10 million in year 2, growing to £19 million in year 3.

The forecast deficits will require further significant savings to be delivered. This will be challenging, and by necessity need to focus on those areas of our budget where we retain discretion, including sizeable police staff headcount reductions and savings from third party costs.

2.7 Principle G - implementing good practices in transparency, reporting, and audit to deliver effective accountability

In May 2022 a new Performance and Accountability Board (PAB) was introduced which really addressed both Principles F and G of this statement. This board was held for 90 minutes a time in May, August and November 2022 as well as February 2023. The meetings are broadcast live online and the recordings are also kept on the PCC's website www.avonandsomerset-pcc.gov.uk⁷. The purpose of this meeting is to manage performance and for the PCC to hold the Chief Constable to account in an open way. This new structure was reviewed and revised with a new format launched in March 2023. The PAB is now held on a monthly basis for 30 minutes each time and is broadcast using Facebook. The core purpose of the meeting remains the same, but the changes were made to increase the public engagement with the PAB.

Both the Constabulary and the OPCC adhere to the use of Government Security Classification (GSC) markings. In doing so, we are able to determine those documents which can be published through the PCC's website so that they are visible to the public.

Items which are published include

- ✚ Significant decisions of the PCC
- ✚ PCC responses to HMICFRS recommendations
- ✚ Reports of scrutiny panels
- ✚ Performance reports
- ✚ Expenses and gifts
- ✚ Freedom of Information requests; other statutory and non-statutory reports
- ✚ The Strategic Risk Register

2022/23 is the first full year of reporting in line with the amended Specified Information Order. A quarterly performance report has continued to be published which combines reporting on the local and national position. The reports are available to review through the PCC's website www.avonandsomerset-pcc.gov.uk⁸.

2.7.1 Internal Audit

The Internal Audit function is commissioned by the OPCC and OCC on behalf of the Joint Audit Committee and is undertaken by a third party auditor for additional independence. The South West Audit Partnership (SWAP) continued as the internal auditor for the third year. At the time of writing

⁷ www.avonandsomerset-pcc.gov.uk/reports-publications/oversight-boards/

⁸ www.avonandsomerset-pcc.gov.uk/reports-publications/performance/

SWAP have completed the substantive audit schedule as proposed and were just finishing a regional audit.

2.7.2 Joint Audit Committee (JAC)

The independent JAC has concluded another year of work in accordance with their Terms of Reference (TOR) and publishes an annual report on their work which can be found on the website www.avonandsomerset-pcc.gov.uk. The four meetings of the JAC for the financial year took place in July and October 2022 as well as January and March 2023.

The current Chair's term officially came to an end in March 2023 however – as the recruitment of a new Chair was initially unsuccessful – the Chair agreed to stay on until July 2023.

2.7.3 Police and Crime Panel

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

In the last year the Panel has continued to meet, on at least a quarterly basis, to fulfil its duties. In addition to this it has again scrutinised the PCC's proposed precept increase.

3 Review of Effectiveness

The PCC has responsibility for conducting, at least annually, a review of the system of internal control. This review is informed by the internal audit assurance, the opinions and reports of our external auditors and other inspection bodies, as well as the work of senior managers in both the OPCC and Constabulary who have responsibility for the development and maintenance of the governance environment.

For 2022/23 these considerations took account of

- ✚ HMICFRS PEEL Report (see below)
- ✚ the internal auditor's reports to the Joint Audit Committee (JAC) throughout the year and their annual report to JAC
- ✚ external auditors' reports at JAC meetings
- ✚ the Constabulary Strategic Risk Register
- ✚ the PCC's Strategic Risk Register
- ✚ the 2022/23 financial outturn position that delivered a balanced position
- ✚ the planning and development of the MTFP for the next five years

On the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Avon and Somerset PCC has in place satisfactory and adequate systems of internal control which facilitate the effective exercise of their functions and which include arrangements for good governance and risk management.

In last year's statement we talked about a review of the Joint Governance Framework. This was not able to progress to completion and is now waiting on guidance and best practice from a national level.

3.1 Internal Audit

Throughout 2022/23 the Internal Audit function completed nine substantive audits, one graded follow-up review as well as contributing towards regional advisory work and conducted follow-up work on previous audits. The nine substantive audits were

- ✚ Representative Workforce
- ✚ IT Service Desk
- ✚ Management of Evidential Property
- ✚ Key Financial Controls
- ✚ Firearms Licensing
- ✚ Reasonable Adjustments
- ✚ Policy and Procedure Management
- ✚ Detective Numbers
- ✚ Assurance Mapping

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

Seven of the audits resulted in a reasonable assurance opinion and three resulted in a limited assurance opinion. The conclusion of our internal auditors was that they were able to offer a **reasonable assurance** annual opinion.

Each of the audits also provides recommendations for improvement which are categorised into three priority categories reflecting their importance. In total our internal auditors made 36 recommendations during 2022/23, of which

- ✚ 21 were identified as findings that require attention, the lowest grading
- ✚ 15 were identified as findings that are important and require the attention of management, the medium grading
- ✚ None were identified as findings that were fundamental requiring immediate attention.

Whilst we take assurance from the fact that none of the findings is considered to be fundamental, we recognise that the recommendations from our internal auditors provide us with a number of important actions which we need to progress.

3.2 HMICFRS PEEL Inspection

The primary framework by which police forces are inspected by His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) is called ‘Police Efficiency, Effectiveness and Legitimacy’ (PEEL). Avon and Somerset Police were inspected in this last year with the report published in March 2023. All forces are inspected using this consistent methodology – and although no overall grade is given – the outcome is graded assessments for different aspects of the force’s service

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

The HMICFRS Integrated PEEL Assessment is one of the most important sources of assurance for both the PCC and OCC, in both the delivery of the Police and Crime Plan and the realisation of the Constabulary’s vision. Although the grades are less than ideal some assurance was taken from the fact that the particular issues were known to the Chief Constable and mitigations in place.

As well as the grades there are also Areas for Improvement and other commentary on the Constabulary’s performance. The Constabulary have created an action plan to address the findings of the report and the PCC will be overseeing progress against this plan through the Governance and Scrutiny Board.

3.3 Significant Risks

At the point of writing the most significant risks identified by the OPCC are

Risk	Progress
<p>Failure to deliver the Police and Crime Plan (SR2)</p>	<p>Arguably the biggest risk to policing at the moment – which applies equally in Avon and Somerset – is a lack of public confidence in the police. This undermines the British model of policing by consent and priority four of the Police and Crime Plan. There are issues with police misconduct, male violence against women and girls as well as disproportionality, particularly experienced by Black, Asian, Mixed and minoritised communities. These are not new issues but a spotlight has been shone on them and the negative media coverage seems to have grown exponentially. Although some action has been taken to address these the public are unlikely to have seen or felt a tangible change in the level of service they receive or the outcomes. Cultural change is required to address these institutional issues and this will likely take years.</p> <p>The Police and Crime Plan is a very broad and ambitious plan with prevention being a key focus. Prevention cannot be achieved in isolation by the police, and requires partnership working.</p> <p>Despite the increased officer numbers through Uplift there remain significant challenges in terms of the inexperience of the workforce with so many new officers. The lack of accredited detectives continues to be a challenge and the target numbers will not be reached until 2025.</p> <p>The Constabulary acknowledge these issues and have been in a phase – anticipated last year – called the “implementation dip”. This means that while there is significant organisational growth and change underway – which will provide benefits in the medium term – in the short term, performance is not likely to improve much.</p> <p>The pandemic exacerbated delays in the criminal justice system with large Crown Court backlogs remaining. Although outside the control of local agencies, this clearly has a negative impact on the delivery of the Police and Crime Plan.</p>
<p>Financial incapability or ineffectiveness (SR3)</p>	<p>The current MTFP shows larger deficits than at the time of writing last year. Reserves will be used to balance year 1 but the deficit is £10 million in year 2, growing to £19 million in year 3.</p> <p>The forecast deficits will require further significant savings to be delivered. This will be challenging, and by necessity need to focus on those areas of our budget where we retain discretion,</p>

Risk	Progress
	including sizeable police staff headcount reductions and savings from third party costs.

4 Conclusion

No system of internal control can provide absolute assurance. However, on the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Avon and Somerset PCC has in place satisfactory and adequate systems of internal control which facilitate the effective exercise of their functions and which include arrangements for good governance and for the control, mitigation, and management of risk.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Mark Shelford
 Police and Crime Commissioner
 20 December 2023

Alice Ripley
 Chief of Staff to the PCC
 20 December 2023

Police & Crime Commissioner for Avon & Somerset

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2023

Gross Expenditure £'000	Gross Income £'000	Total 2021/2022 £'000	Comprehensive Income and Expenditure Statement - Group	Gross Expenditure £'000	Gross Income £'000	Total 2022/2023 £'000
Expenditure						
544,486	-46,347	498,139	Police Services - OCC	539,901	-53,969	485,932
1,828	-27	1,801	OPCC	2,254	0	2,254
8,509	-4,244	4,265	Commissioning costs	8,678	-4,742	3,936
554,823	-50,618	504,205	Net cost of police services	550,833	-58,711	492,122
		-52,775	Police pension top-up grant			-52,909
		-101	Gain on disposal of non-current assets			-1,974
		-52,876	Other operating expenditure			-54,883
		5,876	External interest payable			5,713
		-260	Interest and investment income			-1,632
		0	Income and expenditure in relation to investment properties			-178
		0	Changes in the market value of investment properties			-791
		86,681	Net interest on pensions			110,987
		92,297	Financial and investment income and expenditure			114,099
		-121,928	Police - revenue grant			-129,059
		-63,856	Ex-DCLG formula funding			-67,642
		-304	Capital grant and contributions			-84
		-3,331	Council tax top-up grant			-3,331
		-11,378	Council tax support and transition grant			-11,378
		-211	Council tax income guarantee grant			0
		-2,266	Local council tax support grant			0
		-138,171	Council tax - local authorities (Note 12)			-146,169
		-341,445	Taxation and non-specific grant income			-357,663
		202,181	Deficit on provision of services			193,675
		-260,724	Re-measurement of pension assets (Note 16) and liabilities			-1,879,534
		-16,976	Gain on revaluation			-5,128
		-277,700	Other comprehensive income and expenditure			-1,884,662
		-75,519	Total comprehensive income and expenditure			-1,690,987

Police & Crime Commissioner for Avon & Somerset

PCC Comprehensive Income and Expenditure Statement for the year ended 31 March 2023

PCC Expenditure £'000	PCC Income £'000	Total 2021/2022 £'000	Comprehensive Income and Expenditure Statement - PCC	PCC Expenditure £'000	PCC Income £'000	Total 2022/2023 £'000
Expenditure						
1,828	-27	1,801	OPCC	2,254	0	2,254
8,509	-4,244	4,265	Commissioning costs	8,678	-4,742	3,936
10,337	-4,271	6,066	Net cost of police services before funding	10,932	-4,742	6,190
544,486	-46,347	498,139	Intragroup funding adjustment	539,901	-53,969	485,932
554,823	-50,618	504,205	Net cost of police services	550,833	-58,711	492,122
		-52,775	Police pension top-up grant			-52,909
		-101	Gain on disposal of non-current assets			-1,974
		-52,876	Other operating expenditure			-54,883
		5,876	External interest payable			5,713
		-260	Interest and investment income			-1,632
		0	Income and expenditure in relation to investment properties			-178
		0	Changes in the market value of investment properties			-791
		86,681	Intragroup adjustment (pension interest cost)			110,987
		92,297	Financial and investment income and expenditure			114,099
		-121,928	Police - revenue grant			-129,059
		-63,856	Ex-DCLG formula funding			-67,642
		-304	Capital grant and contributions			-84
		-3,331	Council tax freeze grant			-3,331
		-11,378	Council tax support and transition grant			-11,378
		-211	Council tax income guarantee grant			0
		-2,266	Local council tax support grant			0
		-138,171	Council tax - local authorities (Note 12)			-146,169
		-341,445	Taxation and non-specific grant income			-357,663
		202,181	Deficit on provision of services			193,675
		-260,724	Intragroup adjustment (Re-measurement of pension assets and liabilities)			-1,879,534
		-16,976	Gain on revaluation			-5,128
		-277,700	Other comprehensive income and expenditure			-1,884,662
		-75,519	Total comprehensive income and expenditure			-1,690,987

Police & Crime Commissioner for Avon & Somerset

Group Movement in Reserves Statements 2021/2022 and 2022/2023

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

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	53,868	6,375	60,243	-4,212,935	-4,152,692
Total comprehensive income and expenditure	-193,675	0	-193,675	1,884,662	1,690,987
Adjustments between accounting & funding basis under regulations	195,093	2,171	197,264	-197,264	0
Increase/decrease(-) in 2022/2023	1,418	2,171	3,589	1,687,398	1,690,987
Balance as at 31 March 2023	55,286	8,546	63,832	-2,525,537	-2,461,705

Police & Crime Commissioner for Avon & Somerset

PCC Movement in Reserves Statements 2021/2022 and 2022/2023

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

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	53,868	6,375	60,243	-4,212,935	-4,152,692
Total comprehensive income and expenditure	-193,675	0	-193,675	1,884,662	1,690,987
Adjustments between accounting & funding basis under regulations	195,093	2,171	197,264	-197,264	0
Increase/decrease(-) in 2022/2023	1,418	2,171	3,589	1,687,398	1,690,987
Balance as at 31 March 2023	55,286	8,546	63,832	-2,525,537	-2,461,705

Police & Crime Commissioner for Avon & Somerset

Group Balance Sheet as at 31 March 2023

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

OCC	PCC	Group	Balance Sheet	OCC	PCC	Group	Notes
£'000	£'000	2022		£'000	£'000	2023	
		£'000				£'000	
			Property, plant and equipment				19
0	201,507	201,507	Land and buildings	0	199,681	199,681	
0	16,224	16,224	Vehicles, plant and equipment	0	17,391	17,391	
0	544	544	Assets under construction	0	320	320	
0	250	250	Surplus Assets	0	2,277	2,277	
0	0	0	Investment Properties	0	2,776	2,776	20
0	490	490	Intangible fixed assets	0	465	465	
			Long term assets				
0	1,311	1,311	Prepayments	0	799	799	
4,325,494	0	0	Long Term Liability - intragroup adjustment	2,644,892	0	0	
4,325,494	220,326	220,326	Total non-current assets	2,644,892	223,709	223,709	
0	1,127	1,127	Inventories (stock)	0	1,175	1,175	
0	23,000	23,000	Short term investments	0	22,000	22,000	30
0	39,855	39,855	Debtors and payments in advance	0	58,515	58,515	22
0	37,744	37,744	Cash and cash equivalents	0	32,891	32,891	23
0	519	519	Assets held for sale	0	114	114	
15,709	0	0	Intragroup debtor	17,075	0	0	
15,709	102,245	102,245	Total current assets	17,075	114,695	114,695	
0	-2,185	-2,185	Bank overdraft	0	-4,391	-4,391	23
0	-3,647	-3,647	Short term borrowing	0	-1,147	-1,147	24
-11,280	-28,311	-39,591	Creditors and receipts in advance	-12,975	-32,512	-45,487	25
0	-15,709	0	Intragroup creditor	0	-17,075	0	
-4,429	-374	-4,803	Short term provisions	-4,100	-325	-4,425	26
0	-1,877	-1,877	Short term PFI Lease liability	0	-1,281	-1,281	21
-15,709	-52,103	-52,103	Total current liabilities	-17,075	-56,731	-56,731	
0	-40,662	-40,662	Long term borrowing	0	-42,015	-42,015	24
-25	-7,311	-7,336	Provisions	-25	-8,059	-8,084	26
0	-49,693	-49,693	PFI liability	0	-48,412	-48,412	21
0	-4,325,494	0	Pensions - intragroup adjustment	0	-2,644,892	0	
-4,325,469	0	-4,325,469	Net Defined Pension Liability	-2,644,867	0	-2,644,867	
-4,325,494	-4,423,160	-4,423,160	Total long term liabilities	-2,644,892	-2,743,378	-2,743,378	
0	-4,152,692	-4,152,692	Net assets	0	-2,461,705	-2,461,705	
0	60,243	60,243	Total usable reserves	0	63,832	63,832	7
0	-4,212,935	-4,212,935	Total unusable reserves	0	-2,525,537	-2,525,537	7
0	-4,152,692	-4,152,692	Total reserves	0	-2,461,705	-2,461,705	

Paul Butler

Chief Finance Officer to PC

20 December 2023

Police & Crime Commissioner for Avon & Somerset

Group Cash Flow Statement

OCC	PCC	Group	Cash Flow Statement	OCC	PCC	Group
£'000	£'000	2021/2022 £'000		£'000	£'000	2022/2023 £'000
0	202,182	202,182	Net surplus(-)/deficit on the provision of services	0	193,675	193,675
0	-11,579	-11,579	Depreciation and impairment of property, plant and equipment	0	-11,154	-11,154
0	-115	-115	Amortisation of intangible assets	0	-25	-25
0	0	0	Movement in Fair Value Investment properties	0	791	791
867	1,545	2,412	Increase(-)/decrease in provision charged back to service	328	-682	-354
0	-208,072	-208,072	Charges for retirement benefits in accordance with IAS 19	0	-198,932	-198,932
0	-672	-672	Carrying amounts of non-current assets sold	0	-414	-414
0	-48	-48	Other	0	0	0
-499	5,849	5,350	Increase/decrease(-) in long and short term debtors	1,367	17,073	18,440
-368	-1,522	-1,890	Increase(-)/decrease in long and short term creditors	-1,695	-3,023	-4,718
0	25	25	Increase/decrease(-) in stock/WIP	0	48	48
0	-214,590	-214,590	Adjust net surplus or deficit on the provision of services for non-cash movements	0	-196,318	-196,318
0	773	773	Proceeds from the sale of property, plant and equipment	0	2,388	2,388
0	304	304	Capital grants credited to the surplus or deficit on the provision of service	0	84	84
0	207	207	Interest received	0	1,258	1,258
0	-5,761	-5,761	Interest paid	0	-5,539	-5,539
0	-4,477	-4,477	Adjust net surplus or deficit on the provision of services that are investing or financing activities	0	-1,809	-1,809
0	-16,885	-16,885	Net cash flows from operating activities	0	-4,452	-4,452
0	10,452	10,452	Purchase of property, plant and equipment	0	7,678	7,678
0	-773	-773	Capital receipts	0	-2,388	-2,388
0	-304	-304	Capital grant/contribution income due for the year	0	-84	-84
0	-1,000	-1,000	Purchase of short & long term investments	0	-1,000	-1,000
0	-207	-207	Interest received	0	-1,258	-1,258
0	8,168	8,168	Net cash flow from investing activities	0	2,948	2,948
0	1,923	1,923	Repayment of long term loans	0	1,147	1,147
0	1,766	1,766	Repayment of PFI liability	0	1,877	1,877
0	5,761	5,761	Interest paid	0	5,539	5,539
0	9,450	9,450	Net cash flow from financing activities	0	8,563	8,563
0	734	734	Net increase(-)/decrease in cash and cash equivalents	0	7,059	7,059
0	-36,290	-36,290	Cash and cash equivalents at the beginning of the reporting period	0	-35,559	-35,559
0	-35,559	-35,559	Cash and cash equivalents at the end of the reporting period	0	-28,500	-28,500

Police & Crime Commissioner for Avon & Somerset

Notes to the Financial Statements

1 Statement of Accounting Policies

1.1 General Principles

The general principles adopted in compiling these accounts are in accordance with the recommendations of CIPFA. They accord with CIPFA's Code of Practice on Local Authority Accounting 2022/2023 and the Accounts and Audit Regulations 2015 and are based on the following standards:

International Financial Reporting Standards (IFRSs) as adopted by the UK;

International Public Sector Accounting Standards (IPSASs);

UK Generally Accepted Accounting Practice (GAAP); (Financial Reporting Standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) abstracts) as far as they are applicable.

1.2 Accruals of Income and Expenditure

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

1.3 Council Tax

Council tax income included within the comprehensive income and expenditure statement includes our share of the surplus or deficits from other local authority collection funds.

1.4 Government Grants

1.4.1 Revenue Grant

Government grants are shown as income within the comprehensive income and expenditure statement and are used to fund the expenditure on policing activities.

1.4.2 Capital Grant

Income received from the Home Office in respect of the capital grant is shown within the comprehensive income and expenditure statement. When the income is matched to the capital expenditure it is transferred to the Capital Adjustment Account. Any unused capital grant is allocated to the Capital Grant Unapplied Account within reserves. Capital grants with outstanding conditions attached have been transferred to the Capital Receipts in Advance Account.

1.4.3 Specific Grants

Specific grant income is recognised immediately within the comprehensive income and expenditure statement on an accruals basis. If there are conditions outstanding to be achieved on the specific grants at the end of the financial year they are recognised as a creditor receipt in advance.

1.5 VAT

Value Added Tax is not included as income or expenditure of the PCC except where it is non-recoverable.

1.6 Interest

External interest receivable on investments and the interest payable on borrowing are charged to the comprehensive income and expenditure statement.

1.7 Employee Benefits

1.7.1 Benefits Payable During Employment

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

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

1.7.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the group to terminate an 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.

1.7.3 Post-Employment Benefits

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

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

1.7.3.1 Police Officers Pension Scheme

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

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

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

1.7.3.2 Local Government Pension Scheme

All police staff and PCSOs 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

17.3.3 Net Pensions Liability

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

Service cost comprising

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

Re-measurements comprising

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

1.8 Leased Assets

All leases have been reviewed to determine if they are operational or finance leases.

- ✚ Finance leases – these are recognised where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. Property, plant and equipment held under finance lease is recognised as an asset on the balance sheet at the commencement of the lease, matched by a liability for the obligation to pay the lessor;
- ✚ Operating leases – rents payable under operating leases are charged to the comprehensive income and expenditure statement.

All significant contracts or transactions have been reviewed for any 'embedded leases' (which convey the right to use an asset in return for a payment or series of payments). If embedded leases are found to exist they would be treated in line with formal leases as described above. No embedded leases have currently been identified.

1.9 Property, Plant and Equipment

Expenditure on capital assets is recognised in the accounts when the work has been completed or when the asset has been delivered. The latest valuation was undertaken on 31 March 2023 by our internal Chartered Valuation Surveyor.

1.9.1 Recognition

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

1.9.2 Measurement

Assets are initially measured at cost comprising

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

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

- ✚ Properties have been valued in accordance with CIPFA code of guidance and with the current RICS valuation – Global standards UK national supplement, on the basis of existing use value, depreciated replacement cost or fair value.
- ✚ Operational assets that are not specialised have been valued at existing use value. Existing use value is defined as the estimated amount for which a property should exchange on the valuation date between a willing buyer and seller at an arm's length transaction.
- ✚ Operational assets for which no market is in existence or which are specialised in nature have been valued at depreciated replacement cost. Depreciated replacement cost is defined as the current cost of replacing an asset with its modern equivalent asset, less deductions.

1.9.3 Revaluation

The revaluation reserve is used to record gains arising from the revaluation of non-current assets until they are disposed. Revaluation losses that cannot be met from accumulated revaluation gains are charged to the comprehensive income and expenditure statement. Any charges made to the comprehensive income and expenditure statement are reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account.

When a valuation for an asset is undertaken, components of the asset are separately identified when the asset value is over £1,000,000 and the components value is over 20% of the total value of the asset. Components are identified as

- ✚ Parts of the asset that can be disposed or replaced separately from other components of the assets and/or
- ✚ Parts of the asset which have a different useful life to other components.

When assets are disposed the value of the asset on the balance sheet is written off to the comprehensive income and expenditure statement as part of the gain or loss on disposal. The reversal of this is shown within the Movement in Reserves Statement so that there is no impact to council tax.

Vehicles and other non-property assets are carried in the balance sheet at depreciated historical cost. Assets under construction are carried at cost until the asset is made operational at which point they are classified accordingly and depreciation commences.

1.10 Depreciation

All assets are depreciated except for land and assets under construction. The following policies are used

- ✚ Depreciation on buildings is based upon information provided within the latest valuation report regarding the useful life of the buildings and their components, and is based on the 'straight-line' method. The straight line method writes off the value of an asset in equal annual instalments over the estimated useful economic life of the asset. The useful life of our buildings are from the valuation report completed each year. Once a building is operational and transferred from assets under construction depreciation commences on the building
- ✚ The value of other assets such as vehicles, computers and other equipment falls steadily throughout their lives. These assets are expected to have shorter useful lives of up to seven years. The depreciation starts from the month of acquisition. Again the straight-line method of depreciation is used
- ✚ Intangible assets are amortised using the straight-line method over the period the software is in use, which is typically four years. An exception to this is the SAP licence which is amortised over 25 years.

1.11 Impairments

The PCC's properties are reviewed for impairment at the end of each financial year. When impairment is identified as part of the annual review or as a result of a revaluation exercise, this will first be charged to the revaluation reserve to the extent that impairment does not exceed the amount in the revaluation reserve for the same asset, and thereafter in the comprehensive income and expenditure statement.

1.12 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and Capital Receipts Reserve.

1.13 Private Finance Initiatives (PFI)

The PCC entered into a private finance initiative with Blue Light Partnership where four facilities were constructed, including the provision of services and building maintenance over the 25 year contract. At the end of the contract the ownership of the properties will pass to the PCC for no additional charge. These properties, which are recognised on the balance sheet, are revalued and depreciated in the same way as property, plant & equipment owned by the PCC. The liability to pay for the cost of the capital investment to the Blue Light Partnership is recognised on the balance sheet.

The amounts payable to the Blue Light Partnership each year are analysed into the following elements

- ✚ Fair value of services received during the year – this is charged to the net cost of Police services within the comprehensive income and expenditure statement
- ✚ Finance cost – this is the interest charge on the outstanding balance sheet liability, shown within the Financial and Investment Income and Expenditure within the Comprehensive Income and Expenditure statement
- ✚ Contingent rent – increases in the amount to be paid for the property during the contract charged to the Financial and Investment Income and Expenditure within the Comprehensive Income and Expenditure statement
- ✚ Payment towards liability – this writes down the outstanding liability on the balance sheet.

1.14 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits repayable within 24 hours. Cash equivalents are investments with maturity date of no more than 3 months which are easily convertible into known amounts of cash and have an insignificant risk of a change in value.

1.15 Short and Long Term Investments

Investments are deposits with UK and overseas banks, building societies and local authorities. Short term investments are convertible to cash from between 3 months and one year of the balance sheet date. Long term investments are convertible to cash over one year from the balance sheet date. Surplus funds are managed on behalf of the PCC by Somerset County Council Treasury. Funds are invested in line with policy approved by the PCC.

1.16 Financial Instruments

1.16.1 Fair Value

Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measured date. The PCC uses the most appropriate method of valuation within the hierarchy to assess the fair value.

- Level 1** Fair value is derived from quoted prices in an active market for identical assets or liabilities
- Level 2** The fair value is calculated from quoted prices that are observable from similar assets or liabilities
- Level 3** Fair value is determined from unobservable data where there is no market data available.

1.16.2 Financial Liabilities

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

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

1.16.3 Financial Assets

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

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

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

1.16.3.1 Financial assets measured at amortised cost

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

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the Financing and Investment Income Expenditure line in the CIES.

1.16.3.2 Financial assets measured at fair value through profit or loss

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

1.16.3.3 Fair value measurement of financial assets

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

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

1.17 Provisions

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

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

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

1.18 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.

1.19 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the PCC Group a possible obligation whose existence can only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the PCC Group. Contingent liabilities also arise in the situation where a provision would otherwise be made but where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

1.20 Reserves

The reserves that are held by the PCC are split between usable and unusable reserves on the balance sheet.

Usable reserves are amounts of money we keep to pay for future projects, and to protect against unexpected events. The useable reserves include

- ✚ The General Fund is risk assessed annually by the Chief Financial Officer of the PCC for the level of funds that the PCC needs to hold at the end of each financial year
- ✚ Earmarked reserves are balances we hold to meet future expenditure in defined areas and within approved policies
- ✚ The Capital Receipts Reserve is where income is received from the sale of property, plant and equipment and held in reserve to fund new capital expenditure.

The unusable reserves include

- ✚ The Revaluation reserve, which represents the changes in the value of assets as a result of revaluation after 1 April 2007; revaluations made prior to the 31 March 2007 were transferred to the capital adjustment account below;
- ✚ The Capital Adjustment Account absorbs the timing differences arising from the consumption of property, plant and equipment and for the financing of the acquisitions and enhancements of the assets under statutory provision. This account also includes any revaluation gain/loss prior to 1 April 2007;
- ✚ The Collection Fund Adjustment account represents the PCC's share of the surplus or deficits on the local authorities' collection funds that have been charged to the comprehensive income and expenditure statement and reversed out to this account so there is no impact on the general fund;
- ✚ The short term compensated absences account represents outstanding employee benefits at the year end that have been earned and not taken during the year. The cost of these benefits has been charged to the comprehensive income and expenditure statement and then reversed to this account ensuring there is no impact on the council tax payer and the general fund.

1.21 Post Balance Sheet Events

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

Adjusting events - where there is evidence that the conditions existed at the end of the reporting period and the accounts are adjusted to reflect these events;

Non-adjusting events – where these are indicative of conditions that arose after the balance sheet date, the Statement of Accounts are not amended, but a note is included to provide an explanation of the nature and the effect of the event;

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

2 Critical Judgements in Applying Accounting Policies

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

- ✚ As a result of the Police Reform and Social Responsibility Act 2011 (the Act), two corporations sole were formed - the Police and Crime Commissioner (PCC) for Avon and Somerset and the Office of the Chief Constable (OCC). The PCC is responsible for the formal oversight of the Avon and Somerset Police and the Chief Constable, including setting the strategic direction and holding the police to account; whilst the Chief Constable has the direction and control over the force's officers and staff. For accounting purposes, the PCC is the parent entity of the Office of the Chief Constable and together they form the PCC group. The accounting recognition of the PCC Group assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice. The PCC receives all government funding and income, and the Chief Constable uses the PCC's financial resources against an annual budget in order to discharge their operating policing responsibilities. The Chief Constable does not hold any cash or reserves. The PCC has the responsibility for managing the financial relationship with third parties. All the assets, liabilities and reserves of the PCC Group are recognised on the PCC Balance Sheet except for the liabilities for employee benefits. As a result, there is a nil balance on the Chief Constable's Movement of Reserves Statement and no cash transactions on the Chief Constable's cashflow statement. The financial results of the PCC resources used by the Chief Constable are shown in the Comprehensive Income and Expenditure Statement (CIES). As the Chief Constable does not hold reserves the financial consequences recognised in the CIES are offset by intra-group adjustments to reflect the funding of PCC resources consumed at the request of the Chief Constable to give a nil balance on the General Reserves of the Chief Constable at the year end. These intra-group adjustments are mirrored in the PCC accounts to reflect the funding of resources at the request of the Chief Constable. Police pension costs are recognised in the Chief Constable's Accounts in accordance with IAS 19 (Employee Benefits). The liability for police pensions on the Chief Constable's Balance Sheet however is offset by an intra-group debtor reflecting the PCC's responsibility to provide funds from the police fund each year to enable the Chief Constable to administer police pension payments. Similarly, within the Chief Constable's CIES the IAS 19 pension costs are offset by intra-group funding adjustments within the Net Cost of Policing Services and within 'Financing and Investment' lines. The PCC's Balance Sheet shows a matching liability and police pension reserve to reflect its responsibility to provide funds for the payment of police pensions. The same accounting treatment has been adopted in respect of accumulated absences due to employees, but not taken at the reporting date. The liabilities in the Chief Constable's Balance Sheet are offset by an intra-

group transfer from the PCC's to reflect the fact that the PCC ultimately funds the Chief Constable's employee costs.

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

Further information is included within notes 16 to 17 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

4.2 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 26 Short and Long Term Provisions.

4.3 Valuation of Assets

A valuation was undertaken of the land and buildings as at 31 March 2023 and the value of the properties have been amended to reflect the updated values for the assets. Indices were used as part of the valuation for the construction costs and local market information over the year. Valuation of land and buildings are of a subjective nature and could vary by +/-10%. In assessing the fair value of the assets held for sale, the activity within the local property market was considered.

5 Events After the Balance Sheet Date

There are no post balance sheet events to date.

6 Group Expenditure and Funding Analysis

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

As reported to Management	Adjustments to arrive at the chargeable to general reserves	2021/2022 Net expenditure chargeable to general fund	Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E	Group Expenditure and Funding Analysis	As reported to Management	Adjustments to arrive at the chargeable to general reserves	2022/2023 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
335,593	48,408	383,999	114,140	498,139	Police Services - OCC	348,285	53,320	401,605	84,327	485,932
1,757	44	1,801	0	1,801	OPCC	1,914	340	2,254	0	2,254
3,529	736	4,265	0	4,265	Commissioning costs	3,507	429	3,936	0	3,936
340,879	49,187	390,065	114,140	504,205	Net cost of police services	353,706	54,089	407,795	84,327	492,122
		0	-101	-101	Gain on disposal of non-current assets			0	-1,974	-1,974
		0	-101	-101	Other operating expenditure			0	-1,974	-1,974
		0	5,876	5,876	External interest payable			0	5,713	5,713
		0	-260	-260	Interest and investment income			0	-1,632	-1,632
		0	0	0	Income from Investment properties				-178	-178
		0	0	0	Movement in fair value of investment property				-791	-791
		0	86,681	86,681	Net interest on pensions			0	110,987	110,987
		0	92,297	92,297	Financial and investment income and expenditure			0	114,099	114,099
		-121,928	0	-121,928	Police - revenue grant			-129,059	0	-129,059
		-63,856	0	-63,856	Ex-DCLG formula funding			-67,642	0	-67,642
		0	-304	-304	Capital grant and contributions			0	-84	-84
		-3,331	0	-3,331	Council tax freeze grant			-3,331	0	-3,331
		-11,378	0	-11,378	Council tax support and transition grant			-11,378	0	-11,378
		-211	0	-211	Council tax income guarantee grant			0	0	0
		-136,733	-1,437	-138,170	Council tax - local authorities			-144,894	-1,275	-146,169
		-52,775	0	-52,775	Pension Top up Grant			-52,909	0	-52,909
		-2,266	0	-2,266	Local council tax support grant			0	0	0
		-392,478	-1,741	-394,219	Taxation and non-specific grant income			-409,213	-1,359	-410,572
340,879	49,187	-392,478	90,455	-302,023		353,706	54,089	-409,213	110,766	-298,447
		-2,413	204,595	202,182	Surplus(-)/deficit on provision of services			-1,418	195,093	193,675
		51,455			Opening balance of general fund			53,868		
		2,412			Transfers to reserves made in year			1,418		
		53,868			Closing balance of general fund			55,286		

Capital Purposes £'000	2021/2022			Group Expenditure and Funding Analysis Adjustment between accounting & funding basis	2022/2023			
	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	114,140	Police Services - OCC	-1,131	87,945	-2,487	84,327
-2,322	121,391	-4,929	114,140	Net cost of police services	-1,131	87,945	-2,487	84,327
-101	0	0	-101	Gain on disposal of non-current assets	-1,974	0	0	-1,974
-101	0	0	-101	Other operating expenditure	-1,974	0	0	-1,974
0	0	5,876	5,876	External interest payable	0	0	5,713	5,713
0	0	-260	-260	Interest and investment income	0	0	-1,633	-1,633
				Income from Investment properties		0	-178	-178
				Movement in fair value of investment property		0	-791	-791
0	86,681	0	86,681	Net interest on pensions	0	110,987	0	110,987
0	86,681	5,616	92,297	Financial and investment income and expenditure	0	110,987	3,111	114,098
-304	0	0	-304	Capital grant and contributions	-84	0	0	-84
0	0	-1,437	-1,437	Council tax - local authorities	0	0	-1,275	-1,275
0	0	0	0	Commissioning of victim support services grant	0	0	0	0
-304	0	-1,437	-1,741	Taxation and non-specific grant income	-84	0	-1,275	-1,359
-405	86,681	4,179	90,455		-2,058	110,987	1,836	110,765
-2,727	208,072	-750	204,595	Total adjustment between accounting and funding basis	-3,189	198,932	-651	195,092

the Movement in Reserves Statement

These notes support the movement in reserves statement shown on page 29

7 Notes to

Group Movement in Reserves Statement 2021/2022	Revenue General Fund £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment Account £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Balance as at 31 March 2021	51,455	5,602	57,057	-1,235	70,402	-4,378,121	-9,710	33,396	-4,285,268
Total comprehensive income and expenditure	-202,181	0	-202,181	0	16,976	260,724	0	0	277,700
Adjustments between accounting & funding basis under regulations									
Reversal of items included to I&E									
Amortisation of intangible assets	115	0	115	0	0	0	0	-115	-115
Depreciation of non-current assets (note 19)	13,491	0	13,491	0	0	0	0	-13,491	-13,491
Revaluation Gain	-1,911	0	-1,911	0	0	0	0	1,911	1,911
Capital grants and contributions	-304	0	-304	0	0	0	0	304	304
Council tax collection fund adjustment	-1,437	0	-1,437	1,437	0	0	0	0	1,437
Gain(-)/loss on disposal of non-current assets	-101	773	672	0	-176	0	0	-496	-672
Holiday pay accrual adjustment	686	0	686	0	0	0	-686	0	-686
Net IAS 19 charge for retirement benefits	266,300	0	266,300	0	0	-266,300	0	0	-266,300
Insert amounts excluded in I&E									
Minimum revenue provision	-3,612	0	-3,612	0	0	0	0	3,612	3,612
Revenue contribution to finance capital	-7,770	0	-7,770	0	0	0	0	7,770	7,770
IAS 19 employers contributions payable	-58,228	0	-58,228	0	0	58,228	0	0	58,228
Other adjustments include:									
Reserves used to finance capital	-2,635	0	-2,635	0	0	0	0	2,635	2,635
Increase/decrease(-) in 2021/2022	2,413	773	3,186	1,437	16,800	52,652	-686	2,130	72,333
Balance as at 31 March 2022	53,868	6,375	60,243	202	87,202	-4,325,469	-10,396	35,526	-4,212,935

Group Movement in Reserves Statement 2022/2023	Revenue General Fund £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment Account £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Balance as at 31 March 2022	53,868	6,375	60,243	202	87,202	-4,325,469	-10,396	35,526	-4,212,935
Total comprehensive income and expenditure	-193,675	0	-193,675	0	5,128	1,879,534	0	0	1,884,662
Adjustments between accounting & funding basis under regulations									
Reversal of items included to I&E									
Amortisation of intangible assets	25	0	25	0	0	0	0	-25	-25
Depreciation of non-current assets (note 19)	13,899	0	13,899	0	0	0	0	-13,899	-13,899
Revaluation Gain	-2,745	0	-2,745	0	0	0	0	2,745	2,745
Movement in market value of investment properties	-791	0	-791	0	-929	0	0	1,720	791
Capital grants and contributions	-84	0	-84	0	0	0	0	84	84
Council tax collection fund adjustment	-1,276	0	-1,276	1,276	0	0	0	0	1,276
Gain(-)/loss on disposal of non-current assets	-1,974	2,387	413	0	-208	0	0	-205	-413
Holiday pay accrual adjustment	1,417	0	1,417	0	0	0	-1,417	0	-1,417
Net IAS 19 charge for retirement benefits	260,470	0	260,470	0	0	-260,470	0	0	-260,470
Insert amounts excluded in I&E									
Minimum revenue provision	-3,724	0	-3,724	0	0	0	0	3,724	3,724
Revenue contribution to finance capital	-5,057	0	-5,057	0	0	0	0	5,057	5,057
IAS 19 employers contributions payable	-61,538	0	-61,538	0	0	61,538	0	0	61,538
Other adjustments include:									
Use of capital receipts reserve to finance capital	0	-216	-216	0	0	0	0	216	216
Reserves used to finance capital	-3,529	0	-3,529	0	0	0	0	3,529	3,529
Increase/decrease(-) in 2022/2023	1,418	2,171	3,589	1,276	3,991	1,680,602	-1,417	2,946	1,687,398
Balance as at 31 March 2023	55,286	8,546	63,832	1,478	91,193	-2,644,867	-11,813	38,472	-2,525,537

PCC Movement in Reserves Statement 2021/2022	Revenue General Fund £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment Account £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Balance as at 31 March 2021	51,455	5,602	57,057	-1,235	70,402	-4,378,121	-9,710	33,396	-4,285,268
Total comprehensive income and expenditure	-202,181	0	-202,181	0	16,976	260,724	0	0	277,700
Adjustments between accounting & funding basis under regulations									
Reversal of items included to I&E									
Amortisation of intangible assets	115	0	115	0	0	0	0	-115	-115
Depreciation of non-current assets (note 19)	13,491	0	13,491	0	0	0	0	-13,491	-13,491
Revaluation Gain	-1,911	0	-1,911	0	0	0	0	1,911	1,911
Capital grants and contributions	-304	0	-304	0	0	0	0	304	304
Council tax collection fund adjustment	-1,437	0	-1,437	1,437	0	0	0	0	1,437
Gain(-)/loss on disposal of non-current assets	-101	773	672	0	-176	0	0	-496	-672
Holiday pay accrual Inter group adjustment	686	0	686	0	0	0	-686	0	-686
Net IAS 19 charge for retirement benefits	266,300	0	266,300	0	0	-266,300	0	0	-266,300
Insert amounts excluded in I&E									
Minimum revenue provision	-3,612	0	-3,612	0	0	0	0	3,612	3,612
Revenue contribution to finance capital	-7,770	0	-7,770	0	0	0	0	7,770	7,770
IAS 19 employers contributions payable	-58,228	0	-58,228	0	0	58,228	0	0	58,228
Other adjustments include:									
Reserves used to finance capital	-2,635	0	-2,635	0	0	0	0	2,635	2,635
Increase/decrease(-) in 2021/2022	2,413	773	3,186	1,437	16,800	52,652	-686	2,130	72,333
Balance as at 31 March 2022	53,868	6,375	60,243	202	87,202	-4,325,469	-10,396	35,526	-4,212,935

PCC Movement in Reserves Statement 2022/2023	Revenue General Fund £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Collect Fund Adjustment Account £'000	Revaluation Reserve £'000	Pensions Reserve Account £'000	Short Term Absences Account £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000
Balance as at 31 March 2022	53,868	6,375	60,243	202	87,202	-4,325,469	-10,396	35,526	-4,212,935
Total comprehensive income and expenditure	-193,675	0	-193,675	0	5,128	1,879,534	0	0	1,884,662
Adjustments between accounting & funding basis under regulations									
Reversal of items included to I&E									
Amortisation of intangible assets	25	0	25	0	0	0	0	-25	-25
Depreciation of non-current assets (note 19)	13,899	0	13,899	0	0	0	0	-13,899	-13,899
Revaluation Gain	-2,745	0	-2,745	0	0	0	0	2,745	2,745
Movement in market value of investment properties	-791	0	-791	0	-929	0	0	1,720	791
Capital grants and contributions	-84	0	-84	0	0	0	0	84	84
Council tax collection fund adjustment	-1,276	0	-1,276	1,276	0	0	0	0	1,276
Gain(-)/loss on disposal of non-current assets	-1,974	2,387	413	0	-208	0	0	-205	-413
Holiday pay accrual Inter group adjustment	1,417	0	1,417	0	0	0	-1,417	0	-1,417
Net IAS 19 charge for retirement benefits	260,470	0	260,470	0	0	-260,470	0	0	-260,470
Insert amounts excluded in I&E									
Minimum revenue provision	-3,724	0	-3,724	0	0	0	0	3,724	3,724
Revenue contribution to finance capital	-5,057	0	-5,057	0	0	0	0	5,057	5,057
IAS 19 employers contributions payable	-61,538	0	-61,538	0	0	61,538	0	0	61,538
Other adjustments include:									
Use of capital receipts reserve to finance capital	0	-216	-216	0	0	0	0	216	216
Reserves used to finance capital	-3,529	0	-3,529	0	0	0	0	3,529	3,529
Increase/decrease(-) in 2022/2023	1,418	2,171	3,589	1,276	3,991	1,680,602	-1,417	2,946	1,687,398
Balance as at 31 March 2023	55,286	8,546	63,832	1,478	91,193	-2,644,867	-11,813	38,472	-2,525,537

8

Income and Expenditure Analysed by Nature

2021/2022			2022/2023			
OCC £'000	PCC £'000	Group £'000	Income and Expenditure analysed by nature	OCC £'000	PCC £'000	Group £'000
276,705	1,456	278,161	Employee costs	294,084	1,782	295,866
14,508	0	14,508	Premises costs	13,138	0	13,138
5,017	5	5,022	Transport costs	6,068	8	6,076
31,499	233	31,732	Supplies & services	41,356	322	41,678
16,140	136	16,276	Partnership costs	16,206	142	16,348
14,070	0	14,070	Misc, central, & grants	15,600	0	15,600
0	8,508	8,508	Commissioning	0	8,678	8,678
11,695	0	11,695	Depreciation, amortisation, & impairment	11,179	0	11,179
122,077	0	122,077	Employee benefit expenses	89,361	0	89,361
86,681	0	86,681	Net interest on pensions	110,987	0	110,987
52,775	0	52,775	Police pension top up grant	52,909	0	52,909
0	5,876	5,876	Interest payments	0	5,713	5,713
0	-101	-101	Gain on disposal of fixed assets	0	-1,974	-1,974
-631,167	631,167	0	Intragroup adjustment	-650,888	650,888	0
0	647,280	647,280	Total expenditure	0	665,559	665,559
-16,712	-833	-17,545	Sales, rent, fees, & charges	-18,313	-930	-19,243
-1,383	0	-1,383	Seconded officers	-1,395	0	-1,395
0	-1,556	-1,556	Commissioning of victim support services	0	-1,999	-1,999
-11,499	0	-11,499	Counter terrorism policing grant	-12,294	0	-12,294
-774	-1,954	-2,728	Serious Violence grant	-718	-2,080	-2,798
-2,474	0	-2,474	Uplift grant	-4,688	0	-4,688
-2,828	0	-2,828	Officer pensions grant	-2,828	0	-2,828
-10,606	0	-10,606	Other specific grants	-13,466	0	-13,466
0	-260	-260	Interest and investment income	0	-1,810	-1,810
0	0	0	Changes in the MV of investment properties	0	-791	-791
0	-121,928	-121,928	Police - revenue grant	0	-129,059	-129,059
0	-63,856	-63,856	Ex-DCLG formula funding	0	-67,642	-67,642
0	-304	-304	Capital grant and contributions	0	-84	-84
0	-3,331	-3,331	Council tax freeze grant	0	-3,331	-3,331
0	-11,378	-11,378	CT Support & transition grant	0	-11,378	-11,378
0	-211	-211	Council tax income guarantee grant	0	0	0
0	-2,266	-2,266	Local council tax support grant	0	0	0
0	-138,170	-138,170	CT- local authorities	0	-146,169	-146,169
0	-52,775	-52,775	Police pension Top up grant	0	-52,909	-52,909
46,276	-46,276	0	Intragroup adjustment	53,702	-53,702	0
0	-445,098	-445,098	Total income	0	-471,884	-471,884
0	202,182	202,182	Surplus/deficit on provision of services	0	193,675	193,675

9 Paying Staff

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

Disclosure of Remuneration for Senior Employees 2022/2023						
Post Holder Information (post title and name)	Note	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2022/2023	Pension Contributions	Total Remuneration Including Pension Contributions 2022/2023
		£	£	£	£	£
PCC - M Shelford		88,442	0	88,442	14,416	102,858
Chief Constable - S Crew		168,020	11,466	179,486	52,086	231,572
		256,462	11,466	267,927	66,502	334,429

Disclosure of Remuneration for Senior Employees 2021/2022

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

Notes to Remuneration for 2021/2022

- Note 1** S Mountstevens stood down at the PCC elections in May 2021 and M Shelford was elected as the new PCC and started on 13/05/2021. The annualised salary is £86,700.
- Note 2** A Marsh retired from the role of Chief Constable with effect from 01/07/2021 and S Crew was appointed as Temporary Chief Constable with effect from 02/07/2021, before being made permanent in the role on 26/11/2021. The annualised salary is £166,911.
- Note 3** The Chief Finance Officer to the PCC works 30 hours per week from 01/07/2022. The full-time equivalent salary is £98,089.

- Note 4** The temporary Chief Executive to the PCC worked 29.6 hours per week, until 30/04/2021. The full-time equivalent annualised salary was £99,056.
- Note 5** An interim Chief Executive to the PCC was appointed on 01/05/2021 and left the role on 03/01/2022. The annualised salary is £85,000.
- Note 6** The new Chief of Staff and Monitoring Officer to the PCC commenced on 04/01/2022. The annualised salary is £100,000.
- Note 7** The Deputy Chief Constable replaced the Chief Constable on a temporary basis with effect from 02/07/2021.
- Note 8** The ACC Investigations & Operational Support became the temporary Deputy Chief Constable with effect from 02/07/2021; this became permanent with effect from 27/01/2022. The annualised salary is £137,703.
- Note 9** A temporary ACC Investigations & Operational Support was appointed on 02/07/2021. The annualised salary is £105,600.
- Note 10** The ACC – Neighbourhoods, Partnerships, & Response retired on 07/04/2021, with the new ACC in the role having been appointed on 22/02/2021. The annualised salary is £119,220

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
		£	£	£	£	£
PCC Employees						
Chief Finance Officer to the PCC		95,411	0	95,411	15,552	110,963
Chief of Staff and Monitoring Officer to the PCC		102,100	0	102,100	16,642	118,742
OCC Employees						
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 - Neighbourhoods, Partnerships & Response		127,830	0	127,830	37,302	165,132
ACC - CID & Operational Support	1	10,268	0	10,268	2,975	13,244
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
		1,007,900	20,877	1,028,777	172,401	1,201,178

Notes to Remuneration for 2022/2023

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 06/02/2023

The number of staff to whom we pay more than £50,000 a year is shown below. Pay includes salary, taxable travel and expenses. Bands with nil values in both years have been removed.

OCC Number	PCC Number	Total 2021/2022 Number	Pay Range	OCC Number	PCC Number	Total 2022/2023 Number
278	1	279	£50,000 - £54,999	406	2	408
210	1	211	£55,000 - £59,999	252	0	252
67	1	68	£60,000 - £64,999	117	1	118
19	0	19	£65,000 - £69,999	26	0	26
12	0	12	£70,000 - £74,999	10	1	11
6	1	7	£75,000 - £79,999	13	0	13
6	0	6	£80,000 - £84,999	5	1	6
5	0	5	£85,000 - £89,999	5	0	5
6	0	6	£90,000 - £94,999	7	0	7
0	0	0	£95,000 - £99,999	2	0	2
0	0	0	£105,000 - £109,999	1	0	1
609	4	613		844	5	849

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

For further details on gender pay please see our gender pay gap report, which has been published on the Avon and Somerset website.

10 Exit Packages – OCC

The costs for 24 staff redundancies were recognised during the 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

11 External Audit Costs

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

2021/2022 £'000	External Audit Costs	2022/2023 £'000
	Police and Crime Commissioner:	
49	Fees for external audit services paid to Grant Thornton	32
	Chief Constable:	
20	Fees for external audit services paid to Grant Thornton	26
<u>69</u>		<u>58</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.

12 Council Tax

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

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13 Transactions with Related Organisations and People

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

13.1 Key Management Personnel and Members of the Joint Audit Committee

The PCC and the OCC were asked to disclose details of any transactions between themselves or members of their immediate family with the PCC which either total over £1,000 or which might require separate explanation. No transactions were disclosed in 2022/2023 (£nil in 2021/2022).

13.2 Other Related Parties

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

The PCC also has a relationship with the Police Community Trust and the Avon and Somerset Constabulary Force Club. Payments were made to the Police Community Trust of £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).

14 Joint Arrangements

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

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14.1 South West Regional Organised Crime Unit (SW ROCU)

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

14.2 Firearms Training

Firearms Training is run in partnership between Avon and Somerset, Gloucestershire and Wiltshire. The split of expenditure between the forces is different for premises and non-premises related costs. The overall percentage allocation for 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).

14.3 Counter Terrorism Specialist Firearms Officers (CTSFO)

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

14.4 Major Crime Investigation (Brunel)

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

14.5 South West Forensic Services

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

14.6 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, which is wholly within Avon and Somerset Constabulary.

14.7 Regional ACC

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

14.8 Disaster Victim Identification / Casualty Bureau

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

14.9 Other Regional Programmes

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

15 Rent for Operational Leases

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

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16 Pensions Costs and Liabilities – OCC

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

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

	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				
Employer's contribution to scheme	17,416	18,292	33,459	36,422
Retirement benefits payable to pensioners	107	104	7,246	6,720

17 Pensions for Police Officers – OCC

Employee contributions levels are based on percentages of pensionable pay set nationally by the Home Office. From 1 April 2014 contributions increased and officers will pay contributions ranging from 11.00% to 15.05% depending on their pay scale and the scheme they are in. Employer contributions to the Police Officer Pension Scheme are projected at £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 January 2019. This work was carried out by independent actuaries who have taken account of the requirements of IAS 19 to assess the liabilities of the fund. Liabilities have been calculated by reference to police officers who are members of the fund as well as those who are already receiving pensions. The estimate of the weighted average duration of the scheme's liabilities is 18 years. Using the assumptions detailed in the tables below an estimate of the costs and liabilities associated with police officers pensions has been made.

Life Expectancy from Age 65 Years		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	43,142
14,422	Contributions by scheme participants	15,386
-107,156	Estimated benefits paid (net of transfers in)	-111,341
0	Present value of schemes assets as at 31 March	0

18 Pensions for Police Staff – OCC

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

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

2021/2022		Pension Costs - Police Staff	2022/2023	
Payments £'000	Percentage of Employees' Contributions		Payments £'000	Percentage of 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 paid in 2022/2023 is £2,420,000.

It should be noted that the actuary has used an estimated value in respect of police staff employers pension contributions in arriving at the calculation of pension costs included in the comprehensive income and expenditure statement as disclosed in note 16.

A full valuation of the pension scheme liabilities was last undertaken as at 31 March 2022. 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 26 years. Using the assumptions detailed in the tables below an estimate of the costs and liabilities associated with police staff pensions has been made.

Life Expectancy from Age 65 Years		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 -1.06%. The estimated value of the PCC's share of the fund's assets i000s £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 to 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.

19 Property, Plant and Equipment

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

Property, Plant and Equipment 2022/2023	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
As at 1 April 2022	202,778	90,154	544	250	293,726
Additions during year	464	8,623	76	0	9,163
Disposals	0	-1,617	0	0	-1,617
Reclassification	-3,685	0	-300	2,000	-1,985
Revaluation gain/loss (-)					
Recognised in revaluation reserve	365	0	0	27	392
Recognised in surplus & deficit I&E	1,427	0	0	0	1,427
As at 31 March 2023	201,349	97,160	320	2,277	301,106
Depreciation and impairment					
As at 1 April 2022	-1,271	-73,930	0	0	-75,201
Depreciation charge	-6,452	-7,448	0	0	-13,900
Disposals	0	1,609	0	0	1,609
Reclassification	-21	0	0	21	0
Revaluation gain/loss (-)					
Recognised in revaluation reserve	4,737	0	0	0	4,737
Recognised in surplus & deficit I&E	1,339	0	0	-21	1,318
As at 31 March 2023	-1,668	-79,769	0	0	-81,437
Net book value					
As at 31 March 2023	199,681	17,391	320	2,277	219,669
As at 31 March 2022	201,507	16,224	544	250	218,525

20 Investment Properties

2021/2022 Investment Property £'000	2022/2023 Investment Property £'000
0	0
Balance at start of the year	0
Additions:	
0 Purchases	0
0 Construction	0
0 Subsequent expenditure	0
Disposals	0
0 Net gains from fair value adjustments	791
Transfers:	
0 to/from inventories	0
0 from property plant and equipment	1,985
0 As at 31 March	2,776

Nature of assets held as at 31 March 2022	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Owned	120,542	16,224	544	250	137,560
PFI (Note 21)	80,965	0	0	0	80,965
	201,507	16,224	544	250	218,525

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21 Finance Leases – PFI

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

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

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

The following tables show PFI assets and liabilities

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The fair value of the PFI liability has been assessed as £62,629,658 compared to the book value of £49,693,000 as shown in the table above.

Payments made in 2022/2023 and the index-linked amounts due for the remainder of the PFI contract after adjustment for the Gloucestershire and Wiltshire share of the specialist training centre are as follows

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22 Debtors and Payments in Advance

These balances reflect amounts owed to the PCC and payments made in advance for goods and services at the end of the year. It is expected that amounts owed will be received within 12 months of the year end date.

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23 Cash and Cash Equivalents

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24 Loans Still to be Repaid

Loans outstanding at the balance sheet date include amounts owing to the Public Works Loan Board (PWLB), amounts owing to other lenders under the terms of Lender Option Borrower Option (LOBO), amounts owing to lenders under the terms of a fixed term loan and amounts owing to Salix Finance Ltd in respect of finance provided for the purchase of LED lighting.

No new Salix loans were taken out this year. At 31 March 2023 £101,412.50 is outstanding. They are both interest free loans over a period of five years provided to support energy efficiency, and it is anticipated that the energy savings will offset the loan repayments.

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25 Creditors and Receipts in Advance

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

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26 Short and Long Term Provisions

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As at 31 March 2023, the insurance provision has increased to £8,059,000, following the annual review carried out by Marsh, the insurance specialists. This provision is to meet specific known potential liabilities and anticipated future losses, based upon an actuarial valuation of the discounted insurance liabilities as at 31 March 2023 and the paid and outstanding claims position as at this date.

In previous years, this provision included the potential top up levy to Municipal Mutual Insurance Ltd's Scheme of Arrangement and the buffer for unexpected losses, however on further review it has been concluded that this element of the provision is covered within the risk assessment carried out when assessing the General Fund reserve and so has been excluded from the total of the insurance provision.

The legal services provision of £325,000 represents an estimate of the legal costs associated with the outcome of outstanding legal cases.

The following provisions have been included in the accounts of the OCC

- ✚ The ill health and termination benefits provision of £126,000 is in respect of ill health retirement payments where approval to start the process 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.

27 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

27.1 McCloud/Sargeant

27.1.1 Impact on Police Officer pension liability

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

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

The remedy will apply to those members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. These members will choose which scheme they are to accrue benefits in over the remedy period (1 April 2015 to 31 March 2022). From 1 April 2022, everyone is assumed to accrue benefits in the 2015 scheme.

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

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

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

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

27.1.2 Impact on Police Staff pension liability

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

27.1.3 Compensation claims

In addition to the McCloud/Sargeant remedy, claimants have lodged claims for compensation for injury to feelings. Test cases for these claims were heard by the Employment Tribunal in December 2021. Claims for financial losses for the Leigh Day have been settled by government during 2021/22 therefore the provision that was held at 31 March 2021 was released during 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.

27.2 Other Pension cases

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

Goodwin Case – This case relates to differences between survivor benefits payable to members with same-sex or opposite-sex survivors and has been identified in several public sector pension schemes. There is not yet a remedy in place and our actuaries have not made allowances for the impact of this within the liabilities existing at 31 March 2023 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.

Additionally, in calculating our provisions, we have had to make assumptions which may be inaccurate, leading to potential liabilities for any under-provision.

These amounts and the timings of when these liabilities will become due are unknown.

28 Funds and Reserves

Revenue Reserves and General Fund

The general fund is split between specific earmarked reserves and the general fund as follows

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

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

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

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

The Transformation Reserve is maintained to support the cost of the change programme, this has now been utilised.

The General Revenue smoothing reserve was established as part of the 23/24 MTFP to reflect the inflationary challenges in the next financial year.

The new PCC Reserve has been established to provide funds to help support the new PCC's programme during their first year in office.

SW ROCU is a regional collaboration set up to destroy, dismantle and disrupt serious and organised crime across the South West of England. The SW ROCU reserve has been created to set aside carry forward balances for specific purposes on this collaboration.

The Proceeds of Crime Reserve is used to hold funding received as a result of our work in the seizure and confiscation of assets we believe to have been gained through criminal activities. The funding is used to support our continued work in this area.

The PCC operates a holding account for seized monies and the sale proceeds of seized and unclaimed property under the Police (Property) Regulation 1997 where the case has been concluded against the suspect. The balance on the reserve can be used for a number of specific purposes, which include the further support of the administration of evidential property within the force, as well as for charitable purposes.

The Grants Carried Forward Reserve is used to hold grants income, where it is considered that the terms and conditions of the grant have been met.

The Hinkley Point Reserve is to cover the cost of both the neighbourhood and protest policing at the site of the new Hinkley Point power station.

The Road Safety Fund is the surplus of funds received from the speed enforcement unit and will be used to support road safety initiatives.

The Local Resilience Forum (LRF) Reserve is the balance for various partners from public agencies as Avon and Somerset are the co-ordination point for this forum.

The Victim Support Services Reserve is the balance of the funding specifically received to enable victim support commissioning to be undertaken.

The Miscellaneous Reserve contains funding that has been received from various sources that is required to be used for specific purposes.

The Regional Programme Reserve has been created to set aside carry forward balances for specific regional collaboration purposes.

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

The Capital Financing Reserve has been created to help manage the forward funding of the capital programme to reduce the reliance on external borrowings.

The Earmarked Capital Reserve balance is held to meet the capital commitment on several ongoing schemes.

The PFI change reserve resulted from the delays in the availability of the PFI buildings, and will provide a fund to manage future one off costs as issues arise.

The Sinking Fund will be used over the life of the PFI contract to equalise the phasing of the government grant income and expenditure on the unitary charge.

The ESMCP reserve holds grants received to assist with funding the national project for airwave replacement, which has been subject to several delays.

The Tax Income Guarantee Reserve has been created to earmark compensation recognised for irrecoverable losses in council tax income. The DLUHC has confirmed that they will compensate authorities for 75% of the irrecoverable losses in council tax income in respect of 2020/2021. It should be noted that the balance of the reserve falls outside the scope of the reserves available for service requirements and is earmarked against collection fund deficits in 2022/23 and 2023/24.

The General Fund represents the risk assessed balances held by the PCC to meet unforeseen future events.

28.2 Capital Reserves

The revaluation reserve represents the difference between the current valuation and the original cost of our assets.

The capital adjustment account provides a balancing mechanism between the different rates at which assets are depreciated and are financed.

It should be noted that the revaluation reserve and the capital adjustment account are matched by fixed assets within the balance sheet and are not resources available to the PCC.

The usable capital receipts reserve represents the amounts received from the sale of capital assets held to fund future capital purchases.

You can find the details of the movement on these reserves in the notes to the movements in reserves statement.

29 Capital Financing

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30 Financial Instruments

The liabilities and investments disclosed in the balance sheet are made up of the following categories of financial instruments.

30.1 Categories of Financial Instruments

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30.2 Financial Liabilities

As the financial liabilities are not held for trading, they are all initially measured at fair value and subsequently carried at their amortised cost. The fair value of the financial liabilities may therefore differ from their carrying value. The fair value of the PWLB loans has been assessed at £28,366,673 (31 March 2022 £38,758,906) compared with a book value of £31,285,912 (31 March 2022 £32,395,734). The fair value of LOBO loans has been assessed at £5,776,931 (31 March 2022 £8,490,181) compared with a book value of £5,275,000 in both years. Under the terms of these loans the lender has the option to vary the interest rate at specified points in time. These loans are detailed in the following table.

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

The fair value of the PFI Liability has been assessed using level 2 of the fair value hierarchy, using AA-rated Corporate bond yields as at the balance sheet date to discount the future liability costs. Short term creditors are carried at cost and this is a fair approximation of their value.

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30.3 Financial Assets

The PCC's Treasury Management model is to hold assets in order to collect contractual cash flows. The contractual terms of the PCC's financial assets give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding. Therefore the financial assets are all initially measured at fair value and carried at amortised cost.

The carrying value of the financial assets may differ from their fair value. Whereas the carrying amount for investments and cash equivalents is the outstanding principal, the fair value is calculated by applying the appropriate discount rate to derive the present value of expected future cash flows.

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At 31 March 2023 the fair value is assessed as level 1 for cash and cash equivalents held at amortised cost and fair value at £33,002,640, and short term investments at £21,830,268. This compares with a book value of £32,891,000 for cash and equivalents and a book value of £22,000,000 for short term investments. Short term debtors are carried at cost and this is a fair approximation of their value.

30.4 Income, Expense, Gains and Losses

The gains and losses recognised in the comprehensive income and expenditure statement in relation to financial instruments are made up as follows

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30.5 Risks Arising from Financial Instruments

The nature and extent of risks arising from financial instruments can be classified under the following headings

- ✚ **Credit risk** - the possibility that other parties may fail to pay amounts due to the PCC.
- ✚ **Liquidity risk** - the possibility that the PCC might not have funds available to meet its commitments to make payments.
- ✚ **Market risk** - the possibility that financial loss might arise for the PCC as a result of changes in measures such as interest rates and stock market movements.

30.6 Credit Risk

Credit risk arises from deposits with banks and financial institutions as well as credit exposures to customers.

Treasury management services are provided by Somerset County Council. Any surplus cash is invested temporarily by the PCC's treasury management providers with specified financial institutions, money market funds, or other Government or public sector bodies. In order to ensure the PCC's risk exposure is minimised, credit ratings are monitored on an ongoing basis, and individual counterparty ratings are verified on the day of investment. As directed by the revised CIPFA Treasury Management Code, account is taken using ratings issued by three main rating agencies, Fitch, Moody's, and Standard & Poor's. Decisions are taken based on the lowest of these ratings. It should also be noted that a range of additional indicators are used to assess counterparty credit worthiness including for example credit default swaps, Government guarantees and support, and share price. All investments are held in sterling deposits and are rated as per the lending Counterparty Criteria approved each year by the PCC.

At 31 March 2023 investments can be analysed as follows

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Debtors, classified at amortised cost, are due within one year with no interest being payable. As such the fair value of these receivables is the same as the original invoice amount. They include £14,950,294 pension fund account debtor with the Home Office (2021/2022 £9,486,190).

The PCC does not generally allow credit for customers. With the exception of those debts where recovery is certain the PCC will put through bad debt provision for all debtors greater than 6 months old and 10% of those debtors between three and 6 months. At 31 March 2023 the total value of these provisions was £156,811 (31 March 2022 £172,190). The remaining value of debtors less these provisions can be analysed as follows

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30.7 Liquidity Risk

The PCC has a comprehensive cash flow management process managed on our behalf by Somerset County Council that seeks to ensure that cash is available as needed. At 31 March 2023 the PCC had £14,785,000 (31 March 2022 £12,635,000) in call accounts and money market funds available to manage short term liquidity requirements. The PCC had a further £40,000,000 invested for a period of up to one year from the balance sheet date (31 March 2022 £48,000,000).

30.8 Market Risk

30.8.1 Interest Rate Risk

The PCC is exposed to risk in terms of interest rate movements on investments. A 0.5% change in interest rates could increase or reduce investment income by £258,925 based on the current level of investments.

All borrowing is currently at fixed rates and there is therefore no interest rate exposure. In respect of the LOBO loans taken in 2008 there are no step changes in interest specified in the loan agreements and therefore no adjustment to the carrying value of the loans is required.

30.8.2 Price Risk

The PCC does not invest in equity shares other than in the Police Staff Pension Scheme (note 17). This means that the PCC has no exposure to price risk outside of the Local Government Pension Scheme.

30.8.3 Foreign Exchange Risk

The PCC has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to losses arising from movements in exchange rates.

Police & Crime Commissioner for Avon & Somerset

Police Officer's Pension Fund Account Statements

This fund includes the income and expenditure in respect of police officer's pensions which has been accounted for on an accruals basis. At the end of the financial year if the expenditure on the pension benefits is greater than the contributions received during the year, the PCC makes a payment to the pension fund and the Home Office pays a top-up grant for this liability to the PCC. The income received and expenditure paid to the pension fund is shown within the comprehensive income and expenditure statement, showing the net figure as nil. It should be noted that this statement does not take account of liabilities to pay pensions and other benefits after the year end. This note provides a more detailed breakdown of the figures shown in note 17 of the accounts.

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
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0	Net assets	0
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Glossary of Terms

Term	Definition
ACC	Assistant Chief Constable
Accounting policies	These are a set of rules and codes of practice we use when preparing the accounts.
APCC	The Association of Police and Crime Commissioners
APACCE	Association of Policing and Crime Chief Executives
Balance sheet	This represents our overall financial position as at 31 March.
Capital programme	This is a list of projects for buying or improving fixed assets.
Cash flow statement	Summarises the income and outgoings of cash during the financial year.
CCLA Property Fund	Churches, Charities and Local Authorities property fund. Manages investments for charities, religious authorities and the public sector.
CFO	Chief Finance Officer
CIES	Comprehensive Income and Expenditure
CIPFA	Chartered Institute of Public Finance and Accountancy
CMB	Constabulary Management Board
Collection fund adjustment account	Difference between council tax cash received and the amount shown in the comprehensive income and expenditure statement.
Comprehensive income and expenditure statement	Summarises the income and expenditure during the financial year.
Contingent liabilities	A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
CoPaCC	Compares Police and Crime Commissioners
Creditors	Amounts which are owed to others.
CSP	Community Safety Partnerships
CTSFO	Counter Terrorism Specialist Firearms Officers
Current assets and liabilities	Assets or liabilities which can be turned into cash or fall due within one year of the balance sheet date.
Current service cost	The value of projected retirement benefits earned by pension scheme members in the current financial year.
Debtors	Amounts which are due from others.
Depreciation	An amount set aside to pay for the gradual loss in value of our assets.
DLUHC	The Department for Levelling Up, Housing, and Communities, formerly the Ministry of Housing, Communities and Local Government.
ERP	Enterprise Resource Planning
Expenditure and funding analysis	This shows the performance reported and the adjustments made to reconcile to the comprehensive income and expenditure statement.
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Term	Definition
Financial instruments	Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial year	Refers to the period covered by the accounts and runs from 1 April to 31 March.
Fixed assets	These are items such as land, buildings, vehicles and major items of equipment, which give benefit to us for more than one year.
FRS	Financial Reporting Standards. Standards of accounting practice to be adopted to ensure that accounts provide a true and fair view.
GAAP	Generally Accepted Accounting Principles. These refer to the standard framework of guidelines for financial accounting used in any given jurisdiction and generally known as accounting standards.
GSB	Governance and Scrutiny Board
GSC	Government Security Classification
Historical costs	These are the amounts paid at the time we bought the assets.
HMICFRS	Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services
HMICFRS PEEL	The HMICFRS PEEL assessment stands for Police Effectiveness, Efficiency and Legitimacy.
IAS	International Accounting Standard. An international accounting standard to help harmonise company financial information across international borders. Subsequently superseded by International Financial Reporting Standards (IFRS).
ICT	Information, Communications and Technology
IFRS	International Financial Reporting Standards. A set of international accounting and reporting standards that will help to harmonise company financial information across international borders.
Intangible fixed assets	Assets that are not physical such as software licences.
IOPC	Independent Office for Police Conduct
IPM	Independent Panel Member
IVC	Independent Custody Visitor
I&E	Income & Expenditure Account
JAC	Joint Audit Committee
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LQC	Legally Qualified Chair
LRF Reserve	Local Resilience Forum reserve
LOBO loans	Lender Option Borrower Option loans are where the interest payable is agreed at the time the money is borrowed. If the lender wants to change the interest rate the borrower has the choice to pay at the new rate or repay the loan.
Minimum revenue provision	This is the lowest amount allowed by the Government which has to be charged to the accounts for repaying loans.
Movement in reserves statement	Summarises the movement in the reserves of the PCC during the financial year.
MTFP	Medium Term Financial Plan
OCC	Office of the Chief Constable

Term	Definition
OPCC	Office of Police and Crime Commissioner. Staff employed by the Police and Crime Commissioner.
PAB	
PACCTS	Police and Crime Commissioners Treasurer's Society
PCC	Police Crime and Commissioner for Avon and Somerset
PCC Group	The term PCC Group refers to the Police and Crime Commissioner (PCC) for Avon and Somerset and the office of the Chief Constable (OCC).
PCSO	Police community support officer
PFI	Private Finance Initiative
Police pension top-up grant	The PCC operates a Pension Fund, which is balanced to nil at the end of the year. The PCC receives a top-up grant from the Home Office equal to this deficit to balance the fund.
Police revenue grant	The revenue grant is provided by the Home Office as part of the funding required by the PCC to finance a budget in line with the Government's assessment. The balance of funding is from business rates, revenue support grant and council tax.
Precept	The amount of council tax collected on the PCC's behalf by local billing authorities.
Prepayment	A payment in advance for goods or services.
Provision	This is the money we keep to pay for known future costs.
PWLB	This is the Public Works Loan Board, which is an organisation financed by the Government. It lends money to PCC's on set terms so that they can buy capital items.
Receipt in advance	Income received in advance of the financial year in which the services will be provided.
Revaluation reserve	This account represents the increase in value of our assets since 1 April 2007 over the amount originally paid for them.
Seconded officers	These are police officers and staff who, for agreed periods, temporarily work for other organisations. Their salaries and expenses are shown as expenditure and the money the organisation pays us for their placements is shown as income.
SOLACE	Society of Local Authority Chief Executives
SR21	Spending review 2021
SW ROCU	South West Regional Organised Crime Unit
SWAP	South West Audit Partnership
SWPPS	South West Police Procurement Service
TOR	Terms of reference
VRU	Violence reduction units

20th December 2023

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

Dear Grant Thornton UK LLP

**Police and Crime Commissioner for Avon and Somerset Group
Financial Statements for the year ended 31 March 2023**

This representation letter is provided in connection with the audit of the financial statements of the Police and Crime Commissioner for Avon and Somerset (the PCC) and its subsidiary undertaking, the Chief Constable for Avon and Somerset for the year ended 31 March 2023, for the purpose of expressing an opinion as to whether the group and PCC financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and PCC's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and PCC and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The PCC has complied with all aspects of contractual agreements that could have a material effect on the group and PCC financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and buildings and the net defined benefit pension liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based,

Police and Crime Commissioner for Avon & Somerset

Police Headquarters, Valley Road, Portishead, Bristol BS20 8JJ

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in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and PCC financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the group and PCC has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the misclassification and disclosures changes schedules included in your Audit Findings Report. The group and PCC financial statements have been amended for these misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the PCC and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment. We continue to believe that the group and PCC's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the group and PCC means that, notwithstanding any intention to cease the group and PCC operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

- b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the group and PCC's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and PCC's ability to continue as a going concern need to be made in the financial statements

- xv. The group and PCC has complied with all aspects of ring-fenced grants that could have a material effect on the group and PCC's financial statements in the event of non-compliance.

Information Provided

- xvi. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the group and PCC's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the PCC via remote arrangements, from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and PCC, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the group and PCC's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the group and PCC’s risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the group and PCC's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was made by the PCC following the Joint Audit Committee meeting on 20 December 2023.

Yours faithfully

Name.....

Position: Police and Crime Commissioner

Date...20/12/2023.....

Name.....

Position: Chief Finance Officer

Date.....20/12/2023.....

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

Sarah Crew	Chief Constable Phone 01278 646212
Nick Adams	Chief Officer Finance, Resources and Innovation Phone 01278 646400
Address for Chief Officers	Valley Road Portishead Bristol BS20 8QJ

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

20 December 2023

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
20 December 2023

Nick Adams LLB (Hons), FCA
Chief Finance Officer to OCC
20 December 2023

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.

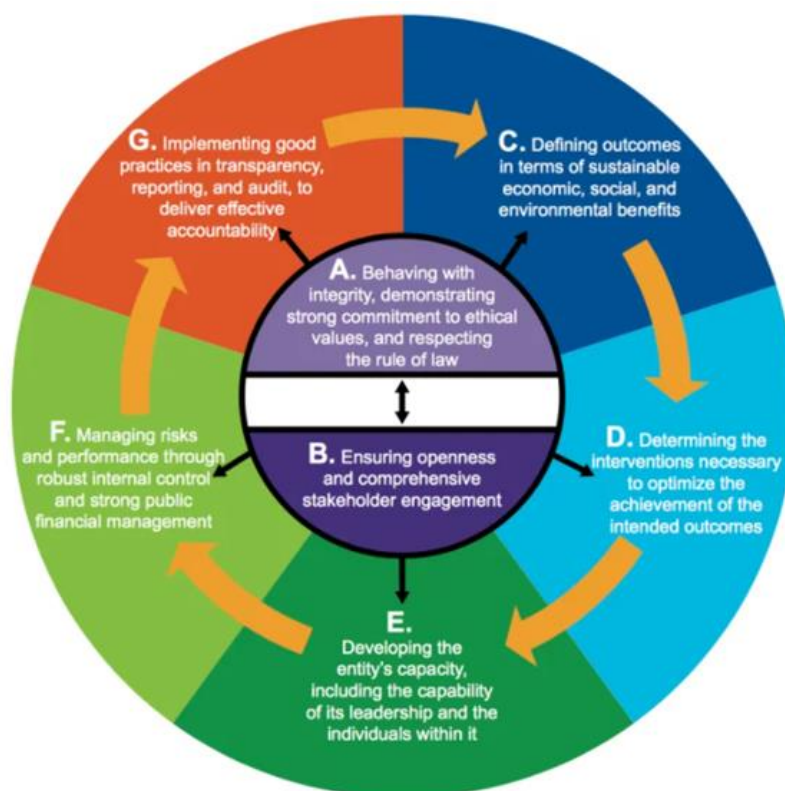


Figure 1 CIPFA Principles for Good Governance (taken from their publication 'Delivering Good Governance in Local Government: Framework 2016 Edition').

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 (KPQs) 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
<p>Chair Deputy Chief Constable</p> <p>Frequency Quarterly</p> <p>Type Statutory</p> <p>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</p>	<p>Chair Deputy Chief Constable</p> <p>Frequency Monthly</p> <p>Type Governance</p> <p>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</p>	<p>Chair Chief Officer People and Organisational Development</p> <p>Frequency Monthly</p> <p>Type Governance</p> <p>Remit Workforce diversity, inclusion, health, wellbeing, learning, development, people analytics workforce planning</p>	<p>Chair Deputy Chief Constable</p> <p>Frequency Quarterly</p> <p>Type Governance</p> <p>Remit Approve project mandates and close project, initiate Post Implementation Reviews, monitor horizon scanning and benefits management.</p> <p>The single entity within the formal Constabulary Governance Framework for the management of end to end activity associated with the delivery of corporate change.</p>	<p>Chair Chief Officer Finance, Resources and Innovation</p> <p>Frequency Bi-monthly</p> <p>Type Governance</p> <p>Remit Medium Term Financial Planning Ensure effective asset management planning for physical assets & procurement activity Annual joint internal audit planning</p>

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 Gradings 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
20 December 2023

Nick Adams LLB (Hons), FCA
Chief Finance Officer to the OCC
20 December 2023

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	Capital Receipts Reserves	Total Usable Reserves	Total Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'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 2021/2022					
	Revenue General Fund	Capital Receipts Reserves	Total Usable Reserves	Total Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'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

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

20 December 2023

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 services for non-cash movements	
0		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
- ✚ Unlisted 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 13 to 15 regarding the assumptions that have been used by the actuaries to provide an estimate of the liability.

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

Police Officer Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	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.

As reported to Management	Adjustments to arrive at the chargeable to general reserves	2021/2022			OCC Expenditure and Funding Analysis	As reported to Management	Adjustments to arrive at the chargeable to general reserves	2022/2023		
		Net expenditure chargeable to general fund	Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E				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

Capital Purposes £'000	2021/2022			OCC Expenditure and Funding Analysis Adjustment between accounting & funding basis	Capital Purposes £'000	2022/2023		
	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'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	-4,688
-2,828	Officer pensions grant	-13,466
-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	Pension Contributions	Total Remuneration Including Pension Contributions 2022/2023
		£	£	£	£	£
Chief Constable - S Crew		168,020	11,466	179,486	52,086	231,572
		<u>168,020</u>	<u>11,466</u>	<u>179,486</u>	<u>52,086</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	406
210	£55,000 - £59,999	252
67	£60,000 - £64,999	117
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	7
0	£95,000 - £99,999	2
0	£105,000 - £109,999	1
609		844

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 £'000	2022/2023 £'000	2021/2022 £'000	2022/2023 £'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				
Employer's contribution to scheme	17,416	18,292	33,459	36,422
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 January 2019. 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	43,142
14,422	Contributions by scheme participants	15,386
-107,156	Estimated benefits paid (net of transfers in)	-111,341
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'			£'000	Employees'
	Contributions				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
	<u>4,454</u>	<u>0</u>	<u>-1,259</u>	<u>930</u>	<u>4,125</u>

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 Governments 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

Police Officer's 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
<u>0</u>	Net assets	<u>0</u>

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



Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

20th December 2023

Dear Grant Thornton UK LLP

**Chief Constable of Avon and Somerset
Financial Statements for the year ended 31 March 2023**

This representation letter is provided in connection with the audit of the financial statements of Chief Constable of Avon and Somerset (the 'Chief Constable') for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the Chief Constable financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Chief Constable's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Chief Constable and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Chief Constable has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of net defined benefit pension liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.



- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Chief Constable has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
 - viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
 - ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
 - x. We have considered the misclassification and disclosures changes schedules included in your Audit Findings Report. The Chief Constable's financial statements have been amended for these misclassifications and disclosure changes and are free of material misstatements, including omissions.
 - xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
 - xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
 - xiii. We have updated our going concern assessment. We continue to believe that the Chief Constable's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Chief Constable means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Chief Constable's system of internal control has not identified any events or conditions relevant to going concern.
- We believe that no further disclosures relating to the Chief Constable's ability to continue as a going concern need to be made in the financial statements
- xiv. The Chief Constable has complied with all aspects of ring-fenced grants that could have a material effect on the Chief Constable's financial statements in the event of non-compliance.

Information Provided

- xv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Chief Constable's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Chief Constable via remote arrangements from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.



- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Chief Constable and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the Chief Constable's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Chief Constable's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Chief Constable's financial and operating performance over the period covered by the Chief Constable's financial statements.

Approval

The approval of this letter of representation was made by the Chief Constable following the Joint Audit Committee meeting on 20 December 2023.



Yours faithfully

Name.....

Position: Chief Constable

Date.....

Name.....

Position: Chief Officer for Finance, Resources and Innovation

Date.....

Amendments to Draft Statement of Account.

Since the first draft set of statement of accounts that was presented at the last JAC, there has been several changes because of the audit review process. From this review various changes have been made which are outlined below.

Group or CC	Note	Page	Issue	Changed to
Group		2	amend 'Cash Flow Statement' to Group Cash flow statement to match title on page	
Group		2	narrative report starts page 3 not 2	
Group		3	second bullet, should be 2018 not 2013	
Group	Narrative Report	10	No mention of KPI's	Included reference to the annual report which goes through strategic KPI's
Group	Narrative Report	5	Final bullet "...arising from this over-recruitment)," Please revise as the closed bracket is not required?	
Group	CIES	26	Re-measurement of pension asset - should be note 16	
Group	CIES	26	insert () around the gain or loss word as relevant	
Group	MIRS	28	Movement in reserves during 2022/23' line is required by CIPFA code	
Group	MIRS	29	Mirs tables are the same - no 21/22??	
Group	Critical Judgement	42	Review McCloud critical judgement	
Group	Assumptions & Estimates	43	point 4.2 should ref to note 26	
Group	Investment properties	67	Is "adjustments" just presentational - should it be "Fair Value adjustments"?	
Group	PFI	70	update year in first line	
Group	Contingent Liabilities	73	may we ask more as to what the exact contingent liability is please? Most of the descriptions on this page are of what has previously happened re McCloud but not extremely clear on what the contingent liability at 31 March 2023 is?	Removed the section on McCloud
Group	Financial Instrument	79	tables need updating	Last years figure incorrectly picked up
Group	Glossary	87	Executives spelled wrongly for APACCE	
Group	Glossary	89	Service spelled wrongly for SWPPS	
Group	Financial Instrument	79	PFI liability FV was incorrect	Updated to 6,630
Group	EFA	45	Table hasn't updated with last change	Now matches the management / outturn figure
Group	Financial Instrument	84	The investment figure should be £40m not £48m	£40m
Both	EFA	45	Council tax funding against incorrect description	re allocated to correct line in table
Both	By Nature	51	Allocation of additional uplift grant in Specific grant	moved to Uplift line
Both	Pension summary table	60	Employer's contribution for officer shouldn't include the injury pension figure	changed to 33,422 and 18,292
Both	Over £50k table	56	Missing some data	Table updated - change of 4 people in total

Statement of Account Changes

December 2023

Avon and Somerset PCC and Chief Constable

2022/23 Financial Performance Statement

In the independent review into local authority financial reporting and external audit, completed by Sir Tony Redmond (known as the “Redmond Review”), a number of recommendations were made. These included the publication of a simplified summary statement on financial performance alongside the IFRS compliant Statement of Accounts in order to enhance transparency.

The Government in their response agreed that a standardized statement of service information and costs should be prepared and published alongside the statutory accounts and have asked CIPFA to develop this product in consultation with local authorities. To date this has not yet commenced as a piece of work.

In recognition of this intent we have produced this document as a draft “mock-up” of what a simplified financial statement might look like for the PCC and CC of Avon and Somerset. In so doing we have relied upon the format published as an [appendix](#) to the Redmond Review itself.



Our Financial Performance Statement

We have a responsibility to feed back to you, as a local resident or tax payer, on how we spend and manage the resources of the Police and Crime Commissioner (PCC) and Chief Constable for Avon and Somerset.

The financial performance statement compares the budget (what we planned to spend) at the start of the year with what we actually spent and explains the changes. If we have over or under spent, we have explained why.

As well as our annual expenditure, this statement also includes information about our longer-term financial sustainability. This is important so that you know the resources we have available to provide services into the future. The summary shows you what we own and what we owe, and what we have put aside to make sure we can deliver services beyond this year.

You can have confidence in the figures in this report because we have to follow regulations and standards in compiling them, and the information from our accounts is independently audited.

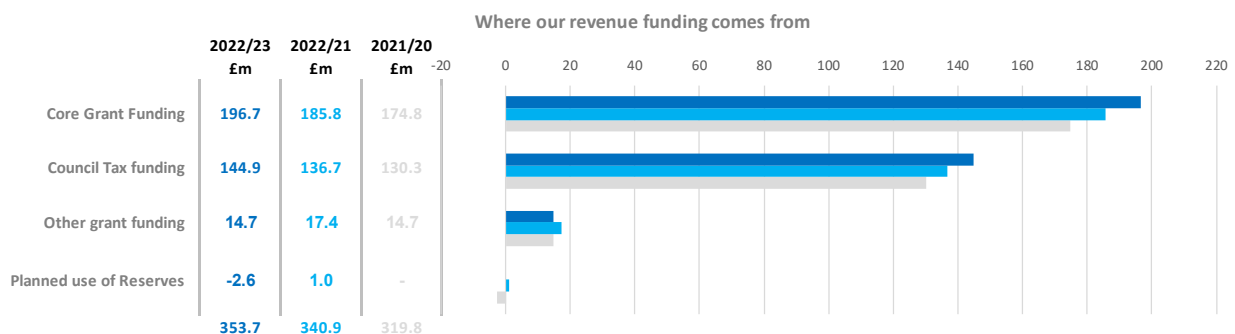
This information is consistent with that reported in the audited accounts. A full set of [Avon and Somerset Chief Constable's](#) and [Avon and Somerset PCC's Statement of Accounts](#) are available from our respective websites.

ABOUT AVON AND SOMERSET PCC AND CHIEF CONSTABLE

The PCC is elected by the public every four years to secure the maintenance of an efficient and effective police force, and to hold the Chief Constable to account. The Chief Constable is responsible for delivering operational policing for the Avon and Somerset area and reports to the PCC. We both work closely with our 5 local councils, Avon Fire and Rescue Service, Somerset and Devon Fire and Rescue Service, other local partners and other police forces and PCCs.

WHERE THE PCC AND CHIEF CONSTABLE GET THEIR MONEY FROM

We primarily get our money from council tax and grants from the government.



We have to make sure that when we set the budget for the year, we can afford to pay for the services we offer. This includes any plans we make where we need to include longer-term commitments. We must balance our budgets each year (make sure expenditure can be fully paid for) and setting council tax is an important part of this process.

Our total funding in 2022/23 is £353.7m, and this must support the services for a population of 1.7m who live within the 1,844 square miles covered by the Avon and Somerset area.

ANALYSIS OF FINANCIAL PERFORMANCE

Table 1 below shows what the PCC and Chief Constable planned to spend (its budget) against what we actually spent in the year.

Where we generate income, such as fees and charges, that income will be included net of the total police services. Where we receive grant funding for specific purpose that also will be included within the net of total police services.

The net revenue spend (expenditure less income) can be compared to the budget, and the difference between the two is shown in the final column of Table 1 below. The positive figures are those where we have spent more than planned and the negative figures are where we have spent less than planned.

The differences are explained in Table 2 below.

Table 1 – Avon and Somerset Police Budget - what we planned to spend against what we finally spent

	Budget (what we planned to spend)	Net Spend (what we actually spent)	Difference from budget
	£m	£m	£m
PCC budgets	5.4	5.2	-0.2
Chief Constable budgets	348.3	344.8	-3.5
Total net revenue spend	353.7	350.0	-3.7
Less; core grant funding	-196.7		
Less; other grant funding	-14.7		
Less; planned use of reserves	2.6		
Less; Council tax funding	-144.9		
Total funding	-353.7		

WHAT WERE THE DIFFERENCES

Table 2 – Explanations for the significant differences between what we planned to spend and what we spent

We have spent £3.7m less than budget due to the following significant differences:	
Explanation	Difference £m
Officer pay award higher than expected	+1.7
Greater use of officer overtime to support operations	+3.3
Staff pay award higher than budgeted	+0.8
Greater use of police staff overtime for vacancies and abstractions	+0.8

We have spent £3.7m less than budget due to the following significant differences:

Explanation	Difference £m
Movement of Ill health retirement provision	-1.4
Greater cost of premises repairs and maintenance reflecting inflationary pressures, offset by a Business rate refund	-1.7
Greater costs of transport, reflecting rising fuel prices and maintenance costs	+1.0
Non-enhancing expenditure in communications & computing relating to the ERP implementation and transformation project	+2.5
Overspends on supplies and services	+1.0
Underspends against collaboration costs	-2.0
Reserve movement for Uplift funding	+1.6
Transfer for non-enhancing expenditure in comms & computing	-2.5
In year savings	-0.6
Uplift funding for additional 80 officers	-1.6
Additional funding to support pay award	-1.6
Overachievement of investment income due to higher interest rates	-1.4
Overachievement of income against Operations & Operations major incident budgets due to mutual aid, rechargeable operations and Op Bridges (Queen's funeral) & Op Unity (Commonwealth Games)	-1.4
Other income overachievements including speed enforcement referrals, Hinkley, abnormal loads & vehicle recovery and Wilfred Fuller courses	-2.2
TOTAL POLICE SERVICES	-3.7

The underlying revenue financial performance reported showed that we had spent £3.7m/1.0% less than we had budgeted for at the start of the year. Of this reported position £3.5m/1.0% related to those budgets controlled by the Chief Constable, and £0.2m/0.1% related to those budgets controlled by the PCC.

As the table above shows, there were a number of both underspending and overspending areas of the budget. The most significant overspend relate to pay for police officers, where overtime was greater than budgeted and the pay award was higher than expected.

Also of note from the above table is our income position, with more funding received than was budgeted for in relation to our specialist grant funding and the reimbursements received when our officers have supported events and operations in other parts of the country. Most notably during this year this included the additional grants received for the officer pay award, the funding for achieving the additional national target on the officer uplift programme as well as the support provided for Operation Bridges and the Commonwealth games.

Analysis of our Financial Position

The PCC and Chief Constable use your money to provide necessary local services. The summary financial position below (also known as the balance sheet) represents a summary, or 'snapshot', of our financial position at a single point in time. Each year, at 31 March, it sets out what the PCC and Chief Constable (known collectively as the Group) own and how much is owed and the resources it has left to support the provision of future services

Below we show the group financial position at the year end, which is a summary of the balance sheet in the audited accounts. This information supports the assessment of whether or not the group has a sustainable financial position and is able to support and maintain services on an on-going basis. The net financial position helps inform future financial planning and sustain the services we deliver.

GROUP FINANCIAL POSITION

Table 3 – A snapshot of our financial position as at 31st March 2023

	Excluding Pensions	Pensions	Including Pensions
	£m	£m	£m
What we own (held as assets)	338.4	487.6	826.0
What we owe (held as liabilities)	-155.2	-3,132.5	-3,287.7
Net financial position (assets less liabilities)	183.2	-2,644.9	-2,461.7
The net financial position is held in reserves as follows:			
Reserves available for future spend	63.8	-	63.8
Non-useable reserves held to comply with accounting regulations	119.4	-2,644.9	-2,525.5
Total Reserves	183.2	-2,644.9	-2,461.7

The group financial position must be presented in accordance with international accounting standards, thereby ensuring we comply with a consistent standard of financial presentation used by organisations around the world.

One of the standards we are required to use establishes that we account for retirement benefits (pensions) when we are committed to give them, even if the actual giving will be many years to come.

We have two different pensions' schemes in place:-

- The police officer pension scheme – this is the pension scheme for police officers, into which they make employee contributions, and the Chief Constable makes employer contributions. The payment of pensions to pensioners remains the responsibility of the Home Office, although the Chief Constable is required to account for this liability under the current arrangements for the management of this pension scheme;
- The police staff pension scheme – both the PCC and Chief Constable are members of the Somerset County Council Local Government Pension Scheme which provides a pension scheme for police staff, and into which they make an employee

contribution and the Chief Constable and the PCC make an employer contribution. These contributions are invested to grow over time to match the future cost of pensions. Unlike the police pension scheme, the costs of this are wholly the responsibility of the PCC and Chief Constable.

Across both pension schemes we account for all pension payments accumulated to date (including those paid and the entitlements to future payments). In the case of the police staff pension scheme we then offset this liability against the value of the pension investments (assets) as measured at 31st March.

Included within our reported financial position is a pension fund net liability (a deficit) of £2.65bn, of which £2.612bn relates to police officers (and is ultimately a liability for the Home Office), and £33.3m to police staff.

These values can only ever be a “snapshot” at a given point in time. A truer reflection of a pensions fund’s actual position comes from a more detailed assessment made by an actuary. These more detailed actuarial assessments are carried out periodically and are used to review the contribution rates to the Fund made by us as the employer, to ensure that existing assets and future contributions will be sufficient to meet future pension payments. We can do this, because by its very nature, the Pension Fund is ongoing and long-term and gives employers time to act so that any deficit is spread and paid-off over a number of years.

Financial Sustainability

We must plan for the long term to ensure that we can continue to deliver our services in future years and be able to deal with any unexpected events. As a result, it is important that our financial standing (or sustainability) is robust.

Each year we develop a [five-year financial plan](#), which includes looking at risks, the future demands on our services and the maintenance of our police officer uplift numbers. This forward projection is produced in support of the annual budget setting and precept decision making.

The biggest risks identified in our 2023/24 MTFP are:

- **Staff costs** – nearly 80% of everything we spend is on staffing. Our future financial plans are therefore heavily dependent on what annual inflationary changes are made to pay, and whether these are funded through increases to our funding. In keeping with the assumptions made by most PCC’s across the country, we forecast in our plan a pay award of 3.0% for both officers and staff in 2023 and 2024. Thereafter we forecast a pay award of 2.0% p.a.
- **Pension’s costs** – the Government has accepted the finding of the courts that the transitional arrangements into the 2015 public sector pension’s schemes were discriminatory. We are working with other forces to determine what this means in relation to police pensions. We recognised the risk that this situation poses for the current valuation exercise of the police pension scheme which will set future employer contribution rates with effect from April 2024. We support the service wide efforts to emphasis this risk into Government, recognising that any significant increase to employer contribution rates will require additional funding and or and acceptance of service reductions.

- **Delivering savings and efficiencies** – the Chief Constable and the PCC are both considering how we continue to improve the efficiency of the services we provide. We have a strong track record of delivering savings and balancing our budgets, and we intend to continue to build on this to bring forward further proposals that ensure that at the same time as growing our officer numbers we remain efficient and productive in the provision of policing services.
- **Inflation and market pressures** – at the time our projections were made we were already seeing the impact of inflation and wider market pressures on our non-pay costs. Our plans recognised significant increases in utilities costs (electricity and gas in particular), fuel costs and in specific contractual areas such as forensic costs.

RESERVES

The PCC holds reserves in order to:-

- Support capital and revenue investment to continue our further transformation and change.
- Manage uncertainty and risk in our future; and
- Comply with accounting practice and convention.

Table 4 – A snapshot of our useable reserves as at 31st March 2023

	£m
Earmarked reserves – discretionary	6.7
Earmarked reserves – non-discretionary	8.9
Capital and PFI reserves (incl. capital receipts)	27.7
Unallocated reserves – general fund	12.0
Total useable reserves	55.3

The majority of reserves held at the balance sheet date are ring-fenced to support future capital investment, reflecting our conscious decision to use reserves to support planned investment particularly across our estate and in our ongoing digital transformation.

Some reserves are earmarked for specific purposes, including funds which are received with specific conditions attached that remain unspent at the end of the financial year and those funds which we account for as the lead body acting on behalf of a partnership.

The general fund value is set annually with the approval of the PCC following a risk assessment which considers the wider general and specific context within which we are operating and quantifies the risk associated with this.

RAISING DEBT TO FINANCE INVESTMENT

The PCC can borrow to invest in property or other infrastructure that supports the delivery of services, but we must ensure that we can pay this amount back. We have an underlying need to borrow to finance these assets (this excludes assets funded through PFI) of £42.89m. We must set aside a prudent amount of resources each year so we can pay back the borrowing, and this must be affordable when compared to our annual income.

We compare what it is costing to cover our borrowing costs (both interest and provision for pay back of the borrowing) for these assets against the funding we receive from council tax and grants (our income streams) to show you what proportion of income is required to fund our investments.

Table 5 – Borrowing costs as a proportion of income

2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Actual	Actual	Actual	Forecast	Forecast	Forecast
1.01%	1.02%	0.96%	0.89%	0.86%	1.10%

You can find more on these balance sheet items in [Avon and Somerset PCC's Statement of Accounts](#).

Financial Metrics

The table below provides some key financial metric data based on the 2022/23 budget for Avon and Somerset to provide further context.

Table 6 – Financial Metric information

Measure	Avon and Somerset		National Average	
Police officer costs (£/pop)	£97.65	47.14%	£135.04	55.47%
PCSO costs (£/pop)	£7.40	3.57%	£5.72	2.35%
Police staff costs (£/pop)	£54.76	26.44%	£53.87	22.13%
Other employment costs (£/pop)	£7.97	3.85%	£5.84	2.40%
Premises costs (£/pop)	£8.51	4.11%	£9.96	4.09%
Transport costs (£/pop)	£3.15	1.52%	£4.78	1.96%
Supplies and services costs (£/pop)	£16.59	8.01%	£25.23	10.36%
Partnership costs (£/pop)	£9.85	4.76%	£8.38	3.44%
Capital financing costs (£/pop)	£9.48	4.58%	£8.13	3.34%
Local income (£/pop)	-£8.22	-3.97%	-£13.49	-5.54%
Total cost of policing (£/pop)	£207.14	100.00%	£243.46	100.00%
Core police grant funding (£/pop)	£112.43	54.28%	£144.35	59.29%
Legacy council tax grant funding (£/pop)	£8.53	4.12%	£8.51	3.50%
Council tax funding (£/pop)	£82.73	39.94%	£82.77	34.00%
Other funding (£/pop)	£3.45	1.67%	£7.83	3.21%
Total funding of policing (£/pop)	£207.14	100.00%	£243.46	100.00%

The above information is taken from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services published [value for money profiles](#) based on 2022/23 budgets.



Item 12a

Avon & Somerset Constabulary and Office of the Police and Crime Commissioner Joint Audit Committee (JAC)

Report of Internal Audit Activity – December 2023

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Executive Summary

SWAP is required to provide an annual opinion to support the Annual Governance Statement.

As part of our plan progress reports, we will look to provide an ongoing opinion to support the end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work. A reminder of our assurance opinions and risk assessment is on our [website](#).

The Chief Executive for SWAP reports company performance on a regular basis to the SWAP Directors and Owners Boards.



Audit Opinion and Summary of Significant Risks

Progress of the 2023/24 Internal Audit Plan

Since the last committee in September 2023, the following audits have been completed:

- Corporate Performance Management

These audit reports are submitted with this update. Further detail is provided on the status of each audit in Appendix A and performance against the annual budget is summarised in the table below:

Performance Measure	Performance
<u>Delivery of Annual Audit Plan</u>	
Completed	42%
Reporting	1%
In Progress	13%
Ongoing Support (Planning, reporting & Advice)	11%
Not Yet Due (Q4)	33%

Audit Opinion:

We are able to provide a **Reasonable** assurance opinion based on work completed to date.

Significant Risks:

No significant risks have been identified since the previous update to this Committee.

Regional Audit Work

Two regional audits of Digital Forensics Outsourcing and Regional Organised Crime Unit (ROCU) are both now complete and submitted with this update. The regional review of Recruitment and Retention will be scoped in quarter four, subject to Regional S151 agreement.

Follow Up

The follow up audit of Management of Evidential Property is currently at reporting stage. The follow up audit of Victim Support Services will now be merged with the wider review of this area included as part of the Q4 audit plan.

Internal Audit Plan Progress 2022/23

Appendix A

Link(s) to FMS Area(s)	Audit Area	Period	Estimated Cost	Status	Opinion	No of Recs	1 = Major	↔	3 = Minor
							Recommendations		
							1	2	3
Wellbeing Force-Wide Functions	Wellbeing	Q1	£4,635.00	Completed	Reasonable	0	-	-	-
Force-Wide Functions	Estates – Compliance with Statutory Obligations	Q1	£4,635.00	Completed	Limited	13	2	5	6
Force-Wide Functions	Corporate Performance Management	Q1	£3,862.50	Completed	Advisory	1	-	1	-
Responding to the Public Knowledge Management and ICT	IT Service Desk – Follow Up	Q1	£965.63	Completed	Advisory	-	-	-	-
Finance Force-Wide Functions	Cash Handling	Q2	£4,635.00	Completed	Reasonable	5	-	-	5
Finance Force-Wide Functions	Accounts Payable (Key Financial Controls)	Q2	£3,476.25	Completed	Reasonable	2	-	2	-
Finance Force-Wide Functions	Accounts Receivable (Key Financial Controls)	Q2	£4,635.00	Completed	Reasonable	1	-	-	1
Finance	Proceeds of Crime (POCA) and Crypto Currency Seizure	Q3	£4,635.00	In Progress	-	-	-	-	-
Force-Wide Functions	Personal Development Unit - Tutoring	Q3	£4,635.00	In Progress	-	-	-	-	-
Finance Investigations	Management of Evidential Property – Follow Up	Q3	£965.62	Reporting	-	-	-	-	-
Wellbeing Force-Wide Functions	Reasonable Adjustments – Follow Up	Q4	£965.62	Not Yet Due	-	-	-	-	-
Knowledge Management and ICT	Strategic Approach to ICT	Q4	£5,021.25	Not Yet Due	-	-	-	-	-
Knowledge Management and ICT Force-Wide Functions	Information Governance	Q4	£4,635.00	Not Yet Due	-	-	-	-	-
Protecting Vulnerable People	Victim Support Services	Q4	£5,600.63	Not Yet Due	-	-	-	-	-

Link(s) to FMS Area(s)	Audit Area	Period	Estimated Cost	Status	Opinion	No of Recs	1 = Major	↔	3 = Minor
							Recommendations		
							1	2	3
Investigations	Criminal Justice	Q4	£4,635.00	Not Yet Due	-	-	-	-	-
-	Contribution to Regional Police Audits	Q1-4	£3,862.50	Not Yet Due	-	-	-	-	-
Force-Wide Functions	Planning, Reporting & Advice	Q1-4	£7,725.00	Ongoing	N/A	-	-	-	-



Avon & Somerset Constabulary and Office of the Police and Crime Commissioner Joint Audit Committee (JAC)

Proposed 2024-25 Internal Audit Plan Q1-2

The Internal Audit Plan: Summary

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver in the first six months of the 2024/25 financial year.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable us to provide a well-informed and comprehensive year-end annual internal audit opinion.



Introduction & Objective of the Internal Audit Plan

Internal audit provides an independent and objective opinion on the Force and OPCC's risk management, governance, and control environment, by evaluating its effectiveness.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Force and OPCC in these areas are adequately controlled and managed.

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Annual Governance Statement for the Force and OPCC.

It is the responsibility of the Force and OPCC Leadership Teams, and the Joint Audit Committee (JAC), to determine that the audit coverage contained within the proposed audit plan is sufficient and appropriate in providing independent assurance against the key risks faced by the organisation.

When reviewing the proposed internal audit plan (as set out in Appendix 1), key questions to consider include:

- Are the areas selected for coverage this coming year appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by the Leadership Teams and Audit Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

The Internal Audit Plan: Approach

The work of internal audit should align strategically with the aims and objectives of the organisation, taking into account key risks, operations and changes.

In order to do this Internal Audit needs to be flexible in adapting audit plans to handle rapidly changing risks, priorities and challenges.



Approach to Internal Audit Planning 2024/25

Our approach to internal audit planning throughout 2024/25 will be a continuous risk assessment and rolling plan approach. Rather than present a proposed annual plan at the start of the year, which is subject to a high level of uncertainty and change, we will build our plan in conjunction with management as the year progresses, presenting a six-month rolling plan with a list of potential areas for consideration for future audit plans. This is then reviewed each quarter to ensure that the six-month rolling plan is relevant. This rolling planning process will provide the same assurances as an annual plan but will better reflect the changing risk landscape.

Quarterly audit planning meetings will be held with the Chief Officer – Finance, Resources and Innovation and the OPCC's Chief Finance Officer (S.151 Officers) prior to presenting a proposed plan to this Committee for formal approval. In addition, we will also aim to meet regularly with the Deputy Chief Constable and the Chief Executive Officer (CEO) to ensure the plan remains relevant.

These meetings will lead to a 12 month 'rolling wave plan' place-marking key areas of coverage to support the annual opinion. This is then underpinned by quarterly risk-based work plans which draw from meetings with management and the 'rolling plan' throughout the financial year to ensure we are auditing the right areas, with the correct scope, at the right time and reported through our quarterly progress updates.

The resulting programme will be a combination of requested audit work aligned to service priorities, combined with audit work recommended by SWAP driven by our continuous risk assessment. This risk assessment will be based on the live status of both the Force's and OPCC's strategic risk registers. Overlaid onto this assessment will be the Police and Crime Plan, the Force Management Statement (FMS) and SWAP's sector-wide top 10 risk areas. The results of our risk assessments will be shared with senior management to obtain their view on the value of internal audit involvement. In developing risk assessments, we will also take account of other sources of assurance, where relevant.



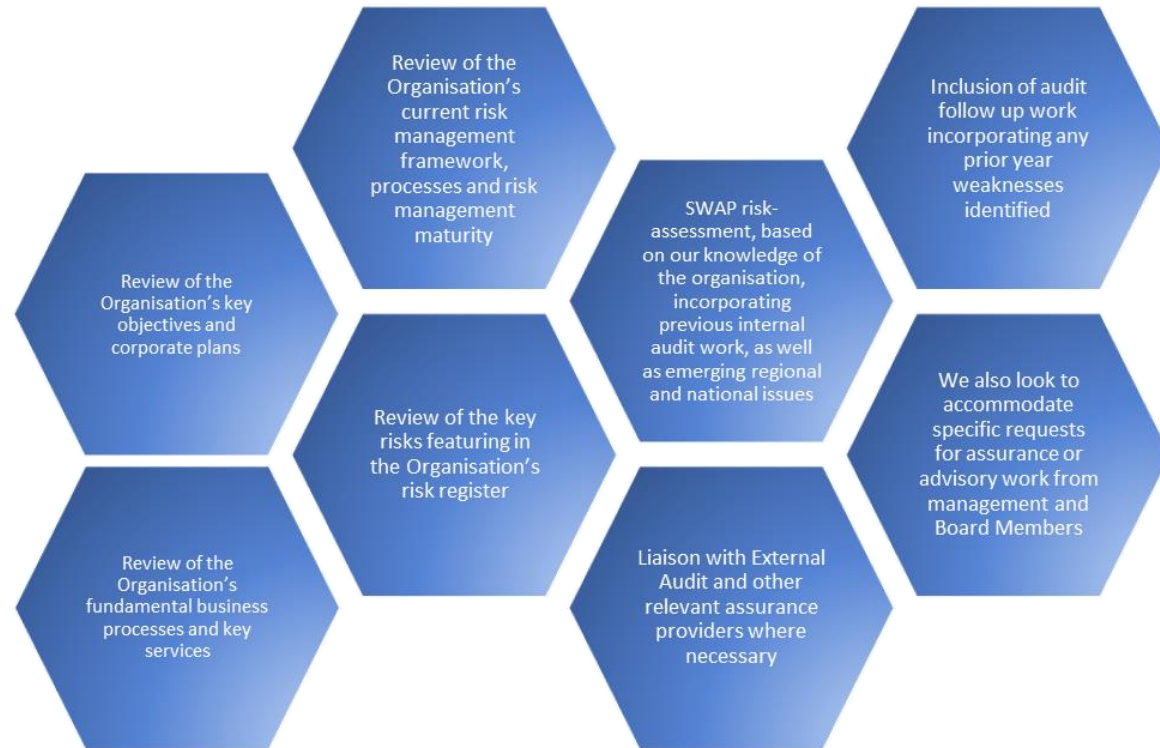
The Internal Audit Plan: Approach

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, in order to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.



Approach to Internal Audit Planning 2024/25

The factors considered in putting together the 2024/25 internal audit plan have been set out below:



Due to the pace of change within the policing sector and now the impact of social economic factors, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning therefore reflects this. The risk-assessed work plan contains key areas of coverage, to ensure that we are auditing the right areas at the right time. The precise scope of each audit will be determined at the start of the review, in line with local risk factors at that time.

The Internal Audit Plan: Risk Assessment

A documented risk assessment prior to developing an internal audit plan, ensures that sufficient and appropriate areas are identified for consideration.

As above, it is the responsibility of the leadership teams for the Force and OPCC and the JAC to ensure that, following our risk assessment, the proposed plan contains sufficient and appropriate coverage.



Internal Audit Annual Risk Assessment

Our 2024/25 internal audit programme of work is based on a documented risk assessment, which SWAP will revisit regularly, but at least annually. The input of senior management as well as a review of the organisations' risk register will be considered in this process.

Below we have set out a summary of the outcomes of the risk assessment for Avon and Somerset Police and OPCC:



The Internal Audit Plan: Coverage

Following our SWAP Risk Assessment above, we have set out how the proposed plan presented in Appendix 1 provides coverage of the key components set out in the Force Management Statement (FMS), against which we have aligned our audit universe, as well as the areas within the Police and Crime Plan.

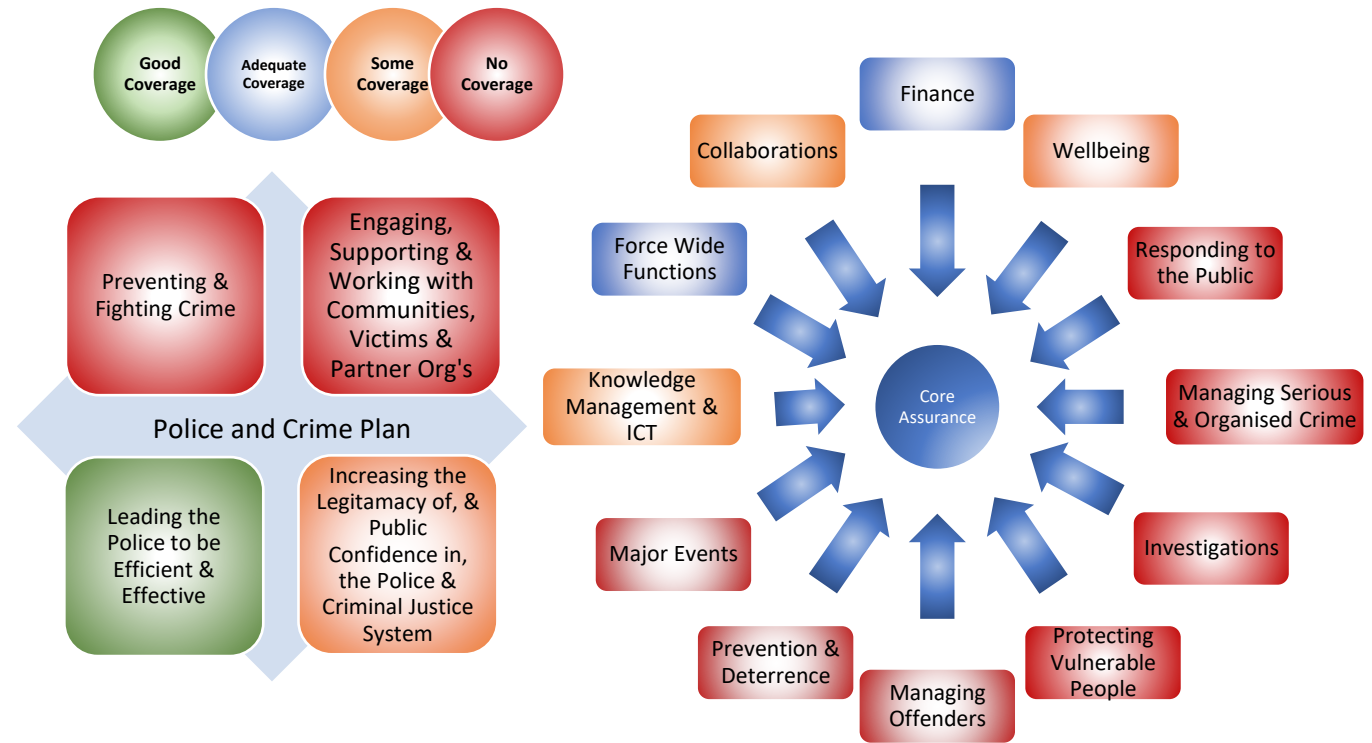
Internal audit is only one source of assurance; therefore, where we have highlighted gaps in our coverage, assurance should be sought from other sources where possible, such as HMICFRS, in order to ensure sufficient and appropriate assurances are received.

For the first half of 2024/25, the Internal Audit Plan does not afford coverage to the areas highlighted as red. Assurance should either be sought from alternative sources or considered for inclusion in future Internal Audit Plans.



Internal Audit Coverage in 2024/25

Following our SWAP risk assessment, we have set out below the extent to which the proposed Q1-2 plan presented in Appendix 1, provides coverage of Avon and Somerset Police's key corporate objectives and risks, as well as our core areas of recommended audit coverage:



Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

The Internal Audit Plan: SWAP

SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes 26 public sector partners, crossing nine counties, but also providing services throughout the UK.

As a company, SWAP has adopted the following values, which we ask our clients/partners to assess us against following every piece of work that we do:

- Candid
- Relevant
- Inclusive
- Innovative
- Dedicated



Your Internal Audit Service

Audit Resources

The 2024/25 internal audit programme of work will be equivalent to £71,246.46 (subject to approval by the SWAP Owners Board following recommendation from the SWAP Board of Directors). The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The key contacts in respect of your internal audit service for Avon and Somerset Police and OPCC are:

Charlotte Wilson, Assistant Director – charlotte.wilson@swapaudit.co.uk, 020 8142 5030

Juber Rahman, Principal Auditor – juber.rahman@swapaudit.co.uk, 020 8142 5030

External Quality Assurance

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors (IPPF).

Every five years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in February 2020 which confirmed general conformance with the IPPF.

Conflicts of Interest

We are not aware of any conflicts of interest within Avon and Somerset Police and OPCC that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

Consultancy Engagements

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

The Internal Audit Plan: SWAP

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- **Benchmarking and sharing of best practice between our public-sector Partners.**
- **Regular newsletters and bulletins containing emerging issues and significant risks identified across the SWAP partnership.**
- **Communication of fraud alerts received both regionally and nationally.**
- **Annual Member training sessions.**

Approach to Fraud

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. We have dedicated counter-fraud resources available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

Our Reporting

A summary of internal audit activity will be reported quarterly to senior management and the Audit Committee. This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of senior management and/or the Audit Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

It should be noted that the audit titles and high-level scopes included below are only indicative at this stage. At the start of each audit, an initial discussion will be held to agree the specific audit brief for the piece of work, which will include the objective and scope for the review.

Audit Title	Areas of Coverage	Estimated Cost	Proposed Quarter
<p>Culture within Specialist Teams</p>	<p>Following the Casey Review into the standards of behaviour and internal culture of the Metropolitan Police Service, culture within the Force has been thrust into the public arena. In light of public expectations, evolving social dynamics, and the need for effective and accountable law enforcement, a review of culture within the Force is essential for fostering transparency, accountability, and continuous improvement. This is also a key area of coverage highlighted by the Police Audit Group.</p> <p>This review will look to provide assurance on the culture within specialist teams, such as Firearms Units, with the Casey Review stating it “...found serious issues of culture and behaviours...”and describing a “toxic culture”. and will include employee wellbeing and data analysis of overtime and expense claims workplace adjustments and neurodiversity and continuous improvement.</p> <p><u>Links to Risk Registers:</u> Corporate Risk Register: Risk 7 – Decreasing public confidence and legitimacy impacts negatively on service delivery. Police and Crime Plan: Priority 3 – Leading the police to be efficient and effective. Police and Crime Plan: Priority 4 – Increasing the legitimacy of, and public confidence in, the Police and Criminal Justice System. Force Management Statement: Section 2 – Wellbeing Force Management Statement: Section 11 – Force-wide Functions</p>	<p>£4,774.05</p>	<p>Q1</p>
<p>ERP Programme Management</p>	<p>The Force are in the process of moving from the current Enterprise Resource Planning (ERP) system SAP to Oracle Fusion Applications. With this being a high value procurement, the current contract reported as £466,443, it is imperative the programme remains on target in terms of budget and timescale.</p> <p>In light of issues encountered with similar projects at other partners in relation to budget overspend and/or timescale targets not being met, as well as the significant overspend encountered by Birmingham City Council in 2023 with the implementation of Oracle, we feel it would be beneficial to review the project management arrangements in place to ensure the programme remains on target to achieve its objectives.</p> <p><u>Links to Risk Registers:</u> Corporate Risk Register: Risk 1 – Inability to deliver a sustainably balance budget. Police and Crime Plan: Priority 3 – Leading the police to be efficient and effective. Force Management Statement: Section 1 – Finance Force Management Statement: Section 12 – Collaboration</p>	<p>£4,774.05</p>	<p>Q1</p>

Audit Title	Areas of Coverage	Estimated Cost	Proposed Quarter
<p>Estates – Compliance with Statutory Obligations – Follow Up</p>	<p>A thorough follow up review to provide assurance that actions to mitigate against the high corporate risk assessment identified in this recent limited assurance audit have been implemented.</p> <p><u>Links to Risk Registers:</u> Corporate Risk Register: Risk 6 – Failure to maintain, invest in or optimise our infrastructure and assets. Police and Crime Plan: Priority 3 – Leading the police to be efficient and effective. Force Management Statement: Section 11 – Force-wide Functions</p>	<p>£3,182.70</p>	<p>Q1</p>
<p>Key Financial Control – Payroll and Expenses</p>	<p>The PCC, Chief Constable and all employees have a duty to abide by the highest standards of probity (i.e., honesty, integrity and transparency) in dealing with financial issues. This is facilitated through the design and application of financial systems and processes, which apply effective controls.</p> <p>With over 6,000 officers and staff employed by the Force and OPCC, the annual payroll bill is of a significant value. This audit aims to provide assurance that key financial controls in relation to the payroll function are operating effectively and areas vulnerable to fraud are sufficiently well controlled.</p> <p>In addition, we will also seek to provide assurance in relation to Chief Officer and OPCC expenses. Both the Force and OPCC have committed to publishing Chief Officer expenses on their respective websites as part of their transparency in financial reporting. In order to support this, we aim to undertake whole data analysis to provide assurance that Chief Officers’ and OPCC expenses (claims and credit card expenditure for expenses) are made in line with agreed policy, subject to independent scrutiny and transparently published.</p> <p><u>Links to Risk Registers:</u> Corporate Risk Register: Risk 1 – Inability to deliver a sustainably balance budget. Corporate Risk Register: Risk 7 – Decreasing public confidence and legitimacy impacts negatively on service delivery. Police and Crime Plan: Priority 3 – Leading the police to be efficient and effective. Police and Crime Plan: Priority 4 – Increasing the legitimacy of, and public confidence in, the Police and Criminal Justice System. Force Management Statement: Section 1 – Finance Force Management Statement: Section 11 – Force-wide Functions</p>	<p>£7,161.08</p>	<p>Q2</p>

Audit Title	Areas of Coverage	Estimated Cost	Proposed Quarter
<p>Key Financial Control – Treasury Management</p>	<p>The PCC, Chief Constable and all employees have a duty to abide by the highest standards of probity (i.e., honesty, integrity and transparency) in dealing with financial issues. This is facilitated through the design and application of financial systems and processes, which apply effective controls.</p> <p>The continued changing economic landscape, including the ongoing conflict in Ukraine, high inflation, changes in government leadership etc, has meant that robust controls in this area are vital. As an area we have not reviewed in recent years, this review will look to provide assurance that key controls for treasury management are operating effectively and that treasury management arrangements are compliant with statutory regulations.</p> <p><u>Links to Core Areas of Recommended Coverage:</u> Corporate Risk Register: Risk 1 – Inability to deliver a sustainably balance budget. Police and Crime Plan: Priority 3 – Leading the police to be efficient and effective. Force Management Statement: Section 1 – Finance</p>	<p>£4,774.05</p>	<p>Q2</p>
<p>Technology and Digital Audit Provision</p>	<p>An audit of the Strategic Approach to ICT at the Force is included within quarter four of the 2023/24 Audit Plan. This audit seeks to provide end-to-end assurance that the strategy translates through into defining how ICT is executed across the wider infrastructure and defines how resources/talent are utilised. This audit will also be used to identify specific areas that could present risk to the Force in terms of both cyber security and digital. Upon completion of the Strategic Approach to ICT audit, further areas for assurance will be identified and specific focus agreed for inclusion within the audit plan.</p> <p>We are proposing to include one audit within the first six months of the 2024-25 internal audit plan covering specifics relating to technology and digital assurance for the force.</p> <p><u>Links to Core Areas of Recommended Coverage:</u> Corporate Risk Register: Risk 5 – Information Governance practices, data and digital assets are not governed and controlled or used legitimately, ethically, appropriately, or effectively for policing purposes. Police and Crime Plan: Priority 3 – Leading the police to be efficient and effective. Force Management Statement: Section 10 – Knowledge Management and ICT</p>	<p>£4,774.05</p>	<p>Q2</p>
<p>TOTAL estimated cost of delivery for Q1-2 proposed Audits</p>		<p>£29,439.98</p>	

Audit Title	Areas of Coverage	Estimated Cost	Proposed Quarter		
Support Activities and Follow Up Work – 2024-25 Annual Allocation					
Contribution to Regional Work	As agreed across all South West Police Forces, an allocation has been allotted to take forward audits of common interest, enabling benchmarking of approach and position across the region as a whole. The scope of these reviews is to be determined by the Directors of Finance from each of the South West Police Forces.	£3,978.38	Throughout Year		
Follow up of Limited Assurance Reviews	Allocation of time to allow for follow up of actions made in Limited opinion reviews in 2022/23 not subject to separate consideration.	£1,989.19	Throughout Year		
Planning, Reporting & Advice	Agreed attendance at quarterly audit committees, undertaking audit planning and any corporate advice.	£7,956.75	Throughout Year		
TOTAL estimated cost of delivery of support activities and follow up work for 2024/25		£13,924.31			
TOTAL estimated cost of delivery for Q3-4 Audits		£28,246.46			
TOTAL estimated cost of delivery of above proposed Internal Audit Plan for 2024/25 (Inc. costs for Q3-4)		£71,610.75			
TOTAL agreed cost of delivery for the Internal Audit Plan for 2024/25		£71,610.75			
Pipeline Audits - <i>These audits are potential areas for inclusion as part of future Internal Audit Plans</i>					
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> • Homeworking • Workforce Planning • Forensics Team Accreditation • Business Continuity – Compliance with Civil Contingencies Act • OPCC Statutory Functions • Ammunition and Armoury Management </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> • H&S of Front-Line Officers and Staff - TRiM • Leasehold Management • Vetting – Follow Up of HMICFRS Inspection • Crime Allocation • ERP Programme – Post Implementation Review • Environmental Sustainability </td> </tr> </table>				<ul style="list-style-type: none"> • Homeworking • Workforce Planning • Forensics Team Accreditation • Business Continuity – Compliance with Civil Contingencies Act • OPCC Statutory Functions • Ammunition and Armoury Management 	<ul style="list-style-type: none"> • H&S of Front-Line Officers and Staff - TRiM • Leasehold Management • Vetting – Follow Up of HMICFRS Inspection • Crime Allocation • ERP Programme – Post Implementation Review • Environmental Sustainability
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Revised Audit Objective	To review the effectiveness of the Force's Performance Management Framework to provide accurate and timely information to help facilitate informed decision making and to prompt corrective action where performance is deemed inadequate / unsatisfactory.
Link to CRR	Risk 3 – Failure to meet expectations of improved performance and service delivery.

Review Type	Number of Actions		Audit Assessment of Agreed Themes	
	Priority	Number	Theme	
	Priority 1	0	Leadership & Culture	
	Priority 2	0	Learning	
	Priority 3	1	Diversity & Inclusion	
	Total	1	<i>Please see Appendix 1 for more details.</i>	

Risk Reviewed	Assessment
The Performance Management Framework does not deliver, impacting upon the achievement of corporate and service objectives, the Force's reputation and financial performance.	Medium
Risk Management Awareness	Satisfactory

Key Findings	
	Corporate/strategic objectives and priorities are reviewed and set annually through the Force's strategic planning process. These are based on a number of local and national frameworks including the National Crime and Policing Outcomes, HMICFRS PEEL framework, Key Performance Questions and Police and Crime Plan priorities. Additionally, six key operational areas of focus have been agreed that are captured within the Force's Performance Control Strategy and include crime data integrity, case file quality, investigative standards, rape and serious sexual offences, response timeliness and victim contact. These frameworks are brought together under the Integrated Performance and Quality Framework (IPQF). Performance against the corporate objectives is reported each month to the Constabulary Management Board (CMB) through the Integrated Performance and Quality Report (IPQR). Key committees / boards such as the Finance and Asset Committee, Confidence and Legitimacy Board, People Committee and Change Portfolio support CMB in providing oversight and scrutiny. The processes in place to evaluate, assess and set corporate objectives and to monitor performance were found to be well controlled and managed.
	Interviews were held with four (out of nine) Directorate Heads who are responsible for delivering the activity set out within the organisation's Single Delivery Plan (SDP). The SDP brings together all improvement and change activities underway or planned across the organisation into a single repository / action plan to help meet the corporate objectives. The opinions and views of the Directorate Heads interviewed potentially highlight a disconnect between performance reporting of enabling services, such as HR, ICT, Legal etc. and operational services which may warrant further exploration. It should be noted that a number of comments made, and concerns highlighted through these interviews, are planned to be addressed with work proposed or already underway (discussed below). However, an action has been agreed to review these opinions and themes further and to implement changes/improvement where appropriate to do so.

Audit Scope
<p>We considered the following areas as part of the audit:</p> <ul style="list-style-type: none"> ▪ The Force's Performance Management Framework and outcome measures to assess achievement of corporate and service objectives. ▪ Accountability and responsibility for achievement of these objectives. This will include interviews with a sample of leaders across the organisation to understand their views on the framework. ▪ Data quality and integrity to inform decision making. ▪ Mechanisms in place to assess performance against delivery of corporate and service objectives. ▪ Improvement activity around performance management generally. <p>The audit did not consider the Performance Management Framework of the OPCC or the arrangements for the Force to report performance to the OPCC and subsequent scrutiny of the Force's reported performance by the OPCC.</p>

Conclusion
 At the time of our audit fieldwork, the Force were proposing and agreeing changes to their existing performance management framework. Our assurance opinion therefore is based on a number of processes that are currently undergoing a period of significant change and are due to be revised imminently. These changes should help focus activities and priorities in key areas / portfolios and therefore, we would recommend a follow up audit of the revised framework once fully embedded. The key findings from this audit are detailed below.

1.1 Findings: - Corporate Performance Management Framework and areas of good practice identified.

Corporate/strategic objectives and priorities are reviewed and set annually through the Force's strategic planning process. The process usually begins in June with a Strategic Planning Meeting to discuss key objectives and priorities to be delivered over the financial year. These are based on a number of local and national frameworks, including the National Crime and Policing Outcomes, HMICFRS PEEL framework, Key Performance Questions and Police and Crime Plan priorities and will include discussions around demand, risk and resource. Additionally, the Force has agreed six key operational areas of focus that are captured within the Force's Performance Control Strategy and include crime data integrity, case file quality, investigative standards, rape and serious sexual offences, response timeliness and victim contact. Key performance indicators have been set for each of these areas to assess and measure performance. These frameworks are brought together under the Force's Integrated Performance and Quality Framework (IPQF).

Performance against the corporate objectives is reported each month to the Constabulary Management Board (CMB) through the Integrated Performance and Quality Report (IPQR). Key committees / boards which are chaired by the Force's Chief Officers such as the Finance and Asset Committee, Confidence and Legitimacy Board, People Committee and Change Portfolio support CMB in providing oversight and scrutiny. Minutes and accompanying reports were reviewed for CMB and each of the supporting committees noted above and evidence to support good governance and scrutiny was noted. Improvement activity is captured within the Force Single Delivery Plan (SDP) which brings together all improvement and change activity underway or planned across the organisation into a single repository / action plan to help meet the corporate objectives. Actions and improvement work is assigned to each of the Force's nine directorates to deliver which inputs into CMB discussions.

Data is pivotal in measuring whether the Force is achieving its objectives. Those responsible for delivering objectives have access to a range of insights which are available on Qlik and have been developed in consultation with relevant business leads / stakeholders. A Data Strategy is in place to support activities and a Data Quality Task and Finish Group has been convened to monitor data quality across the organisation. The Force recognises the need to improve its data quality and the way it captures, assesses, analyses, understands and presents data which is a continuous / ongoing task.

The processes in place to evaluate, assess and set corporate objectives and to monitor performance were found to be well controlled and managed.

1.2 Findings: - Improvement work currently underway.

At the time of our audit fieldwork, the Force were proposing and agreeing changes to their existing framework to improve it by focusing activities and priorities in key areas / portfolios and moving to a five-year strategic planning process. This approach has been designed to make it clearer in terms of sequencing performance activities to achieve outcomes, reducing duplication and the feeling of being overwhelmed by competing priorities. The portfolio areas at the time of writing were likely to include:

1. Right Service, Right Person, Right Time.
2. Protecting the vulnerable and putting victims first.
3. Investigative standards, including tackling perpetrators.
4. Building the foundations for effective and skilled workforce.
5. Data and Digital / IT futures.
6. Developing a cost-conscious organisation.
7. Build Trust and Confidence.
8. Estates and Fleet Fir for the Future.

Our audit has therefore reviewed processes that are due to be revised imminently. We would suggest that a follow up audit of the revised framework should be undertaken once fully embedded.



<p>1.3 Finding: - Interviews with Directorate Heads.</p>	<p>1.3a Agreed Action</p>				
<p>Interviews were held with four Directorate Heads who are responsible for delivering activity set out within the Force’s Single Delivery Plan (SDP) to help achieve the organisation’s corporate objectives. Directorate Heads were asked a number of questions surrounding the effectiveness of the Force’s performance management framework. The Directorate Heads that were interviewed were selected at random but were all responsible for enabling services. Therefore, comments and opinions below may be weighted towards non-operational activities. The key observations and themes from these conversations and their responses are summarised below:</p> <ul style="list-style-type: none"> Some Directorate Heads felt it was sometimes difficult to clearly map how directorate/service objectives aligned to the corporate objectives. Generally, however, it was clear how they aligned to the corporate objectives and the Force’s overall Mission, Vision and Values. Directorate Heads interviewed felt that there were a lot of ‘number one priorities’ and therefore, the Force needs to agree what its key priorities are and the metrics for success as the Force cannot achieve everything that it wants simultaneously. As part of the proposed improvements to the performance management framework (noted above), the Force intends to focus its activity across eight key portfolio areas and has established an initial set of KPIs that will be used to measure success in these areas. Performance reports (known as IPQRs) which feed into the Constabulary Management Board (CMB) and its sub committees were considered by most Directorate Heads to be operationally focused and not necessarily relevant to enabling services. Directorate Heads also felt that these reports were lengthy (averaging around 30 – 40 pages long) and some felt the value of producing additional reports such as ‘Spotlights’ which focus on answering a certain question or exploring a particular issue in greater detail could feel excessive and disproportionate. When the comment was shared with the Superintendent – Performance and Assurance, they clarified that Spotlights are specifically requested by the Chief Officer Group or Deputy Chief Constable to explore a specific area of concern / focus. They have centred on ‘wicked/challenging issues’ such as investigation demand, allocation, digital forensics etc. On average, a Spotlight would take a few weeks to produce and therefore were proportionate in their opinion. The comments made by Directorate Heads may highlight a need for more leaner and focused reporting. Key Performance Questions (KPQ) provide an assessment of the Force’s progress against a set of 16 operational and enabling outcomes which cover multiple performance frameworks and are included within the Force’s IPQR that is presented to CMB. However, as part of the planned improvements to the overall performance framework, KPQs may be overhauled/revised to be more aligned to one performance framework in particular - HMCFRS’ PEEL question set which is primarily operational. Therefore, the Force will need to ensure changes to the performance framework include a process to evaluate non-operational performance / activity of enabling services such as IT, legal and HR for example. Not all directorates report progress of their objectives to the CMB or reporting is ad-hoc / infrequent. Therefore, assessing directorate level performance can sometimes feel like ‘marking your own homework’. 	<p>The Superintendent – Performance and Assurance to review the observations and themes from the meetings held with Directorate Heads and to introduce changes and improvements to the performance management framework in liaison with other relevant individuals which addresses these where possible. These improvements should ensure:</p> <ul style="list-style-type: none"> a clear alignment between directorate/service area objectives to corporate objectives. corporately agreed key priorities / objectives and metrics for success. leaner and focused performance reports. a more effective mechanism to monitor performance of non-operational / enabling activities corporately. clarity over collaborative performance management arrangements and reporting. risk management processes are effective in enabling CMB and Chief Officers to thoroughly assess the risks of information technology and cyber. challenges in resourcing are appropriately communicated to those responsible for performance delivery. individuals across all levels of the organisation understand how they / their roles contributes to the achievement of directorate / service and/or corporate objectives which is monitored through the IPR process. regular and more effective engagement between Improvement Consultants and their directorate. any changes to the Force’s performance management framework are made in consultation with relevant stakeholders across the organisation. 				
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- Some Directorate Heads interviewed felt that *some* data used to inform delivery was relatively new and therefore, currently lacked the depth to be able to provide meaningful long-term analysis. This is because the Force has only recently started capturing some data (within the last few years) and therefore, longer term analysis is not yet possible. An example is fleet telematics data which has recently started to be reported at a directorate level but has not had the time to mature in order to provide long term analysis. It should be noted however that there are data sets, particularly operational ones, that are mature and are capable of providing long term analysis.
- Some directorates / services engage in regional collaborations which can result in competing/conflicting priorities with the Force due to unclear and confusing governance structures and reporting lines.
- There is a concern that CMB and Chief Officers may lack the technical expertise to fully appreciate and understand risks related to some specialist areas such as information technology and cyber, these individuals have limited knowledge, qualifications, or experience in this area. Although members of CMB and Chief Officers would not be expected to be experts in information technology and cyber, the Force may wish to review its risk management processes related to this area to ensure that they are effective in enabling CMB and Chief Officers to thoroughly assess the risks of information technology and cyber.
- Improvement Consultants have been assigned to all directorate areas to support them in developing and delivering objectives and for reporting performance and best practice across the organisation. Several Directorate Heads interviewed stated that they did not engage with their Improvement Consultant because the post was either vacant or they (the Improvement Consultant) lacked the capacity or were assigned to other work. However, Directorate Heads generally felt supported by senior management, Chief Officers and CMB.
- The majority of Directorate Heads interviewed cited a lack of resource, inability to attract the right individuals and an immature workforce as the main barriers preventing them from achieving their objectives which left them feeling frustrated. Attracting the right candidates is difficult due to the Force being in a highly competitive market for some specialist skills and the Force cannot / does not pay as much as other organisations. The Force can also lose good candidates because of lengthy recruitment and vetting processes. Directorate Heads felt that senior management could be more transparent around these challenges and more open about how they planned to resolve these issues. The capacity that the directorates do have to deliver objectives has also been stretched due to uplift which makes it difficult to achieve some objectives. The Force is planning on engaging with an external consultant to conduct an exercise that will evaluate all job roles across the organisation. This work is still in its infancy, but the ambition is for the exercise to be completed by the end of this calendar year (2023) with any recommendations for improvement implemented throughout 2024 and beyond. This should ensure the organisation has a pay structure that is fair, equitable and consistent and allows the Force to compete more effectively within the market. Ideally, directorates / services should be properly resourced to enable them to deliver their objectives. However, the scope of this review did not consider workforce planning arrangements at this force and therefore, it would not be appropriate for SWAP to comment on whether or not these arrangements are effective or to recommend remedial actions.



- Most Directorate Heads accepted that not all levels of the organisation will understand how their roles contribute to the achievement of directorate/service and/or corporate objectives. One Directorate Head interviewed stated that this was clear within their directorate as it is included as an objective within the Individual Performance Review (IPR) of all individuals in their directorate area. Other directorate areas should adopt this approach within their own IPR processes in order to better align personal goals and objectives corporately.
- Directorate Heads interviewed hoped that any changes and improvements made to the overall performance framework were kept simple, properly resourced and the Force were clear on what good looks like corporately.

We acknowledge and accept the limitations of these interviews and that responses are weighted heavily towards the Force’s enabling services. However, some valid comments, views and opinions have been expressed by the sample of Directorate Heads interviewed and common themes have been drawn from these conversations which we feel require reporting for transparency. Our action is for management to review these and introduce changes that they feel are necessarily and appropriate to make which is reflected by the priority scoring assigned to the action.

Audit Assessment of Agreed Themes

Theme	RAG Rating	Rationale
Leadership & Culture	Green	The Force created a new ‘Chief of Staff’ Directorate in 2021 which focuses on current and emerging performance challenges. The Force is currently reviewing its performance management arrangements in order to better focus activity on areas which matter most, which is being agreed with senior management and Chief Officers. The above demonstrates the leadership’s commitment to ensuring effective performance management.
Learning	Yellow	The RAG rating we have been able to apply here has been impacted by the findings in the main body of this report which has highlighted some learning and areas for potential improvement.
Diversity & Inclusion	Green	The ‘People’ component is one of four corporate objectives alongside Digital, Service and Infrastructure and includes strategies set out to improve diversity and inclusion. People has also been proposed as one of the eight key portfolio / programme areas as part of the intended changes to the performance management framework.