

*2022/2023*

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



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

# **Police & Crime Commissioner for Avon & Somerset**

## **Officers of the Police & Crime Commissioner**

**The statutory Officers of the Police & Crime Commissioner (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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# Police & Crime Commissioner for Avon & Somerset

## Chief Finance Officer's Narrative Report








This section highlights and explains some of the more relevant areas of finance, financial strategy and other key issues that are reported in the accounts and provides commentary on the key issues that have had a major effect on the finances now and 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
<b>Surplus(-)/deficit before savings</b>	<b>6,611</b>	<b>13,049</b>	<b>17,630</b>	<b>21,129</b>	<b>23,149</b>
Savings	-2,952	-3,084	-4,211	-4,217	-4,195
Planned use of reserves	-3,659				
<b>Surplus(-)/deficit after savings</b>	<b>0</b>	<b>9,965</b>	<b>13,419</b>	<b>16,912</b>	<b>18,954</b>

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 17 to 30 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

##### 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 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 Account 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.

# Police & Crime Commissioner for Avon & Somerset

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.

## 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.

# Police & Crime Commissioner for Avon & Somerset

## 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 10, 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.

## 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 2022/23, 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.

# Police & Crime Commissioner for Avon & Somerset

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.

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.

# Police & Crime Commissioner for Avon & Somerset

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

## 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.

### 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.



# Police & Crime Commissioner for Avon & Somerset

## 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.

Jackson Murray

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

20 December 2023

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

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

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

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.

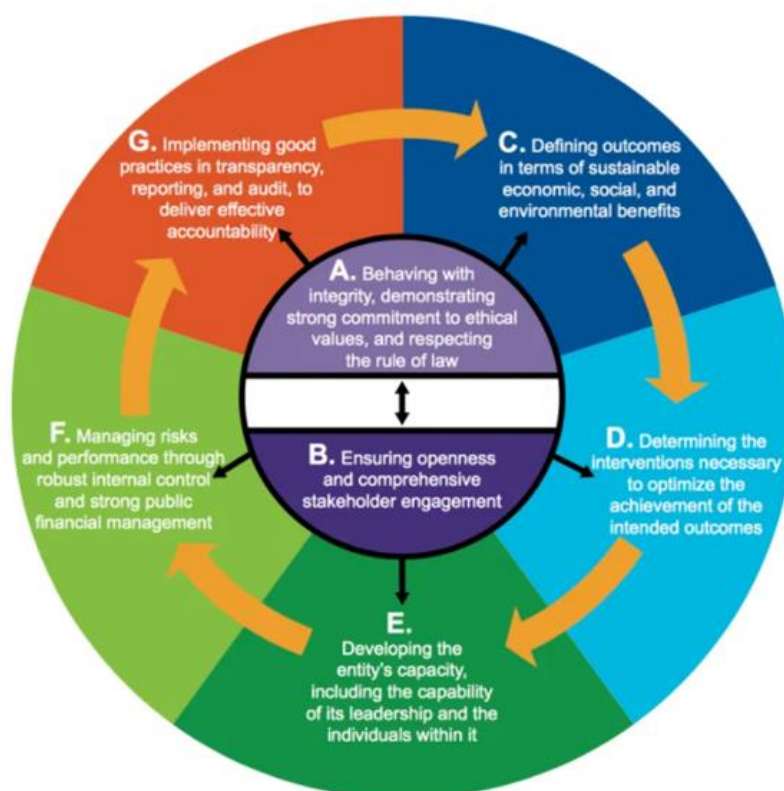
## **2 The Governance Framework**

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

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.

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



- ✚ 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.
- ✚ 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.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>3</sup>.

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

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






are being observed. Beyond being a statutory duty this scheme is a critical part in ensuring all detainees are treated fairly and respectfully and receive the best possible policing service. This scheme delivers openness and accountability because the ICVs are members of the public. A separate annual report is published on the PCC's website [www.avonandsomerset-pcc.gov.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>4</sup>.

In February 2022 *Identifying Disproportionality in the Avon and Somerset Criminal Justice System*<sup>5</sup> 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.

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

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

## **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). 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.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>6</sup>.

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

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

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

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

and national position. The reports are available to review through the PCC's website [www.avonandsomerset-pcc.gov.uk](http://www.avonandsomerset-pcc.gov.uk)<sup>8</sup>.

### **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 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](http://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

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

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

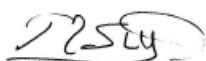
Risk	Progress
<b>Failure to deliver the Police and Crime Plan (SR2)</b>	<p>Arguably the biggest risk to policing at the moment – which applies equally in Avon and Somerset – is a lack of public confidence in the police. This undermines the British model of policing by consent and priority four of the 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</p>

Risk	Progress
	<p>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>
<b>Financial incapability or ineffectiveness (SR3)</b>	<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, including sizeable police staff headcount reductions and savings from third party costs.</p>

## 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



Paul Butler  
Chief Finance Officer to PCC  
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
<b>Expenditure</b>						
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
<b>554,823</b>	<b>-50,618</b>	<b>504,205</b>	<b>Net cost of police services</b>	<b>550,833</b>	<b>-58,711</b>	<b>492,122</b>
		-52,775	Police pension top-up grant			-52,909
		-101	Gain on disposal of non-current assets			-1,974
		<b>-52,876</b>	<b>Other operating expenditure</b>			<b>-54,883</b>
		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
			<b>Financial and investment income and expenditure</b>			<b>114,099</b>
		-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
		<b>-341,445</b>	<b>Taxation and non-specific grant income</b>			<b>-357,663</b>
		<b>202,181</b>	<b>Deficit on provision of services</b>			<b>193,675</b>
			Re-measurement of pension assets (Note 16) and liabilities			-1,879,534
		-16,976	Gain on revaluation			-5,128
		<b>-277,700</b>	<b>Other comprehensive income and expenditure</b>			<b>-1,884,662</b>
		<b>-75,519</b>	<b>Total comprehensive income and expenditure</b>			<b>-1,690,987</b>



# 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
<b>Expenditure</b>						
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
<b>10,337</b>	<b>-4,271</b>	<b>6,066</b>	<b>Net cost of police services before funding</b>	<b>10,932</b>	<b>-4,742</b>	<b>6,190</b>
544,486	-46,347	498,139	Intragroup funding adjustment	539,901	-53,969	485,932
<b>554,823</b>	<b>-50,618</b>	<b>504,205</b>	<b>Net cost of police services</b>	<b>550,833</b>	<b>-58,711</b>	<b>492,122</b>
		-52,775	Police pension top-up grant			-52,909
		-101	Gain on disposal of non-current assets			-1,974
		<b>-52,876</b>	<b>Other operating expenditure</b>			<b>-54,883</b>
		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
		<b>92,297</b>	<b>Financial and investment income and expenditure</b>			<b>114,099</b>
		-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
		<b>-341,445</b>	<b>Taxation and non-specific grant income</b>			<b>-357,663</b>
		<b>202,181</b>	<b>Deficit on provision of services</b>			<b>193,675</b>
		-260,724	Intragroup adjustment (Re-measurement of pension assets and liabilities)			-1,879,534
		-16,976	Gain on revaluation			-5,128
		<b>-277,700</b>	<b>Other comprehensive income and expenditure</b>			<b>-1,884,662</b>
		<b>-75,519</b>	<b>Total comprehensive income and expenditure</b>			<b>-1,690,987</b>

# 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 £'000	PCC £'000	Group 2022 £'000	Balance Sheet	OCC £'000	PCC £'000	Group 2023 £'000	Notes
			<b>Property, plant and equipment</b>				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	
			<b>Long term assets</b>				
0	1,311	1,311	Prepayments	0	799	799	
4,325,494	0	0	Long Term Liability - intragroup adjustment	2,644,892	0	0	
<b>4,325,494</b>	<b>220,326</b>	<b>220,326</b>	<b>Total non-current assets</b>	<b>2,644,892</b>	<b>223,709</b>	<b>223,709</b>	
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	
<b>15,709</b>	<b>102,245</b>	<b>102,245</b>	<b>Total current assets</b>	<b>17,075</b>	<b>114,695</b>	<b>114,695</b>	
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
<b>-15,709</b>	<b>-52,103</b>	<b>-52,103</b>	<b>Total current liabilities</b>	<b>-17,075</b>	<b>-56,731</b>	<b>-56,731</b>	
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	
<b>-4,325,494</b>	<b>-4,423,160</b>	<b>-4,423,160</b>	<b>Total long term liabilities</b>	<b>-2,644,892</b>	<b>-2,743,378</b>	<b>-2,743,378</b>	
<b>0</b>	<b>-4,152,692</b>	<b>-4,152,692</b>	<b>Net assets</b>	<b>0</b>	<b>-2,461,705</b>	<b>-2,461,705</b>	
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
<b>0</b>	<b>-4,152,692</b>	<b>-4,152,692</b>	<b>Total reserves</b>	<b>0</b>	<b>-2,461,705</b>	<b>-2,461,705</b>	



**Paul Butler**

Chief Finance Officer to PCC

20 December 2023

# Police & Crime Commissioner for Avon & Somerset

## Group Cash Flow Statement

OCC £'000	PCC £'000	Group 2021/2022 £'000	Cash Flow Statement	OCC £'000	PCC £'000	Group 2022/2023 £'000
0	202,182	202,182	<b>Net surplus(-)/deficit on the provision of services</b>	0	193,675	<b>193,675</b>
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
<b>0</b>	<b>-214,590</b>	<b>-214,590</b>	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	<b>0</b>	<b>-196,318</b>	<b>-196,318</b>
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
<b>0</b>	<b>-4,477</b>	<b>-4,477</b>	<b>Adjust net surplus or deficit on the provision of services that are investing or financing activities</b>	<b>0</b>	<b>-1,809</b>	<b>-1,809</b>
<b>0</b>	<b>-16,885</b>	<b>-16,885</b>	<b>Net cash flows from operating activities</b>	<b>0</b>	<b>-4,452</b>	<b>-4,452</b>
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
<b>0</b>	<b>8,168</b>	<b>8,168</b>	<b>Net cash flow from investing activities</b>	<b>0</b>	<b>2,948</b>	<b>2,948</b>
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
<b>0</b>	<b>9,450</b>	<b>9,450</b>	<b>Net cash flow from financing activities</b>	<b>0</b>	<b>8,563</b>	<b>8,563</b>
<b>0</b>	<b>734</b>	<b>734</b>	<b>Net increase(-)/decrease in cash and cash equivalents</b>	<b>0</b>	<b>7,059</b>	<b>7,059</b>
<b>0</b>	<b>-36,290</b>	<b>-36,290</b>	Cash and cash equivalents at the beginning of the reporting period	<b>0</b>	<b>-35,559</b>	<b>-35,559</b>
<b>0</b>	<b>-35,559</b>	<b>-35,559</b>	Cash and cash equivalents at the end of the reporting period	<b>0</b>	<b>-28,500</b>	<b>-28,500</b>

# 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.

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

<b>Police Staff Sensitivity Analysis</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	507,647	517,991	528,653
Projected service cost	15,887	16,536	17,210
<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	519,001	517,991	516,991
Projected service cost	16,547	16,536	16,525
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	527,883	517,991	508,449
Projected service cost	17,219	16,536	15,878
<b>Adjustment to life expectancy assumptions</b>	<b>+1 year</b>	<b>None</b>	<b>-1 year</b>
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
<b>340,879</b>	<b>49,187</b>	<b>390,065</b>	<b>114,140</b>	<b>504,205</b>	<b>Net cost of police services</b>	<b>353,706</b>	<b>54,089</b>	<b>407,795</b>	<b>84,327</b>	<b>492,122</b>
		0	-101	-101	Gain on disposal of non-current assets			0	-1,974	-1,974
		0	-101	-101	<b>Other operating expenditure</b>			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	<b>Financial and investment income and expenditure</b>			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
					Council tax support and transition grant			-11,378	0	-11,378
		-11,378	0	-11,378	Council tax income guarantee grant			0	0	0
		-211	0	-211	Council tax - local authorities			-144,894	-1,275	-146,169
		-136,733	-1,437	-138,170	Pension Top up Grant			-52,909	0	-52,909
		-52,775	0	-52,775	Local council tax support grant			0	0	0
		-2,266	0	-2,266						
		-392,478	-1,741	-394,219	<b>Taxation and non-specific grant income</b>			-409,213	-1,359	-410,572
<b>340,879</b>	<b>49,187</b>	<b>-392,478</b>	<b>90,455</b>	<b>-302,023</b>		<b>353,706</b>	<b>54,089</b>	<b>-409,213</b>	<b>110,766</b>	<b>-298,447</b>
		-2,413	204,595	202,182	<b>Surplus(-)/deficit on provision of services</b>			-1,418	195,093	193,675
		51,455			<b>Opening balance of general fund</b>			53,868		
		2,412			Transfers to reserves made in year			1,418		
		<b>53,868</b>			<b>Closing balance of general fund</b>			<b>55,286</b>		

Capital Purposes £'000	2021/2022			Group 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	114,140	Police Services - OCC	-1,131	87,945	-2,487	84,327
<b>-2,322</b>	<b>121,391</b>	<b>-4,929</b>	<b>114,140</b>	<b>Net cost of police services</b>	<b>-1,131</b>	<b>87,945</b>	<b>-2,487</b>	<b>84,327</b>
-101	0	0	-101	Gain on disposal of non-current assets	-1,974	0	0	-1,974
<b>-101</b>	<b>0</b>	<b>0</b>	<b>-101</b>	<b>Other operating expenditure</b>	<b>-1,974</b>	<b>0</b>	<b>0</b>	<b>-1,974</b>
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
<b>0</b>	<b>86,681</b>	<b>5,616</b>	<b>92,297</b>	<b>Financial and investment income and expenditure</b>	<b>0</b>	<b>110,987</b>	<b>3,111</b>	<b>114,098</b>
-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
<b>-304</b>	<b>0</b>	<b>-1,437</b>	<b>-1,741</b>	<b>Taxation and non-specific grant income</b>	<b>-84</b>	<b>0</b>	<b>-1,275</b>	<b>-1,359</b>
<b>-405</b>	<b>86,681</b>	<b>4,179</b>	<b>90,455</b>		<b>-2,058</b>	<b>110,987</b>	<b>1,836</b>	<b>110,765</b>
<b>-2,727</b>	<b>208,072</b>	<b>-750</b>	<b>204,595</b>	<b>Total adjustment between accounting and funding basis</b>	<b>-3,189</b>	<b>198,932</b>	<b>-651</b>	<b>195,092</b>

## 7 Notes to the Movement in Reserves Statement

These notes support the movement in reserves statement shown on page 29

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

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
<b>Balance as at 31 March 2022</b>	<b>53,868</b>	<b>6,375</b>	<b>60,243</b>	<b>202</b>	<b>87,202</b>	<b>-4,325,469</b>	<b>-10,396</b>	<b>35,526</b>	<b>-4,212,935</b>
Total comprehensive income and expenditure	-193,675	0	-193,675	0	5,128	1,879,534	0	0	1,884,662
<b>Adjustments between accounting &amp; funding basis under regulations</b>									
<b>Reversal of items included to I&amp;E</b>									
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
<b>Insert amounts excluded in I&amp;E</b>									
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
<b>Other adjustments include:</b>									
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
<b>Balance as at 31 March 2023</b>	<b>55,286</b>	<b>8,546</b>	<b>63,832</b>	<b>1,478</b>	<b>91,193</b>	<b>-2,644,867</b>	<b>-11,813</b>	<b>38,472</b>	<b>-2,525,537</b>

<b>PCC Movement in Reserves Statement 2021/2022</b>	<b>Revenue General Fund £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Collect Fund Adjustment Account £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Pensions Reserve Account £'000</b>	<b>Short Term Absences Account £'000</b>	<b>Capital Adjustment Account £'000</b>	<b>Total Unusable Reserves £'000</b>
<b>Balance as at 31 March 2021</b>	<b>51,455</b>	<b>5,602</b>	<b>57,057</b>	<b>-1,235</b>	<b>70,402</b>	<b>-4,378,121</b>	<b>-9,710</b>	<b>33,396</b>	<b>-4,285,268</b>
Total comprehensive income and expenditure	-202,181	0	-202,181	0	16,976	260,724	0	0	277,700
<b>Adjustments between accounting &amp; funding basis under regulations</b>									
<b>Reversal of items included to I&amp;E</b>									
Amortisation of intangible assets	115	0	115	0	0	0	0	-115	-115
Depreciation of non-current assets (note 19)	13,491	0	13,491	0	0	0	0	-13,491	-13,491
Revaluation Gain	-1,911	0	-1,911	0	0	0	0	1,911	1,911
Capital grants and contributions	-304	0	-304	0	0	0	0	304	304
Council tax collection fund adjustment	-1,437	0	-1,437	1,437	0	0	0	0	1,437
Gain(-)/loss on disposal of non-current assets	-101	773	672	0	-176	0	0	-496	-672
Holiday pay accrual 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
<b>Insert amounts excluded in I&amp;E</b>									
Minimum revenue provision	-3,612	0	-3,612	0	0	0	0	3,612	3,612
Revenue contribution to finance capital	-7,770	0	-7,770	0	0	0	0	7,770	7,770
IAS 19 employers contributions payable	-58,228	0	-58,228	0	0	58,228	0	0	58,228
<b>Other adjustments include:</b>									
Reserves used to finance capital	-2,635	0	-2,635	0	0	0	0	2,635	2,635
Increase/decrease(-) in 2021/2022	2,413	773	3,186	1,437	16,800	52,652	-686	2,130	72,333
<b>Balance as at 31 March 2022</b>	<b>53,868</b>	<b>6,375</b>	<b>60,243</b>	<b>202</b>	<b>87,202</b>	<b>-4,325,469</b>	<b>-10,396</b>	<b>35,526</b>	<b>-4,212,935</b>

<b>PCC Movement in Reserves Statement 2022/2023</b>	<b>Revenue General Fund £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Collect Fund Adjustment Account £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Pensions Reserve Account £'000</b>	<b>Short Term Absences Account £'000</b>	<b>Capital Adjustment Account £'000</b>	<b>Total Unusable Reserves £'000</b>
<b>Balance as at 31 March 2022</b>	<b>53,868</b>	<b>6,375</b>	<b>60,243</b>	<b>202</b>	<b>87,202</b>	<b>-4,325,469</b>	<b>-10,396</b>	<b>35,526</b>	<b>-4,212,935</b>
Total comprehensive income and expenditure	-193,675	0	-193,675	0	5,128	1,879,534	0	0	1,884,662
<b>Adjustments between accounting &amp; funding basis under regulations</b>									
<b>Reversal of items included to I&amp;E</b>									
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
<b>Insert amounts excluded in I&amp;E</b>									
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
<b>Other adjustments include:</b>									
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
<b>Increase/decrease(-) in 2022/2023</b>	<b>1,418</b>	<b>2,171</b>	<b>3,589</b>	<b>1,276</b>	<b>3,991</b>	<b>1,680,602</b>	<b>-1,417</b>	<b>2,946</b>	<b>1,687,398</b>
<b>Balance as at 31 March 2023</b>	<b>55,286</b>	<b>8,546</b>	<b>63,832</b>	<b>1,478</b>	<b>91,193</b>	<b>-2,644,867</b>	<b>-11,813</b>	<b>38,472</b>	<b>-2,525,537</b>



## 8

## Income and Expenditure Analysed by Nature

2021/2022			Income and Expenditure analysed by nature	2022/2023		
OCC £'000	PCC £'000	Group £'000		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
<b>0</b>	<b>647,280</b>	<b>647,280</b>	<b>Total expenditure</b>	<b>0</b>	<b>665,559</b>	<b>665,559</b>
-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
<b>0</b>	<b>-445,098</b>	<b>-445,098</b>	<b>Total income</b>	<b>0</b>	<b>-471,884</b>	<b>-471,884</b>
<b>0</b>	<b>202,182</b>	<b>202,182</b>	<b>Surplus/deficit on provision of services</b>	<b>0</b>	<b>193,675</b>	<b>193,675</b>

## 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
	<b>257,868</b>	<b>7,685</b>	<b>265,553</b>	<b>52,914</b>	<b>318,468</b>

Disclosure of Remuneration for Senior Employees 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
		<b>256,462</b>	<b>11,466</b>	<b>267,927</b>	<b>66,502</b>	<b>334,429</b>

## Disclosure of Remuneration for Senior Employees 2021/2022

Post Holder Information (post title)	Note	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2021/2022	Pension Contributions	Total Remuneration Including Pension Contributions 2021/2022
		£	£	£	£	£
<b>PCC Employees</b>						
Chief Finance Officer to the PCC	3	70,243	0	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
<b>OCC Employees</b>						
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
		<b>943,368</b>	<b>21,576</b>	<b>964,944</b>	<b>161,636</b>	<b>1,126,580</b>

## Notes to Remuneration for 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
		£	£	£	£	£
<b>PCC Employees</b>						
Chief Finance Officer to the PCC		95,411	0	<b>95,411</b>	15,552	<b>110,963</b>
Chief of Staff and Monitoring Officer to the PCC		102,100	0	<b>102,100</b>	16,642	<b>118,742</b>
<b>OCC Employees</b>						
Deputy Chief Constable - N Watson		151,413	0	<b>151,413</b>	0	<b>151,413</b>
ACC - Strategic Improvement		119,294	0	<b>119,294</b>	34,656	<b>153,950</b>
ACC - Neighbourhoods, Partnerships & Response		127,830	0	<b>127,830</b>	37,302	<b>165,132</b>
ACC - CID & Operational Support	<b>1</b>	10,268	0	<b>10,268</b>	2,975	<b>13,244</b>
Chief Officer - Finance, Resources and Innovation		120,330	12,677	<b>133,007</b>	19,614	<b>152,620</b>
Chief Officer - People and Organisational Development	<b>2</b>	101,945	8,200	<b>110,145</b>	16,617	<b>126,762</b>
Chief Officer - People and Organisational Development	<b>3</b>	17,456	0	<b>17,456</b>	2,660	<b>20,115</b>
Force Medical Officer - D Bulpitt		161,854	0	<b>161,854</b>	26,382	<b>188,236</b>
		<b>1,007,900</b>	<b>20,877</b>	<b>1,028,777</b>	<b>172,401</b>	<b>1,201,178</b>

### 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
<b>609</b>	<b>4</b>	<b>613</b>		<b>844</b>	<b>5</b>	<b>849</b>

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

For further details on gender pay please see our gender pay gap report, which has been published 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
<b>14</b>	<b>281</b>		<b>24</b>	<b>335</b>

## 11 External Audit Costs

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

2021/2022 £'000	External Audit Costs	2022/2023 £'000
	<b>Police and Crime Commissioner:</b>	
49	Fees for external audit services paid to Grant Thornton	32
	<b>Chief Constable:</b>	
20	Fees for external audit services paid to Grant Thornton	26
<b>69</b>		<b>58</b>

As part of the Government's response to the Redmond Review, the Department for Levelling Up, Housing, and Communities (DLUHC) provided a grant of £21,886 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.

2021/2022 £'000	Council Tax	2022/2023 £'000
10,142	Mendip District Council	10,616
10,192	Sedgemoor District Council	10,788
13,761	Somerset West and Taunton Council	14,571
14,957	South Somerset District Council	15,627
16,300	Bath and North East Somerset Council	17,102
30,122	Bristol City Council	32,305
23,730	South Gloucestershire Council	25,005
18,967	North Somerset Council	20,155
<b>138,171</b>		<b>146,169</b>

## 13 Transactions with Related Organisations and People

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



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

The PCC and the OCC were asked to disclose details of any transactions between themselves or members of their immediate family with the PCC which either total over £1,000 or which might require separate explanation. No transactions were disclosed in 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

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
<b>19,648</b>	<b>Total</b>	<b>20,630</b>

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

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

2021/2022 £'000	Leased Land and Buildings	2022/2023 £'000
	The future minimum lease payments due under non-cancellable leases in future years are:	
1,012	Not later than one year	971
3,455	Later than one year and not later than five years	3,579
3,790	Later than five years	2,882
<u>8,257</u>		<u>7,432</u>

## 16 Pensions Costs and Liabilities – OCC

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

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

	Police Staff		Police Officers	
	2021/2022 £'000	2022/2023 £'000	2021/2022 £'000	2022/2023 £'000
<b>Comprehensive income and expenditure statement</b>				
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
<b>Total post employment benefits charged to the comprehensive income and expenditure statement</b>	<b>60,748</b>	<b>57,574</b>	<b>205,552</b>	<b>202,896</b>
<b>Other post employment benefits charged to the comprehensive income and expenditure statement</b>				
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
<b>Total other comprehensive income</b>	<b>87,590</b>	<b>399,815</b>	<b>173,134</b>	<b>1,479,719</b>
<b>Movement in reserves statement</b>				
Reversal of net charges made for retirement benefits in accordance with the code	-60,748	-57,574	-205,552	-202,896
<b>Actual amount charged against the general fund</b>				
<b>balance for pensions in the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>52,775</b>	<b>Balance met from PCC Group</b>	<b>52,909</b>

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

Life Expectancy from Age 65 Years		2022/2023	2021/2022
<b>Current pensioners</b>			
	Males	21.2	21.1
	Females	23.5	23.4
<b>Retiring in 20 years</b>			
	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
	<b>Movements in the year</b>	
-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
<b>-3,931,493</b>	<b>Present value of schemes liability as at 31 March</b>	<b>-2,611,528</b>

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

## 18 Pensions for Police Staff – OCC

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

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

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 January 2021. 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
<b>Current pensioners</b>			
	Males	21.4	23.1
	Females	23.2	24.7
<b>Retiring in 20 years</b>			
	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 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	%
		<b>Equities</b>		
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
<b>355,028</b>	<b>72.6</b>		<b>363,758</b>	<b>74.6</b>
		<b>Gilts - Public Sector</b>		
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
<b>24,666</b>	<b>5.0</b>		<b>17,437</b>	<b>3.6</b>
		<b>Other Bonds</b>		
33,131	6.8	UK	34,825	7.1
14,178	2.9	Overseas	15,850	3.3
<b>47,309</b>	<b>9.7</b>		<b>50,675</b>	<b>10.4</b>
39,269	8.0	<b>Property</b>	39,130	8.0
22,648	4.7	<b>Cash (invested internally)</b>	16,693	3.4
<b>488,920</b>	<b>100</b>	<b>Total assets</b>	<b>487,693</b>	<b>100</b>

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
<b>-393,976</b>	<b>Deficiency in fund</b>	<b>-33,339</b>

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
<b>-881,115</b>	Present value of defined obligations as at 1 April	<b>-882,896</b>
	<b>Movements in the year</b>	
-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
<b>-882,896</b>	<b>Present value of defined obligations as at 31 March</b>	<b>-521,032</b>

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
<b>442,774</b>	Fair value of scheme assets as at 1 April	<b>488,920</b>
	<b>Movements in the year</b>	
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
<b>488,920</b>	<b>Fair value of scheme assets as at 31 March</b>	<b>487,693</b>

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



## 19 Property, Plant and Equipment

Property, Plant and Equipment 2021/2022	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
As at 1 April 2021	189,161	92,619	507	0	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
<b>Revaluation gain/loss (-)</b>					
Recognised in revaluation reserve	13,077	0	0	0	13,077
Recognised in surplus & deficit I&E	14	0	0	0	14
<b>As at 31 March 2022</b>	<b>202,778</b>	<b>90,154</b>	<b>544</b>	<b>250</b>	<b>293,726</b>
<b>Depreciation and impairment</b>					
As at 1 April 2021	-952	-78,411	0	0	-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
<b>Revaluation gain/loss (-)</b>					
Recognised in revaluation reserve	3,900	0	0	0	3,900
Recognised in surplus & deficit I&E	1,897	0	0	0	1,897
<b>As at 31 March 2022</b>	<b>-1,271</b>	<b>-73,930</b>	<b>0</b>	<b>0</b>	<b>-75,201</b>
<b>Net book value</b>					
<b>As at 31 March 2022</b>	<b>201,507</b>	<b>16,224</b>	<b>544</b>	<b>250</b>	<b>218,525</b>
<b>As at 31 March 2021</b>	<b>188,209</b>	<b>14,208</b>	<b>507</b>	<b>0</b>	<b>202,924</b>

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
<b>Cost or valuation</b>					
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
<b>Revaluation gain/loss (-)</b>					
Recognised in revaluation reserve	365	0	0	27	392
Recognised in surplus & deficit I&E	1,427	0	0	0	1,427
<b>As at 31 March 2023</b>	<b>201,349</b>	<b>97,160</b>	<b>320</b>	<b>2,277</b>	<b>301,106</b>
<b>Depreciation and impairment</b>					
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
<b>Revaluation gain/loss (-)</b>					
Recognised in revaluation reserve	4,737	0	0	0	4,737
Recognised in surplus & deficit I&E	1,339	0	0	-21	1,318
<b>As at 31 March 2023</b>	<b>-1,668</b>	<b>-79,769</b>	<b>0</b>	<b>0</b>	<b>-81,437</b>
<b>Net book value</b>					
<b>As at 31 March 2023</b>	<b>199,681</b>	<b>17,391</b>	<b>320</b>	<b>2,277</b>	<b>219,669</b>
<b>As at 31 March 2022</b>	<b>201,507</b>	<b>16,224</b>	<b>544</b>	<b>250</b>	<b>218,525</b>

## 20 Investment Properties

2021/2022 Investment Property £'000	2022/2023 Investment Property £'000
0 Balance at start of the year	0
<b>Additions:</b>	
0 Purchases	0
0 Construction	0
0 Subsequent expenditure	0
<b>Disposals</b>	0
0 Net gains from fair value adjustments	791
<b>Transfers:</b>	
0 to/from inventories	0
0 from property plant and equipment	1,985
<b>0 As at 31 March</b>	<b>2,776</b>

Nature of assets held as at 31 March 2022	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Owned	120,542	16,224	544	250	137,560
PFI (Note 21)	80,965	0	0	0	80,965
	<b>201,507</b>	<b>16,224</b>	<b>544</b>	<b>250</b>	<b>218,525</b>

Nature of assets held as at 31 March 2023	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Owned	119,764	17,391	320	2,277	139,752
PFI (Note 21)	79,917	0	0	0	79,917
	<b>199,681</b>	<b>17,391</b>	<b>320</b>	<b>2,277</b>	<b>219,669</b>

## 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

2021/2022			PFI Assets	2022/2023		
PFI Buildings £'000	PFI IT Equipment £'000	Total £'000		PFI Buildings £'000	PFI IT Equipment £'000	Total £'000
			<b>Cost or valuation</b>			
76,507	5,384	<b>81,891</b>	As at 1 April	80,991	5,385	<b>86,376</b>
0	0	<b>0</b>	Additions during year	46	0	<b>46</b>
			<b>Revaluation gain/loss (-)</b>			
4,256	0	<b>4,256</b>	Recognised in revaluation reserve	-1,106	0	<b>-1,106</b>
228	0	<b>228</b>	Recognised in surplus & deficit I&E	-3	0	<b>-3</b>
<b>80,991</b>	<b>5,384</b>	<b>86,375</b>	<b>As at 31 March</b>	<b>79,928</b>	<b>5,385</b>	<b>85,313</b>
			<b>Depreciation and impairment</b>			
-5	-5,384	<b>-5,389</b>	As at 1 April	-26	-5,385	<b>-5,411</b>
-2,587	0	<b>-2,587</b>	Depreciation charge	-2,814	0	<b>-2,814</b>
			<b>Revaluation gain/loss (-)</b>			
2,380	0	<b>2,380</b>	Recognised in revaluation reserve	2,663	0	<b>2,663</b>
186	0	<b>186</b>	Recognised in surplus & deficit I&E	166	0	<b>166</b>
<b>-26</b>	<b>-5,384</b>	<b>-5,410</b>	<b>As at 31 March</b>	<b>-11</b>	<b>-5,385</b>	<b>-5,396</b>
			<b>Net book value</b>			
<b>80,965</b>	<b>0</b>	<b>80,965</b>	<b>As at 31 March</b>	<b>79,917</b>	<b>0</b>	<b>79,917</b>

2021/2022 £'000	PFI Liabilities	2022/2023 £'000
53,336	Finance Liability as at 1 April	51,570
-1,766	Liability Paid in Year	-1,877
<b>51,570</b>	<b>Finance Liability at 31 March</b>	<b>49,693</b>

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

<b>PFI Charges</b>	<b>Service Charge</b>	<b>Lifecycle Replacement Costs</b>	<b>Interest Charge</b>	<b>Liability</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rental paid 2022/2023	2,147	493	4,166	1,877
<b>Rentals payable in future years</b>				
Within 1 year	2,424	1,596	3,824	1,281
Within 2-5 years	10,306	3,675	14,956	8,600
Within 6-10 years	14,376	7,144	14,205	13,645
Within 11-15 years	16,328	6,816	8,490	20,826
Within 16-20 years	3,482	1,261	813	5,341
<b>Total</b>	<b>46,916</b>	<b>20,492</b>	<b>42,288</b>	<b>49,693</b>

## 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.

<b>PCC</b>	<b>Total 2022</b>	<b>Debtors and Payments in Advance</b>	<b>PCC</b>	<b>Total 2023</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
36,292	36,292	Trade debtors	44,231	44,231
3,546	3,546	Prepayments	14,248	14,248
17	17	Other	36	36
<b>39,855</b>	<b>39,855</b>	<b>Balance as at 31 March</b>	<b>58,515</b>	<b>58,515</b>

## 23 Cash and Cash Equivalents

<b>2022</b>	<b>Cash and Cash Equivalents</b>	<b>2023</b>
<b>£'000</b>		<b>£'000</b>
109	Cash in hand	106
-2,185	Bank Overdraft	-4,391
37,635	Short term deposits	32,785
<b>35,559</b>	<b>Balance as at 31 March</b>	<b>28,500</b>

## 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.

2022 £'000	Loans to be Repaid	2023 £'000
3,647	Within one year	1,147
1,147	Between one and two years	3,922
6,859	Between two and five years	6,547
3,949	Between five and 10 years	3,549
28,707	More than 10 years	27,997
<b>44,309</b>	<b>Total</b>	<b>43,162</b>
	Less:	
-3,647	Transferred to short term borrowings (repayable in 2023/2024)	-1,147
<b>40,662</b>		<b>42,015</b>

## 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.

OCC £'000	PCC £'000	Total 2022 £'000	Creditors and Receipts in Advance	OCC £'000	PCC £'000	Total 2023 £'000
0	12,975	12,975	Trade creditors	0	15,707	15,707
0	213	213	Receipts in advance	0	369	369
11,280	13,626	24,906	Accruals	12,975	14,320	27,295
0	1,497	1,497	Other	0	2,116	2,116
<b>11,280</b>	<b>28,311</b>	<b>39,591</b>	<b>Balance as at 31 March</b>	<b>12,975</b>	<b>32,512</b>	<b>45,487</b>

## 26 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
Insurance	7,311	0	-963	1,711	8,059
Legal services	374	-221	-89	261	325
Ill-health & termination benefits - OCC	1,259	0	-1,259	126	126
Overtime liability - OCC	3,195	0	0	804	3,999
	<b>12,139</b>	<b>-221</b>	<b>-2,311</b>	<b>2,902</b>	<b>12,509</b>

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

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

Revenue Reserves 2022/2023	Balance 1 April 2022 £'000	Reserves Used in Year £'000	Transfers to Reserves in £'000	Balance 31 March 2023 £'000
Carry forwards Reserve	770	-2,088	1,478	160
Operations Reserve	1,500	0	0	1,500
Overtime liability Reserve	1,000	0	0	1,000
Buildings and sustainability Reserve	290	0	0	290
Transformation Reserve	195	-195	0	0
General Revenue Smoothing Reserve	0	0	2,806	2,806
New PCC Reserve	1,000	-70	0	930
<b>Total discretionary reserves</b>	<b>4,755</b>	<b>-2,353</b>	<b>4,284</b>	<b>6,686</b>
SW ROCU Reserve	262	-2,493	2,363	132
Proceeds of crime Reserve	1,086	-268	0	818
Police Property Act Reserve	370	-195	100	275
Grants carried forward Reserve	834	-814	1,962	1,982
Hinkley Point Reserve	531	0	359	890
Road safety Reserve	991	0	332	1,323
LRF reserve Reserve	353	-377	360	336
Victim support services Reserve	3,127	-517	152	2,762
Miscellaneous Reserves	141	-99	68	110
Regional programme Reserves	290	-822	753	221
Pension Fund McCloud Reserve	88	0	0	88
<b>Total non-discretionary reserves</b>	<b>8,073</b>	<b>-5,585</b>	<b>6,449</b>	<b>8,937</b>
Capital financing Reserve	22,961	-3,565	1,606	21,002
Earmarked capital Reserve	236	-285	180	131
PFI change Reserve	457	0	0	457
Sinking fund Reserve	4,969	-39	169	5,099
ESMCP Reserve	0	-61	826	765
<b>Total capital and PFI reserves</b>	<b>28,623</b>	<b>-3,950</b>	<b>2,781</b>	<b>27,454</b>
Council tax income guarantee Reserve	417	-208	0	209
<b>Total earmarked reserves</b>	<b>41,868</b>	<b>-12,096</b>	<b>13,514</b>	<b>43,286</b>
General Fund	12,000	0	0	12,000
<b>Total General Fund Balance</b>	<b>53,868</b>	<b>-12,096</b>	<b>13,514</b>	<b>55,286</b>

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

2021/2022 £'000	Capital Expenditure and Financing	2022/2023 £'000
<b>100,633</b>	Opening capital financing requirement	<b>97,072</b>
	<b>Capital investment</b>	
10,298	Property, plant and equipment	9,163
	<b>Sources of finance</b>	
0	Capital receipts	-216
-304	Government grants and contributions	-84
-7,769	Revenue contributions	-5,057
-2,636	Earmarked reserves	-3,529
-3,612	Minimum revenue provision	-3,724
462	Capital creditors	-114
-13,859		-12,724
<b>97,072</b>	<b>Closing capital finance requirements</b>	<b>93,511</b>
	<b>Explanation of movements in year</b>	
-3,561	Increase/decrease(-) in underlying need to borrow	-3,561
<b>-3,561</b>	<b>Increase/decrease(-) in capital financing requirement</b>	<b>-3,561</b>

## 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

Financial liabilities 2022/2023	Current			Non-current	Total 31st March
	Bank overdraft £'000	Borrowings £'000	Creditors £'000	Borrowings £'000	£'000
Fair value through profit or loss	0	0	0	0	0
Amortised cost	4,391	1,147	25,258	42,016	72,812
Amortised cost -PFI liabilities	0	1,281	0	48,412	49,693
<b>Total financial liabilities</b>	<b>4,391</b>	<b>2,428</b>	<b>25,258</b>	<b>90,428</b>	<b>122,505</b>
Other liabilities not defined as financial instruments:					
Tax	0	0	7,128	0	7,128
OCC payroll accruals	0	0	13,101	0	13,101
<b>Total</b>	<b>4,391</b>	<b>2,428</b>	<b>45,487</b>	<b>90,428</b>	<b>142,734</b>

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

Financial assets 2022/2023	Current			Total 31st March 2023 £'000
	Cash and cash equivalents £'000	Investments £'000	Debtors £'000	
Fair value through profit or loss	11,785	0	0	11,785
Amortised cost	21,106	22,000	42,270	85,376
<b>Total financial assets</b>	<b>32,891</b>	<b>22,000</b>	<b>42,270</b>	<b>97,161</b>
Other assets not defined as financial instruments:				
VAT	0	0	1,998	1,998
Payments in advance	0	0	14,248	14,248
<b>Total</b>	<b>32,891</b>	<b>22,000</b>	<b>58,515</b>	<b>113,406</b>

Financial assets 2021/2022	Current			Total 31st March 2022 £'000
	Cash and cash equivalents £'000	Investment s £'000	Debtors £'000	
Fair value through profit or loss	12,635	0	0	12,635
Amortised cost	25,109	23,000	32,461	80,570
<b>Total financial assets</b>	<b>37,744</b>	<b>23,000</b>	<b>32,461</b>	<b>93,205</b>
Other assets not defined as financial instruments:				
VAT	0	0	3,848	3,848
Payments in advance	0	0	3,546	3,546
<b>Total</b>	<b>37,744</b>	<b>23,000</b>	<b>39,855</b>	<b>100,599</b>

## 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.

	31 March 2023		31 March 2022	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
<b>Financial liabilities held at amortised cost</b>				
Borrowings - PWLB loans	31,286	28,367	32,396	38,759
Borrowings - LOBO loans	5,275	5,777	5,275	8,490
Borrowings - other	6,601	6,371	6,638	8,734
Bank Overdraft	4,391	4,391	2,185	2,185
Creditors	25,258	25,258	23,124	23,124
PFI liabilities	49,693	62,630	51,570	77,188
<b>Total</b>	<b>122,504</b>	<b>132,794</b>	<b>121,188</b>	<b>158,480</b>

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

The fair value of the PFI Liability has been assessed using level 2 of the fair value hierarchy, using AA-rated Corporate bond yields as at the balance sheet date to discount the future liability costs. Short term creditors are carried at cost and this is a fair approximation of their value.

Lender Option Borrower Option (LOBO)						
2022 £'000	Drawdown Date	2023 £'000	Period	Next Option Date	End Date	Interest Rate %
2,500	30/01/2008	2,500	70 yrs	30/01/2028	31/01/2078	3.99
2,775	12/02/2008	2,775	70 yrs	12/02/2025	14/02/2078	4.10
<b>5,275</b>	<b>Total</b>	<b>5,275</b>				

### 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.



	31 March 2023		31 March 2022	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
<b>Financial assets held at amortised cost</b>				
Cash and cash equivalents	18,106	21,218	25,109	25,109
Investments - Short term	22,000	19,074	23,000	22,900
Debtors	42,270	42,270	32,461	32,461
<b>Total</b>	<b>82,376</b>	<b>82,562</b>	<b>80,570</b>	<b>80,470</b>
<b>Financial assets held at Fair Value</b>				
Cash and cash equivalents	14,785	14,541	12,635	12,970
<b>Total</b>	<b>14,785</b>	<b>14,541</b>	<b>12,635</b>	<b>12,970</b>

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

	Financial Liabilities		Financial Assets	
	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000
Interest payable and similar charges (excluding PFI)	1,631	1,547	0	0
Interest and investment income	0	0	154	1,516

### 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

Credit Rating	31 March 2022 £'000	Default %		Credit Rating	31 March 2023 £'000	Default %
AAA	9,635	0.11	Deposits with Money Market Funds	AAA	11,785	0.11
AA-	23,000	0.08	Deposits with local authorities	AA-	31,000	0.08
AA-	7,000	0.05	Deposits with UK banks	A	0	0.05
A	7,000	0.05	Deposits with UK banks	A+	5,000	0.05
AA-	4,000	0.03	Deposits with Overseas banks	AA-	4,000	0.03
-	7,000	0.05	Deposits with Overseas banks	A+	0	0.05
N/A	3,000	N/A	CCLA property fund	N/A	3,000	N/A
	<b>60,635</b>	<b>Total</b>			<b>54,785</b>	

Debtors, classified at amortised cost, are due within one year with no interest being payable. As such the fair value of these receivables is the same as the original invoice amount. They include £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

31 March 2022 £'000	Unimpaired Debtors	31 March 2023 £'000
1,943	Less than three months	1,467
3	Over three months	51
<b>1,946</b>		<b>1,518</b>

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

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

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

## Glossary of Terms

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

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

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





Further information can be obtained online at:-

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

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

Or in writing to:-

**The Chief Finance Officer**

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PO Box 37, Valley Road

Portishead, Bristol BS20 8QJ

Telephone: **01278 646188**



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