

# **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 Constabulary to  
8 May 2024

Clare Moody                      Police & Crime Commissioner for Avon & Somerset Constabulary  
from 9 May 2024  
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  
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### **The statutory Officers of the Office of the Chief Constable (OCC) are**

Sarah Crew                      Chief Constable  
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## Statement of Accounts for year ending 31 March 2024

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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 2023/24. The income and expenditure, assets, liabilities and reserves which are recognised in the accounts of the Police and Crime Commissioner (PCC) reflect the current legislative framework as well as the local arrangements operating in practice. The key elements of the legislative framework and local arrangements include

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

These financial statements include the following

- ✚ **A statement of responsibilities** - This sets out the responsibilities of the PCC and the CFO in respect of the Statement of Accounts
- ✚ **An annual governance statement** - This statement reviews the effectiveness of the PCC's strategic oversight and internal control processes.
- ✚ **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 2024** - 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 2023 the PCC approved a 2023/2024 net revenue budget of £369.5m, an increase of £15.8m (4.5%) on the previous year. This budget was funded through a combination of Government grants (£212.3m/57.5%) and local council tax (£157.2m/42.5%). In total £364.9m was provided to the Chief Constable in order to support the provision of policing services to the communities of Avon & Somerset, an increase of £16.6m (4.8%).

In order to manage ongoing inflationary and other cost pressures the Constabulary needed to identify and deliver additional savings of £3.7m, which when combined with the increase in funding enabled us to deliver a balanced budget. This took cumulative savings since 2010/2011 to £96.7m.

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 2023/24. The underlying performance showed a £2.8 million/0.8% underspend against Constabulary managed budgets, prior to adjustments to provisions and transfers to earmarked reserves.

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 £4.9m/2.8% against budget reflecting the 7% pay award which had a greater cost than the 3.0% 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/50.9% against budget was driven in large part by the impact and requirements of resourcing the increase in officer numbers through uplift, supporting students and their abstractions for training. Overtime is also necessary to support local and national events, for which there is frequently offsetting income. During the year events included the king's coronation, as well as more usual occurrences such as football matches. Underlying pressures that drive overtime are an ongoing area of focus.
- ✚ **Staff pay and allowances** – As with officer pay, the 7% pay award again drove an overspend on this budget - £1.6m, or 1.6%. The 3% provided for in the pay budget was exceeded by approximately £2.6m. The ongoing vacancy position therefore provided an offset to this of around £1m.
- ✚ **Staff overtime** – Cover for vacancies in areas that have been challenged by recruitment and retention largely generated the £1.2m/94.8% overspend against the overtime budget.
- ✚ **Pensions** – An underspend of £0.6m/3% 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 £0.5m/3% reflects underspends on energy, rents and rates.
- ✚ **Transport** – we overspent by £0.5m/9.4% 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 £0.5m/1.2%, reflecting a number of over and underspends: We saw an underspend on computing costs due to lower cloud consumption costs, an underspend against the funding to reduce the backlog in digital forensic submissions reflecting the status of this outsourced work, and overspends in relation to legal services costs where we had to outsource our data protection officer role for a large period of the year while we recruited into this role, as well as overspend on the roll out of new jackets to operational officers and staff, increased kennelling costs associated with the seizure of dangerous dogs and increased fees for training, including additional Degree Holder Entry Programme fees.
- ✚ **Partnerships** – we have underspent by £0.9m/4.5%, which is largely reflective of vacancies within the South West Regional Organised Crime Unit, our Major Crime Investigation Team, and our shared specialist training function, offset by overspends on Scientific Investigations.
- ✚ **Income** – we received £15.0m/45.5% more in income than was budgeted for. This includes additional specific purpose grant funding in support of the officer and staff pay awards (£7.5m), grant funding for temporary over-achievement of officer uplift (£1.8m), grant funding in support of IT cost pressures (£0.5m), additional income for policing at Hinkley Point, and income relating to the use of our custody facilities by the Ministry of Justice as part of their Operation Safeguard (£0.6m). We also over-achieved our income budget for operational mutual aid and special services income (£1.2m) offsetting overtime pressures as above, the over-achieved against our investment income by £1.9m reflecting the strong returns seen throughout the year.

A full account of the financial performance for 2023/2024 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 2024, covers the five-year period from 2024/2025 through until 2028/2029. The below provides the headlines from this forecast, however, we recognise the current economic climate will continue to present challenges and we will continue to proactively monitor and adjust our forecasts as necessary.

### 4.1 Revenue Budget

Our current revenue forecasts show our costs continue to increase 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.

	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
	£'000	£'000	£'000	£'000	£'000
Budget requirement	397,481	415,176	427,520	439,886	451,063
Less total funding	-391,103	-397,843	-405,405	-413,164	-421,131
<b>Surplus(-)/deficit before savings</b>	<b>6,378</b>	<b>17,333</b>	<b>22,115</b>	<b>26,722</b>	<b>29,932</b>
Savings	-6,378	-17,333	-17,794	-17,875	-17,927
Planned use of reserves	0	0	0	0	0
<b>Surplus(-)/deficit after savings</b>	<b>0</b>	<b>0</b>	<b>4,321</b>	<b>8,847</b>	<b>12,005</b>

The key assumptions that underpin this forecast position are

- ✚ Our funding is forecast to grow by £51.9m/14% p.a. by 2028/2029, driven by increases to both core grant funding (+£20.3m/9.5% by 2028/2029) and increases to council tax funding (+£31.6m/20.1% by 2028/2029).
- ✚ Our budget requirement is forecast to increase by £60m/16% p.a. by 2028/2029, driven by many factors, including:
  - inflationary adjustments to officer and staff pay incorporating the full year of the 7% pay award, and then +3% in 2024/25, +2.5% in 2025/26 and +2.0% in each year thereafter, increasing costs by £53.3m p.a. by 2028/2029.
  - 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 £7.1m p.a. by 2028/2029.
  - inflationary increases to general and specific (e.g. fuel, utilities, etc) non-pay costs are assumed to add £9.0m p.a. by 2028/2029.
  - growth and commitments across the Constabulary of £8.8m p.a. by 2028/2029, including support for further permanent growth in police officer numbers, as well as targeted growth in police staff posts in areas such as victim services and vetting, and growth in non-pay costs reflecting investment into our estate and the costs of our IT provision to enable ongoing transformation.
  - increases to our share in the cost of partnerships, reflecting the pay and other inflationary assumptions within these collaborations, as well as the investment into the South West Regional Organised Crime Unit in line with their allocation officer uplift, and investment into our South West Forensic function to support service improvements and the costs of achieving new accreditation standards – an increase of £6.8m p.a. by 2028/2029.
  - increases to the ring-fenced uplift grant funding by £11.8m effective from 2024/2025, reducing to £9.3m p.a. by 2028/2029, which reflects the continued funding in support of maintaining and over-recruiting our officer numbers against target, as well as the increase funding in support of the additional police officer pensions costs which increased in April 2024.
  - increases to income budgets, reflecting inflationary increases and forecast increases in return on investments – an increase of £2.5m in 2024/2025, reducing to an increase of £0.7m p.a. by 2028/2029.
  - adjustments to budgets recognising a reduction of £2.5m p.a. from 2024/2025, reflecting the changes against our previous plans – including elements of inflationary provision set aside in 2023/2024 which when compared to the actual cost incurred could be released from budget on a recurring basis.
  - realisation of new planned and targeted revenue savings of £8.2m p.a. from 2024/2025, rising to £17.9m by 2028/2029.
- ✚ The budget and Medium Term Financial Plan are live documents and are actively monitored and adjusted as appropriate to maintain a sound and balanced financial position.

## 4.2 Policing Precept

In December 2023, the policing minister confirmed that PCCs would have the flexibility to raise the policing precept by up to £13 p.a. for an average band D property in setting the 2024/2025 budget. This represented an increase on the original expectation for the final year of the government's 3 year spending plan, which would have seen an increase of £10. This additional flexibility reflected the continued significant inflationary pressures faced by forces, alongside the Government's expectation that forces would maintain police officer uplift numbers. In accordance with this announcement and after public consultation, the PCC chose to recommend an increase of the maximum amount,

equivalent to 4.9%. Following review, the Police and Crime Panel endorsed this proposal, enabling the PCC to confirm approval of this increase and the underlying budget.

### **4.3 Capital and Projects**

The MTFP includes a capital and projects programme of £114m over the next five years, with identified funding at the time this programme was presented of £105.2m, resulting in a funding deficit of £8.8m.

This 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 prior to any approval to progress.

ICT forecast spend includes £17.5m of forecast costs of replacing existing personal issue equipment (e.g. laptops, mobile phones and body worn video cameras) and infrastructure (e.g. video conferencing and digital interview recording equipment). Our plans also include £26.1m for ICT projects, including the provision of a new Enterprise Resource Planning (ERP) system, a new Digital Evidence Management System, the roll out of new digital communications devices to replace our legacy airwave radio systems, and several smaller projects.

Forecast spend on estates of £40.0m includes some ongoing capital replacement and repairs work, as well as a number of projects including plans in Yeovil, Chard, Minehead, Frome, Bath, South Bristol (Broadbury Road) and Central Bristol (Trinity Road) as well as force wide projects to introduce electric vehicle charging capabilities across our estate, and a project to upgrade our achieving best evidence (ABE) interview suites.

Our programme includes £19.0m to support the ongoing replacement of our vehicle fleet, while enabling further gradual transition to electric powered vehicles.

We will continue to review options for how we can close the capital funding deficit in the latter years of the MTFP, including making contributions to our capital reserves when this is appropriate – particularly where we might have a revenue underspend for the year. We are working with other forces for recognition and funding in support of the costs we forecast we will incur in transitioning to a fleet of electric vehicles.

### **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 and 2024/25 funding settlements and precept flexibility. We recognise that the proportion of our funding that comes from the council tax precept has increased and are mindful of the cumulative impact that this trend has on our population.

Forecasting beyond 2024/25 is a challenge and will only be confirmed after the new government has had time to review its spending strategy and priorities and their impact on policing. Our forecasts therefore reflect our prudent assessment as best we can make it at this stage.

Our MTFP reflects our response to the challenges of balancing the 2023/24 and 2025/26 budgets and the work that is in progress to address the remaining funding gap from 2026/27. This will require more to be delivered from our savings work on current assumptions.

The challenge of balancing our budgets does not undermine our ambitions for continuous improvement and to deliver outstanding policing for the communities of Avon and Somerset. Avon and Somerset are an innovative and ambitious police force, which 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 more than a decade demonstrates our ability to effectively balance budgets alongside achieving capacity to support targeted investments that further our ambitions.

## 5 Commissioning

Over £9.3 million has been spent by the PCC in 2023-24, with additional contributions from partners, 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 and publication of an updated Commissioning Strategy, which can be found on the PCC website. 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 23/24

- ✚ **Victim Services** - In 2023/24 the PCC received a total of £4m Ministry of Justice funding for victims services. Services commissioned include advocacy, support related to abuse and exploitation, restorative justice and sexual assault support services.
- ✚ **Serious Violence** – The OPCC received £1.7m from the Home Office to support the work of the Violence Reduction Unit and Serious Violence Duty in 23/24. The Avon and Somerset model is devolved seeing the OPCC work in collaboration with the five Community Safety Partnership areas with these local Violence Reduction Partnerships as overseen through a Strategic Governance Group chaired by the DPCC. During 2023/24 the OPCC led a strategic review of the model resulting in significant change to the governance structures and creation of a stand alone team – including the appointment of a VRP Director – to drive forward this area of business
- ✚ **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 Police and Crime grant to Community Safety Partnerships. The two Community Foundations across Avon and Somerset continued to run the Commissioner's Crime Prevention Fund, awarding grants of up to £5,000 to charities and community groups to support prevention activity in line with the Police and Crime Plan priorities. During 23/24 the OPCC was successful in bidding for Home Office Domestic Abuse Perpetrator funding – Home Office funding of £355,866.32 plus match funding from three local authorities funded the DRIVE Project. The OPCC was also successful in bidding for Ministry of Justice funding of £141,157 in 23/24 to fund local integration of women's services.
- ✚ **Safer Streets Funding** – the OPCC was successful in bidding for £465,000 of Safer Streets funding from the Home Office in 23/24.

## 6 Procurement

Our strategic procurement service is provided by the South West Police Procurement Service (SWPPS). 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 2023/2024 we have identified and delivered £1.5m 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 £3.2bn, shown on the balance sheet. This is reduced when the pension scheme assets of £0.6bn are considered. The net liability of £2.6bn is offset by an intragroup debtor with the PCC. More details are disclosed in notes 16-18. 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.

Looking ahead we recognise the ongoing challenges created as we manage the immediate and ongoing demand pressures at the same time as developing and maturing a sustainable and effective operating model. This will need to be delivered in an environment of ongoing economic and financial challenge and of increasing public scrutiny and challenge.

The PCC is committed to delivering a safe and secure region in Avon and Somerset, protecting the most vulnerable and ensuring the policing service is efficient, effective, and reflects the wishes and needs of its communities. In a region as diverse as Avon and Somerset the task of representing all the residents is a considerable challenge, especially at a time of changing demand and continued pressure on all public sector funding. The PCC is committed to listening to the widest possible spectrum of our residents and local businesses and to ensuring their voices are heard when setting policing and funding plans and when strategic changes to the service are considered.

**Paul Butler**

Chief Finance Officer to the PCC

# Police & Crime Commissioner for Avon & Somerset

## Statement of Responsibilities

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

### 1 Police and Crime Commissioner's Responsibilities

The Police and Crime Commissioner is required to

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

### 2 The Chief Finance Officer's Responsibilities

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

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

- ✚ chosen suitable accounting policies and then applied them consistently
- ✚ made reasonable and prudent judgements and estimates  
complied with the CIPFA Code
- ✚ kept proper accounting records which were up to date
- ✚ taken reasonable steps for the prevention and detection of fraud, including preparing an audit and risk-management strategy
- ✚ 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 2024 and its income and expenditure for the year ended 31 March 2024.

**Clare Moody**  
Police and Crime Commissioner

**Paul Butler**  
Chief Finance Officer to PCC

# 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.

This last year has continued to be challenging for policing with ongoing negative media attention and decreasing public confidence. This is possibly most evident with the publication of the [Angiolini Inquiry Part 1 Report](#) on 29 February 2024. This is an extremely important report which looks into how the police failed to stop serving officer, Wayne Couzens, before he abducted, raped and murdered Sarah Everard.

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 former Avon and Somerset PCC discharged their duties in holding the Chief Constable to account.

A new PCC took office on 9 May 2024 and while the governance structures described in this statement will continue to operate they will be reviewed by the new PCC and changes may result from this.

### 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.

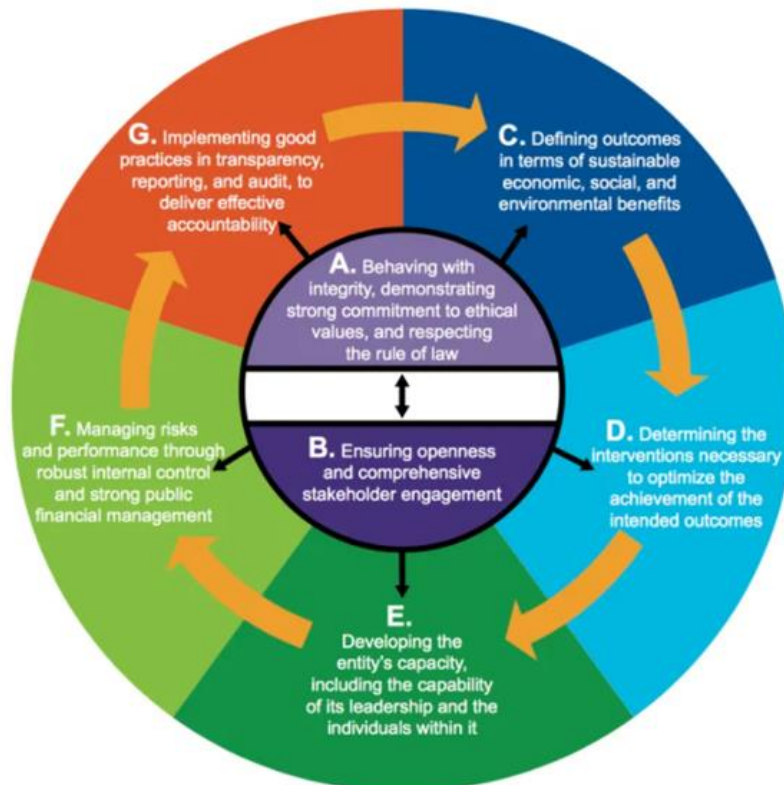
## **2 The Governance Framework**

The governance framework in place throughout the 2023/24 financial year covers the period from 1 April 2023 to 31 March 2024 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 2023/24 the OPCC dealt with 171 complaint reviews of which 18% 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.

In August 2023 the Government announced changes to the way police misconduct hearings are to be run. These changes will take effect from May 2024. The OPCC has helped lead a national group of OPCCs to implement these changes. The OPCC are responsible for recruiting and appointing independent people to sit on these panels. The OPCC successfully recruited 16 new Independent Panel Members and are in the process of arranging training for them and other IPMs across the South West region.

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 2023/24 there were no 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 £13. 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. The survey was open for 12 weeks and had over 6,500 responses; this is the largest consultation the OPCC has ever done. The survey results supported the maximum precept increase(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 2023/24 the panel met three times in September and December 2023 and March 2024. The first meeting of the year would usually take place in June, but this was cancelled as at the start of the year there was not enough capacity within the OPCC to support it.
- ✚ **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 2023/24 the panel met three times in September and December 2023 and March 2024. The first meeting of the year would usually take place in June, but this was cancelled as at the start of the year there was not enough capacity within the OPCC to support it.
- ✚ **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 2023/24 the panel met quarterly as planned in June, September, December 2023 and March 2024.

During this last year the OPCC have supported the development and launch of a new [Independent Scrutiny Board](#). This is a group of community members brought together to oversee how the police and criminal justice agencies are tackling racial disproportionality.

## 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 with the Local Authority leaders and CEOs from across Avon and Somerset.

In addition to this, in the last year the PCC held the second round of Councillor Forums as a follow-up to the previous year. Eight forums were held from September to November 2023. The forums 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 PCC Chairs the Local Criminal Justice Board in order to engage with partners such as CPS, courts and probation. The PCC also supports partnership working through the Avon & Somerset Reducing Reoffending Board and the five Combatting Drugs Partnerships.

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 Partnerships 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 Service.

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.

In order to support PCC oversight of existing and potential collaborations the PCCs have employed a Regional Collaboration Advisor who started in February 2024.

#### **2.2.5 National Representation**

The former PCC was 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 former PCC was 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 shares 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 remained the same in the last year as they are set out in the Avon & Somerset 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.
- ✚ 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**

The OPCC has a strategic plan 2022-25 which sets out five aims to support delivery of the Police and Crime Plan, underpinned by more detailed annual objectives. The five strategic aims for the OPCC are

- 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.

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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)

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. Over the last year a new commissioning plan was developed and a victim needs assessment was commissioned and reported. This led to the agreement to consolidate the victims support into three services: a children's service, an adults' service and an Independent Sexual Violence Advisor (ISVA) Service. The tendering process went live on 15 March 2024. The final appointments will be made in the new PCC term and the services will commence from 1 April 2025.

As mentioned above, the PCC also provides Police and Crime Grants to the five CSPs across Avon and Somerset; the total overall 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); known locally as Violence Reduction Partnerships (VRP). Additional funding has also been provided from the Home Office as part of the Serious Violence Duty.

Avon and Somerset operate a hub and spoke approach to their VRP. Funding is provided to each of the five CSP areas (the spokes) that are the operational delivery of this work. The spokes are supported by a central 'hub' team who are employed within the OPCC. The Serious Violence Reduction Partnership Board provides the strategic direction and governance of this work. This board includes senior representatives from relevant partnership organisations and, in the last year, was chaired by the Deputy PCC. 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 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 scrutiny board has been established to oversee this work.

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

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

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

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

During the last year, the focus on support for staff performance and development has continued: following the first stage of support focussed on new starters (new induction process and induction pack) and line managers (including line manager guide), an OPCC Learning and Development Plan was launched in Autumn 2023. As well as identifying core, team- and role-specific skills, and signposting staff to relevant L&D resources, a number of in-house training sessions have been delivered which seek to address some of the gaps highlighted through a training needs analysis. Most of these developments have been new for the OPCC, and have been informed by the 2022 review and ongoing capture of staff feedback from a range of sources.

The current OPCC structure was designed to be flexible to meet changing demand, and fixed-term roles have been recruited to manage time-limited government-funded projects. The most significant change has been the result of an independent review of VRP hosting and support arrangements commissioned by the OPCC. Implementation of the recommendations has included the appointment of a new Director and Senior Partnerships and Engagement Manager to provide better support and focus for the VRPs through a standalone team hosted within the OPCC. This also released capacity back into the Policy, Partnerships and Commissioning Directorate that had previously been required to give increasing support the VRP.

Success in filling new or vacant posts has increased over the year, supported by moving applications online. However the OPCC has had to manage vacancies in the short term for a range of reasons, and has sought to bring in temporary cover wherever possible to mitigate the impact.

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

The Governance and Scrutiny Board is the most senior decision-making body in the joint PCC-Chief Constable governance structure. This is where high-level decisions are signed off in line with the joint governance framework, as well as a key element in the PCC's formal arrangements for holding to account of the Chief Constable. This had standing agenda items for finance, projects, 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 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>.

### **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

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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/)

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.

In May 2023 the OPCC launched an internal performance dashboard based on the Constabulary performance against the plan. This uses quantifiable data and applies 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.

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, opening up access to 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 2023/24. The underlying performance showed a £2.8 million/0.8% underspend. £0.5 million of this underspend will be carried forward for planned expenditure, £1.1 million is for provisions, £0.9 million will go into capital reserves and £0.3 million will be put into general reserves.

The current MTFP shows an improved position when compared to this time last year. Years 1 and 2 are balanced but the deficits in years 3-5 are £4.3 million, £8.8 million and £12 million respectively.

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.

### Police & Crime Plan Key Performance Indicators

Measure	2022/23	2023/24	Change
<b>Priority 1 – Preventing and fighting crime</b>			
All recorded crime	141,122	150,284	9,162
All positive outcome rate	11.9%	11.2%	-0.7%
DA recorded crime	21,992	23,119	1,127
DA positive outcome rate	10.0%	9.2%	-0.8%
Sexual offences recorded crime	5,234	6,235	1,001

Sexual offences positive outcome rate	11.2%	10.4%	-0.8%
Stalking & harassment recorded crime	8,919	12,723	3,804
Stalking & harassment positive outcome rate	8.6%	6.2%	-2.4%
Drug trafficking recorded crime	436	428	-8
Drug trafficking positive outcome rate	71.2%	71.4%	0.2%
Serious violence recorded crime	607	635	28
Serious violence positive outcome rate	24.3%	26.3%	2.0%
Burglary - residential recorded crime	4,153	4,171	18
Burglary - residential positive outcome rate	6.0%	5.3%	-0.7%
Vehicle offences recorded crime	9,586	9,757	171
Vehicle offences positive outcome rate	2.2%	2.5%	0.2%
Robbery - personal recorded crime	1,205	1,461	256
Robbery - personal positive outcome rate	8.1%	7.0%	-1.1%
Theft from the person recorded crime	903	923	20
Theft from the person positive outcome rate	0.7%	1.9%	1.2%
Hate crime recorded crime	4,510	4,971	461
Hate crime positive outcome rate	14.3%	13.9%	-0.3%
Rural crime recorded crime	524	548	24
Rural crime positive outcome rate	2.8%	4.7%	1.9%
Anti-social behaviour (ASB) incidents	69,748	73,040	3,292
Action Fraud offences disseminated to ASP	7,915	7,917	2
<b>Priority 2 – Engaging, supporting and working with communities, victims and partner organisations</b>			
% of the public who feel safe - during the day	96.2%	96.1%	-0.1%
% of the public who feel safe - after dark	70.3%	71.4%	1.1%
% of the public that feel informed on local policing	31.1%	29.2%	-1.9%
% of public who are aware of opportunities to have their say on local policing	26.1%	22.5%	-3.6%
% of the public involved in active citizenship	6.6%	5.9%	-0.7%
% victims satisfied - overall	69.0%	68.2%	-0.8%
% victims satisfied - ASB	71.0%	74.4%	3.4%
% victims satisfied - burglary	65.6%	58.6%	-7.0%
% victims satisfied - hate crime	66.4%	68.7%	2.3%
% victims satisfied - violent crime	70.0%	68.2%	-1.8%
<b>Priority 3 – Leading the police to be efficient and effective</b>			
% of public who have seen a police officer / PCSO in the last month	55.1%	51.0%	-4.1%
999 abandonment rate	0.14%	0.45%	0.31%
101 abandonment rate	11.4%	11.7%	0.3%
Immediate response timeliness (% within SLA)	74.2%	77.3%	3.1%
Priority response timeliness (% within SLA)	54.1%	56.1%	2.1%

Routine response timeliness (% within SLA)	43.2%	61.7%	18.4%
Employee engagement	61.0%	58.2%	-2.8%
Overall, I am happy at work	64.4%	65.5%	1.1%
My Manager theme score	66.9%	67.4%	0.6%
I have the tools I need to do my job effectively	60.1%	59.6%	-0.5%
I have the skills I need to do my job effectively	76.2%	75.5%	-0.7%
I think the force respects individual differences	74.0%	68.8%	-5.2%
I have confidence in understanding and using data	68.0%	72.0%	3.9%
<b>Priority 4 – Increasing the legitimacy of, and public confidence in, the police and criminal justice system</b>			
Public confidence	64.8%	63.0%	-1.8%
% of workforce that are Asian	0.88%	0.90%	0.02%
% of workforce that are Black	0.64%	0.64%	0.00%
% of workforce that are Mixed	1.85%	1.96%	0.11%
% of workforce that are Other	0.26%	0.25%	-0.01%
% of workforce that are BAME	3.63%	3.75%	0.11%
% of Senior Officers that are BAME	5.19%	5.19%	0.00%
Disproportionality of S&S - Asian	1.1	1.4	0.3
Disproportionality of S&S - Black	6.1	6.8	0.7
Disproportionality of S&S - Mixed	2.4	3.1	0.8
Disproportionality of S&S - Other	2.3	2.7	0.4
Disproportionality of S&S - BAME	2.8	3.3	0.5
Disproportionality of use of force - Asian	0.5	0.6	0.1
Disproportionality of use of force - Black	3.9	4.3	0.3
Disproportionality of use of force - Mixed	1.1	1.2	0
Disproportionality of use of force - Other	0.8	0.9	0.1
Disproportionality of use of force - BAME	1.5	1.7	0.1
S&S positive outcome	30.7%	35.3%	4.6%
Complaint reviews upheld	20.2%	18.2%	-2.0%
FOI compliance	92.7%	88.2%	-4.6%
SAR compliance	89.6%	83.1%	-6.6%

Police & Crime Plan Key Performance Indicators Definitions

<b>Priority 1 – Preventing and fighting crime</b>
Positive outcomes – are counted as Home Office defined outcomes 1-8 and 22 which are: charge/summons, cautions/conditional cautions for youths or adults, offences taken into consideration, the offender has died, penalty notice for disorder (PND), cannabis/khat warning, community resolution or diversionary, educational or intervention activity. The rate is the percentage of all outcomes which are positive.
Domestic abuse – is where a person is abusive towards another, they are personally connected and are 16 years of age or older.
Drug trafficking – these are drug offences, other than simple possession offences, such as drug supply.

Serious violence – defined nationally these are offences that result in the death of a person, “endanger life” or “wounding offences”.
Vehicle offences – involve theft of or from vehicles
Hate crime – is a crime where the offender has either demonstrated or been motivated by hostility based on a person’s race, religion, disability, sexual orientation or transgender identity.
Rural crime – any crime occurring in a rural area which directly or indirectly affects a farming or rural business or the rural communities. Rural means a close association with or dependence upon the land within that location.
Action Fraud – is the UK’s national reporting centre for fraud and cybercrime where victims should report fraud if they have been scammed, defrauded or experienced cyber crime in England, Wales and Northern Ireland. They take reports and record crimes of this nature and then disseminate crimes to local forces to resolve.
<b>Priority 2 – Engaging, supporting and working with communities, victims and partner organisations</b>
Safety, feeling informed and opportunities to have their say – are measured through a quarterly local telephone survey of 750 residents (3000 a year).
Active citizenship – is measured through a quarterly local telephone survey of 750 residents (3000 a year). Active citizenship includes <ul style="list-style-type: none"> <li>• ‘Watch’ meetings such as Neighbourhood Watch, Farm Watch or Business Watch</li> <li>• Other police or council Neighbourhood Meetings or forums</li> <li>• Volunteering as a Special Constable</li> <li>• Volunteering in another policing or community safety related way</li> <li>• Community SpeedWatch</li> <li>• Police webchats</li> </ul>
Victim satisfaction – is measured by a local telephone survey of a sample of victims of ASB, burglary, hate crime and violent crime. In 2023/24 there were 1,163 total respondents.
<b>Priority 3 – Leading the police to be efficient and effective</b>
Officer/PCSO visibility – is measured through a quarterly local telephone survey of 750 residents (3000 a year).
Abandonment rate – this is the proportion of calls that were not answered by Avon and Somerset Police. However, in the case of 999 calls, this does not mean the call was genuinely abandoned as in most cases the call will have been diverted to another police service to answer.
Response timeliness – calls to the police are graded based on threat harm and risk. There is a service level agreement (SLA) for each grade which states how long attendance should take (below). It is important to note that the SLAs are defined by Avon and Somerset Police, not mandatory. Timeliness is reported as the percentage of those incidents that were attended within the particular SLA. <ul style="list-style-type: none"> <li>• Immediate – 15 minutes for urban areas and 20 minutes for rural areas</li> <li>• Priority – 1 hour</li> <li>• Routine – 12 hours</li> </ul>
Employee engagement and the six measures below this – are measured through the annual Avon & Somerset Police workforce survey. This shows the percentage of the workforce who agree with each statement.
<b>Priority 4 – Increasing the legitimacy of, and public confidence in, the police and criminal justice system</b>

Public confidence – is measured through a quarterly local telephone survey of 750 residents (3000 a year). This shows the percentage of people who said they “tend to agree” or “strongly agree” when asked if they “have confidence in the police in this area”.
BAME – this is the total of the four ethnic minority groups: Asian, Black, Mixed and Other
Senior officers – are those officers of Chief Inspector rank or above.
Disproportionality – shows the rate at which a police power is used, when comparing people of the specified ethnicity to people who are White. A disproportionality of 2 would mean people of that ethnicity had the power used against them at twice the rate of White people.
Stop and search positive outcomes – in addition to crime positive outcomes (charge/summons or out of court disposal), this also includes arrest, voluntary attendance, drugs warnings and seizure of items.
Complaint Review – most police complaints are handled by the force being complained about, however the more serious cases are referred to the Independent Office for Police Conduct (IOPC). At the resolution of the complaint, if the complainant is dissatisfied they can request a review. The more serious cases will be reviewed by the IOPC whereas the less serious cases will be reviewed by the PCC’s office. The review looks at whether the complaint was handled in a “reasonable and proportionate” way rather than re-investigating the grounds of the complaint. If a complaint review is upheld this means the way in which the complaint was handled did not meet the standard expected. More information is available on the IOPC website.
Freedom of Information Request – an official request to see recorded information held by public authorities. Compliance is based on responding within the set time-frame.
Subject Access Request – an official request to access a person's own information held by an organisation. Compliance is based on responding within the set time-frame.

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

The Performance and Accountability Board (PAB) is a meeting where the PCC held the Chief Constable to account in a transparent way. PAB has been held once a month, every month over the last year for approximately 30 minutes each time. The meetings are broadcast live, through Facebook, 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>.

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

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



## Quarterly Performance Reports

### **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. At the time of writing SWAP have completed the revised audit schedule: two audits were deferred to 2024/25.

### **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 June, September and December 2023 as well as March 2024.

The current Chair's term ended after the June meeting and another member left after the December meeting. A successful recruitment process has resulted in three new members accepting positions who are currently being vetted at the time of writing.

### **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 2023/24 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 2023/24 financial outturn position that delivered a balanced position
-  the planning and development of the MTFP for the next five years

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

A review of the Joint Governance Framework is ongoing, and is now being informed by guidance and best practice from a national level.

### 3.1 Internal Audit

Throughout 2023/24 the Internal Audit function completed 10 substantive audits, six advisory audits as well as contributing towards regional advisory work and conducted follow-up work on previous audits. The 10 substantive audits were:

- ✚ Accounts Payable
- ✚ Accounts Receivable
- ✚ Cash Handling
- ✚ Corporate Performance Management
- ✚ Estates – Compliance with Statutory Obligations
- ✚ Personal Development Unit – Tutoring
- ✚ Proceeds of Crime (POCA) and Crypto Currency Seizure
- ✚ Strategic Approach to ICT
- ✚ Victim Support Services
- ✚ Wellbeing

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

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

Each of the audits also provides recommendations for improvement which are categorised into three priority categories reflecting their importance. In total our internal auditors made 34 recommendations during 2023/24, of which

- ✚ 19 were identified as findings that require attention, the lowest grading (priority 3)
- ✚ 13 were identified as findings that are important and require the attention of management, the middle grading (priority 2)
- ✚ 2 were identified as findings that were fundamental requiring immediate attention (priority 1).

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 2022 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.

The Assessment identified Areas for Improvement in the areas set out above and also included other commentary on the Constabulary's performance. The Constabulary have created an action plan to address the findings of the report and the PCC is 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 in Avon and Somerset as across England and Wales – is a lack of public confidence in the police. This was a risk articulated last year and levels of confidence have declined further since. This undermines the British model of policing by consent and priority four of the Police and Crime Plan. The underlying causes are complex and include dissatisfaction with service levels in a context of increasing and changing demand on the police, as well as concern over police misconduct, male violence against women and girls and 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 has grown in recent years. 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</p>

Risk	Progress
	<p>detectives continues to be a challenge and the target numbers will not be reached until 2025.</p> <p>The savings required over the medium term have meant that the Constabulary have had to deviate from their original Uplift plan and will also mean there will be significantly fewer Police Staff Investigators. This will detract from the Constabulary's ability to be able to deliver against the Plan.</p> <p>It is also worth noting that a new PCC term started in May 2024 and a new Police and Crime Plan will be published.</p>
<b>Financial incapability or ineffectiveness (SR3)</b>	<p>The current MTFP shows an improved position when compared to this time last year. Years 1 and 2 are balanced but the deficits in years 3-5 are £4.3 million, £8.8 million and £12 million respectively.</p> <p>Additional uncertainty is added to the MTFP as there will be a General Election in the coming year and it is unknown how this will affect police funding.</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.

**Signature**

Clare Moody

Police and Crime Commissioner

**Date**

**Signature**

Paul Butler

Chief Finance Officer to PCC

**Date**

**Signature**

Alice Ripley

Chief of Staff to the PCC

**Date**

# Police & Crime Commissioner for Avon & Somerset

## Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

Gross Expenditure £'000	Gross Income £'000	Total 2022/2023 £'000	Comprehensive Income and Expenditure Statement - Group	Gross Expenditure £'000	Gross Income £'000	Total 2023/2024 £'000
			<b>Expenditure</b>			
539,901	-53,969	485,932	Police Services - OCC	481,179	-67,874	413,305
2,254	0	2,254	OPCC	2,513	-27	2,486
8,678	-4,742	3,936	Commissioning costs	8,832	-6,148	2,684
<b>550,833</b>	<b>-58,711</b>	<b>492,122</b>	<b>Net cost of police services</b>	<b>492,524</b>	<b>-74,049</b>	<b>418,475</b>
		-52,909	Police pension top-up grant			-58,607
		-1,974	Gain on disposal of non-current assets			-4,119
		<b>-54,883</b>	<b>Other operating expenditure</b>			<b>-62,726</b>
		5,713	Interest payable and similar charges			5,765
		-1,632	Interest and investment income			-3,860
		-178	Income and expenditure in relation to investment properties			-152
		-791	Changes in the market value of investment properties			-13
		110,987	Net interest on pensions			121,500
		<b>114,099</b>	<b>Financial and investment income and expenditure</b>			<b>123,240</b>
		-129,059	Police - revenue grant			-129,508
		-67,642	Ex-DCLG formula funding			-67,877
		-84	Capital grant and contributions			-48
		-3,331	Council tax top-up grant			-3,331
		-11,378	Council tax support and transition grant			-11,378
		-146,169	Council tax - local authorities (Note 12)			-157,233
		<b>-357,663</b>	<b>Taxation and non-specific grant income</b>			<b>-369,375</b>
		<b>193,675</b>	<b>Deficit on provision of services</b>			<b>109,614</b>
		-1,879,534	Re-measurement of pension assets (Note 16) and liabilities			-111,506
		-5,128	Gain on revaluation			-8,851
		<b>-1,884,662</b>	<b>Other comprehensive income and expenditure</b>			<b>-120,357</b>
		<b>-1,690,987</b>	<b>Total comprehensive income and expenditure</b>			<b>-10,743</b>

# Police & Crime Commissioner for Avon & Somerset

## PCC Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

PCC Expenditure £'000	PCC Income £'000	Total 2022/2023 £'000	Comprehensive Income and Expenditure Statement - PCC	PCC Expenditure £'000	PCC Income £'000	Total 2023/2024 £'000
			<b>Expenditure</b>			
2,254	0	2,254	OPCC	2,513	-27	2,486
8,678	-4,742	3,936	Commissioning costs	8,832	-6,148	2,684
<b>10,932</b>	<b>-4,742</b>	<b>6,190</b>	<b>Net cost of police services before funding</b>	<b>11,345</b>	<b>-6,175</b>	<b>5,170</b>
539,901	-53,969	485,932	Intragroup funding adjustment	481,179	-67,874	413,305
<b>550,833</b>	<b>-58,711</b>	<b>492,122</b>	<b>Net cost of police services</b>	<b>492,524</b>	<b>-74,049</b>	<b>418,475</b>
		-52,909	Police pension top-up grant			-58,607
		-1,974	Gain on disposal of non-current assets			-4,119
		<b>-54,883</b>	<b>Other operating expenditure</b>			<b>-62,726</b>
		5,713	Interest payable and similar charges			5,765
		-1,632	Interest and investment income			-3,860
		-178	Income and expenditure in relation to investment properties			-152
		-791	Changes in the market value of investment properties			-13
		110,987	Intragroup adjustment (pension interest cost)			121,500
		<b>114,099</b>	<b>Financial and investment income and expenditure</b>			<b>123,240</b>
		-129,059	Police - revenue grant			-129,508
		-67,642	Ex-DCLG formula funding			-67,877
		-84	Capital grant and contributions			-48
		-3,331	Council tax freeze grant			-3,331
		-11,378	Council tax support and transition grant			-11,378
		-146,169	Council tax - local authorities (Note 12)			-157,233
		<b>-357,663</b>	<b>Taxation and non-specific grant income</b>			<b>-369,375</b>
		<b>193,675</b>	<b>Deficit on provision of services</b>			<b>109,614</b>
		-1,879,534	Intragroup adjustment (Re-measurement of pension assets and liabilities)			-111,506
		-5,128	Gain on revaluation			-8,851
		<b>-1,884,662</b>	<b>Other comprehensive income and expenditure</b>			<b>-120,357</b>
		<b>-1,690,987</b>	<b>Total comprehensive income and expenditure</b>			<b>-10,743</b>

# Police & Crime Commissioner for Avon & Somerset

## Group Movement in Reserves Statements 2022/2023 and 2023/2024

Movement in reserves statement 2023/2024					
	Revenue General Fund £'000	Capital Receipts £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2023	55,286	8,546	63,832	-2,525,537	-2,461,705
Total comprehensive income and expenditure	-109,614	0	-109,614	120,357	10,743
Adjustments between accounting & funding basis under regulations	101,475	4,151	105,626	-105,626	0
Increase/decrease(-) in 2023/2024	-8,139	4,151	-3,988	14,731	10,743
Balance as at 31 March 2024	47,147	12,697	59,844	-2,510,806	-2,450,962

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 2023/2024 and 2022/2023

Movement in reserves statement 2023/2024					
	Revenue General Fund	Capital Receipts Reserves	Total Usable Reserves	Total Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 31 March 2023</b>	<b>55,286</b>	<b>8,546</b>	<b>63,832</b>	<b>-2,525,537</b>	<b>-2,461,705</b>
Total comprehensive income and expenditure	-109,614	0	-109,614	120,357	10,743
Adjustments between accounting & funding basis under regulations	101,475	4,151	105,626	-105,626	0
Increase/decrease(-) in 2023/2024	-8,139	4,151	-3,988	14,731	10,743
<b>Balance as at 31 March 2024</b>	<b>47,147</b>	<b>12,697</b>	<b>59,844</b>	<b>-2,510,806</b>	<b>-2,450,962</b>

Movement in reserves statement 2022/2023					
	Revenue General Fund	Capital Receipts Reserves	Total Usable Reserves	Total Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 31 March 2022</b>	<b>53,868</b>	<b>6,375</b>	<b>60,243</b>	<b>-4,212,935</b>	<b>-4,152,692</b>
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
<b>Balance as at 31 March 2023</b>	<b>55,286</b>	<b>8,546</b>	<b>63,832</b>	<b>-2,525,537</b>	<b>-2,461,705</b>



# Police & Crime Commissioner for Avon & Somerset

## Group Balance Sheet as at 31 March 2024

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

OCC	PCC	Group	Balance Sheet	OCC	PCC	Group	Notes
£'000	£'000	2023		£'000	£'000	2024	
		£'000				£'000	
			<b>Property, plant and equipment</b>				19
0	199,681	199,681	Land and buildings	0	202,731	202,731	
0	17,391	17,391	Vehicles, plant and equipment	0	18,593	18,593	
0	320	320	Assets under construction	0	1,503	1,503	
0	2,277	2,277	Surplus Assets	0	4,038	4,038	
0	2,776	2,776	Investment Properties	0	2,789	2,789	20
0	465	465	Intangible fixed assets	0	440	440	
			<b>Long term assets</b>				
0	799	799	Prepayments	0	857	857	
2,644,892	0	0	Long Term Liability - intragroup adjustment	2,634,843	0	0	
<b>2,644,892</b>	<b>223,709</b>	<b>223,709</b>	<b>Total non-current assets</b>	<b>2,634,843</b>	<b>230,951</b>	<b>230,951</b>	
0	1,175	1,175	Inventories (stock)	0	1,562	1,562	
0	22,000	22,000	Short term investments	0	27,600	27,600	30
0	58,515	58,515	Debtors and payments in advance	0	72,905	72,905	22
0	32,891	32,891	Cash and cash equivalents	0	9,437	9,437	23
0	114	114	Assets held for sale	0	0	0	
17,075	0	0	Intragroup debtor	19,104	0	0	
<b>17,075</b>	<b>114,695</b>	<b>114,695</b>	<b>Total current assets</b>	<b>19,104</b>	<b>111,504</b>	<b>111,504</b>	
0	-4,391	-4,391	Bank overdraft	0	-3,470	-3,470	23
0	-1,147	-1,147	Short term borrowing	0	-8,922	-8,922	24
-12,975	-32,512	-45,487	Creditors and receipts in advance	-14,570	-31,371	-45,941	25
0	-17,075	0	Intragroup creditor	0	-19,104	0	
-4,100	-325	-4,425	Short term provisions	-4,534	-548	-5,082	26
0	-1,281	-1,281	Short term PFI Lease liability	0	-1,938	-1,938	21
<b>-17,075</b>	<b>-56,731</b>	<b>-56,731</b>	<b>Total current liabilities</b>	<b>-19,104</b>	<b>-65,353</b>	<b>-65,353</b>	
0	-42,015	-42,015	Long term borrowing	0	-38,094	-38,094	24
-25	-8,059	-8,084	Provisions	0	-8,653	-8,653	26
0	-48,412	-48,412	PFI liability	0	-46,474	-46,474	21
0	-2,644,892	0	Pensions - intragroup adjustment	0	-2,634,843	0	
-2,644,867	0	-2,644,867	Net Defined Pension Liability	-2,634,843	0	-2,634,843	
<b>-2,644,892</b>	<b>-2,743,378</b>	<b>-2,743,378</b>	<b>Total long term liabilities</b>	<b>-2,634,843</b>	<b>-2,728,064</b>	<b>-2,728,064</b>	
<b>0</b>	<b>-2,461,705</b>	<b>-2,461,705</b>	<b>Net assets</b>	<b>0</b>	<b>-2,450,962</b>	<b>-2,450,962</b>	
0	63,832	63,832	Total usable reserves	0	59,844	59,844	7
0	-2,525,537	-2,525,537	Total unusable reserves	0	-2,510,806	-2,510,806	7
<b>0</b>	<b>-2,461,705</b>	<b>-2,461,705</b>	<b>Total reserves</b>	<b>0</b>	<b>-2,450,962</b>	<b>-2,450,962</b>	

Signature

Paul Butler

Chief Finance Officer to PCC

Date

# Police & Crime Commissioner for Avon & Somerset

## Group Cash Flow Statement

OCC	PCC	Group	Cash Flow Statement	OCC	PCC	Group
£'000	£'000	2022/2023 £'000		£'000	£'000	2023/2024 £'000
0	193,675	193,675	<b>Net surplus(-)/deficit on the provision of services</b>	0	109,614	<b>109,614</b>
0	-11,154	-11,154	Depreciation and impairment of property, plant and equipment	0	-15,210	-15,210
0	-25	-25	Amortisation of intangible assets	0	-25	-25
0	791	791	Movement in Fair Value Investment properties	0	13	13
0	0	0	Movement in Fair Value Financial Instruments	0	-401	-401
328	-682	-354	Increase(-)/decrease in provision charged back to service	-410	-694	-1,104
0	-198,932	-198,932	Charges for retirement benefits in accordance with IAS 19	0	-101,482	-101,482
0	-414	-414	Carrying amounts of non-current assets sold	0	-178	-178
0	0	0	Other	0	0	0
1,367	17,073	18,440	Increase/decrease(-) in long and short term debtors	2,005	12,322	14,327
-1,695	-3,023	-4,718	Increase(-)/decrease in long and short term creditors	-1,595	641	-954
0	48	48	Increase/decrease(-) in stock/WIP	0	387	387
<b>0</b>	<b>-196,318</b>	<b>-196,318</b>	<b>Adjust net surplus(-)/deficit on the provision of services for non-cash movements</b>	<b>0</b>	<b>-104,627</b>	<b>-104,627</b>
0	2,388	2,388	Proceeds from the sale of property, plant and equipment	0	4,297	4,297
0	84	84	Capital grants credited to the surplus or deficit on the provision of service	0	48	48
0	1,258	1,258	Interest received	0	3,466	3,466
0	-5,539	-5,539	Interest paid	0	-5,539	-5,539
<b>0</b>	<b>-1,809</b>	<b>-1,809</b>	<b>Adjust net surplus(-)/ deficit on the provision of services that are investing or financing activities</b>	<b>0</b>	<b>2,272</b>	<b>2,272</b>
<b>0</b>	<b>-4,452</b>	<b>-4,452</b>	<b>Net cash flows from operating activities</b>	<b>0</b>	<b>7,260</b>	<b>7,260</b>
0	7,678	7,678	Purchase of property, plant and equipment	0	14,117	14,117
0	-2,388	-2,388	Capital receipts	0	-4,297	-4,297
0	-84	-84	Capital grant/contribution income due for the year	0	-48	-48
0	-1,000	-1,000	Purchase of short & long term investments	0	6,000	6,000
0	-1,258	-1,258	Interest received	0	-3,466	-3,466
<b>0</b>	<b>2,948</b>	<b>2,948</b>	<b>Net cash flow from investing activities</b>	<b>0</b>	<b>12,306</b>	<b>12,306</b>
0	0	0	New loans raised	0	-5,000	-5,000
0	1,147	1,147	Repayment of long term loans	0	1,147	1,147
0	1,877	1,877	Repayment of PFI liability	0	1,281	1,281
0	5,539	5,539	Interest paid	0	5,539	5,539
<b>0</b>	<b>8,563</b>	<b>8,563</b>	<b>Net cash flow from financing activities</b>	<b>0</b>	<b>2,967</b>	<b>2,967</b>
<b>0</b>	<b>7,059</b>	<b>7,059</b>	<b>Net increase(-)/decrease in cash and cash equivalents</b>	<b>0</b>	<b>22,533</b>	<b>22,533</b>
<b>0</b>	<b>-35,559</b>	<b>-35,559</b>	Cash and cash equivalents at the beginning of the reporting period	<b>0</b>	<b>-28,500</b>	<b>-28,500</b>
<b>0</b>	<b>-28,500</b>	<b>-28,500</b>	Cash and cash equivalents at the end of the reporting period	<b>0</b>	<b>-5,967</b>	<b>-5,967</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 2023/2024 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 2022/2023 and 2023/2024.

#### 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 (e.g 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 Council pension fund attributable to the group are included in the balance sheet at their fair value

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

### 1.7.3.3 Net Pensions Liability

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

Service cost comprising

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

Re-measurements comprising

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

## 1.8 Leased Assets

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

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

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

IFRS 16 is a new international accounting standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases and its implementation is mandatory for public sector bodies from 1 April 2024. It replaces IAS 17 Leases, which required lessees and lessors to classify their leases as either finance leases or operating leases and account for these two types of lease differently. IAS 17 did not require lessees to recognise assets and liabilities arising from operating leases.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The constabulary has set the threshold for low value assets at £12,000. For all other leases, the lessee recognises a right of use representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

On transition, the lease liability for existing operating leases (excluding low value or short-term exemptions) will be recognised as equal to the value of remaining lease payments discounted at an incremental borrowing rate. For the constabulary, the incremental borrowing rate will be defined by the Public Works Loan Board rate for the period of the remaining lease terms, which is currently 4.9%-5.6%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. The right of use asset will be depreciated over the earlier of the end of the useful life or the end of the lease term.

For leases where payments are at 'peppercorn rate' (at nominal amount or where there is nil consideration), a right of use asset will be measured at fair value. The difference between the asset value and the calculated lease liability will be recognised in the comprehensive income and expenditure statement on transition.

The constabulary has estimated the impact of applying IFRS 16 in 2024/25 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows

	A&S PFI excluding Glos & Wilt Black Rock £'000	Non PFI £'000
<b>Estimated impact on 1 April 2024 statement of financial position</b>		
Additional right of use assets recognised	480	5,630
Additional lease obligations recognised	-480	-5,630
<b>Net impact on net assets on 1 April 2024</b>	<b>0</b>	<b>0</b>
<b>Estimated in-year impact in 2024/25</b>		
Additional depreciation on right of use assets	-32	-1,031
Change in finance costs on lease liabilities	-149	-258
Contingent rent no longer charged to operating expend	234	
Lease rentals no longer charged to operating expenditure		1,047
<b>Estimated impact on surplus / (deficit) in 2024/25</b>	<b>53</b>	<b>-241</b>

The estimated impact on surplus / deficit, is an accounting adjustment and the impact on the general fund will be reversed out through the capital adjustment account.

### **IFRS 16: PFI Arrangements**

From 1 April 2024, the principles of IFRS 16 will also be applied to PFI arrangements. Under IAS 17, finance lease liabilities are not remeasured when payments are increased in line with an inflation index. The increase in payments arising from indexation is treated in the same way as finance costs and simply expensed in the period to which the payment relates. This additional payment is known as 'contingent rent'.

Under IFRS 16 a different treatment is applied: where indexation or changes in a rate affect future payments, the lease liability is remeasured. Instead of expensing the additional payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. Increases in expenditure are realised as increases in the amortisation charge taken against the remeasured liability.

On transition, the PFI lease liability will be remeasured when a change in an index causes a change in future lease payments. As the constabulary's PFI arrangements are increased in line with an inflation index on an annual basis, the remeasurement of the PFI liability will take place during 2024/25. The estimated impact of applying IFRS 16 in 2024/25 to the PFI arrangements are shown in the table above.

## **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 2024 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 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 by CIPFA and are unlikely to have a material impact on the financial statements.

- ✚ Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- ✚ Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022
- ✚ Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022
- ✚ International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- ✚ Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

## 4 Assumptions Made About the Future and the Sources of Estimations

In some areas figures in the accounts are based on estimates which take into account past experience, current trends and other relevant factors. By their nature these figures could vary and as such the material areas based on estimates are detailed below.

### 4.1 Pension Service Costs

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

Further information is included within notes 16 to 18 regarding the assumptions that have been used by the actuaries to provide an estimate of the liability.

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

<b>Police Officer Sensitivity Analysis</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	2,580,129	2,621,719	2,664,431
Projected service cost	37,944	39,507	41,125
<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	2,626,496	2,621,719	2,616,970
Projected service cost	39,534	39,507	39,479
<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	2,660,453	2,621,719	2,584,040
Projected service cost	41,148	39,507	37,923
<b>Adjustment to life expectancy assumptions</b>	<b>+1 year</b>	<b>None</b>	<b>-1 year</b>
Present value of total obligation	2,711,015	2,621,719	2,535,512
Projected service cost	40,930	39,507	38,118

<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	521,323	531,786	542,567
Projected service cost	16,176	16,843	17,535
<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	532,752	531,786	530,830
Projected service cost	16,854	16,843	16,832
<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	541,809	531,786	522,064
Projected service cost	17,545	16,843	16,166
<b>Adjustment to life expectancy assumptions</b>	<b>+1 year</b>	<b>None</b>	<b>-1 year</b>
Present value of total obligation	548,924	531,786	515,228
Projected service cost	17,470	16,843	16,232

## 4.2 Short and Long Term Provisions

In determining the provisions set aside at 31 March 2024 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 2024 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	2022/2023			Group Expenditure and Funding Analysis	As reported to Management	Adjustments to arrive at the chargeable to general reserves	2023/2024		
		Net expenditure chargeable to general fund	Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E				Net expenditure chargeable to general fund	Adjustment between accounting and funding basis	Net expenditure in the comprehensive I & E
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
348,285	53,320	401,605	84,327	485,932	Police Services - OCC	364,871	65,969	430,840	-17,535	413,305
1,914	340	2,254	0	2,254	OPCC	2,210	276	2,486	0	2,486
3,507	429	3,936	0	3,936	Commissioning costs	2,392	293	2,684	0	2,684
<b>353,706</b>	<b>54,089</b>	<b>407,795</b>	<b>84,327</b>	<b>492,122</b>	<b>Net cost of police services</b>	<b>369,473</b>	<b>66,538</b>	<b>436,010</b>	<b>-17,535</b>	<b>418,475</b>
		0	-1,974	-1,974	Gain on disposal of non-current assets			0	-4,119	-4,119
		0	-1,974	-1,974	<b>Other operating expenditure</b>			0	-4,119	-4,119
		0	5,713	5,713	External interest payable			0	5,765	5,765
		0	-1,632	-1,632	Interest and investment income			0	-3,860	-3,860
			-178	-178	Income from Investment properties				-152	-152
			-791	-791	Movement in fair value of investment property				-13	-13
		0	110,987	110,987	Net interest on pensions			0	121,500	121,500
		0	114,099	114,099	<b>Financial and investment income and expenditure</b>			0	123,240	123,240
		-129,059	0	-129,059	Police - revenue grant			-129,508	0	-129,508
		-67,642	0	-67,642	Ex-DCLG formula funding			-67,877	0	-67,877
		0	-84	-84	Capital grant and contributions			0	-48	-48
		-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
		-144,894	-1,275	-146,169	Council tax - local authorities			-157,170	-63	-157,233
		-52,909	0	-52,909	Pension Top up Grant			-58,607	0	-58,607
		-409,213	-1,359	-410,572	<b>Taxation and non-specific grant income</b>			-427,871	-111	-427,982
<b>353,706</b>	<b>54,089</b>	<b>-409,213</b>	<b>110,766</b>	<b>-298,447</b>		<b>369,473</b>	<b>66,538</b>	<b>-427,871</b>	<b>119,010</b>	<b>-308,861</b>
		-1,418	195,093	193,675	<b>Surplus(-)/deficit on provision of services</b>			8,139	101,475	109,614
		53,868			<b>Opening balance of general fund</b>			55,286		
		1,418			Transfers to reserves made in year			-8,139		
		<b>55,286</b>			<b>Closing balance of general fund</b>			<b>47,147</b>		



Capital Purposes £'000	2022/2023			Group Expenditure and Funding Analysis Adjustment between accounting & funding basis	2023/2024			
	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000		Capital Purposes £'000	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000
-1,131	87,945	-2,487	<b>84,327</b>	Police Services - OCC	2,194	-20,018	289	<b>-17,535</b>
<b>-1,131</b>	<b>87,945</b>	<b>-2,487</b>	<b>84,327</b>	<b>Net cost of police services</b>	<b>2,194</b>	<b>-20,018</b>	<b>289</b>	<b>-17,535</b>
-1,974	0	0	<b>-1,974</b>	Gain on disposal of non-current assets	-4,119	0	0	<b>-4,119</b>
<b>-1,974</b>	<b>0</b>	<b>0</b>	<b>-1,974</b>	<b>Other operating expenditure</b>	<b>-4,119</b>	<b>0</b>	<b>0</b>	<b>-4,119</b>
0	0	5,713	<b>5,713</b>	External interest payable	0	0	5,765	<b>5,765</b>
0	0	-1,633	<b>-1,633</b>	Interest and investment income	0	0	-3,860	<b>-3,860</b>
	0	-178		Income from Investment properties		0	-152	<b>-152</b>
	0	-791		Movement in fair value of investment property		0	-13	<b>-13</b>
0	110,987	0	<b>110,987</b>	Net interest on pensions	0	121,500	0	<b>121,500</b>
<b>0</b>	<b>110,987</b>	<b>3,111</b>	<b>115,067</b>	<b>Financial and investment income and expenditure</b>	<b>0</b>	<b>121,500</b>	<b>1,740</b>	<b>123,240</b>
-84	0	0	<b>-84</b>	Capital grant and contributions	-48	0	0	<b>-48</b>
0	0	-1,275	<b>-1,275</b>	Council tax - local authorities	0	0	-63	<b>-63</b>
<b>-84</b>	<b>0</b>	<b>-1,275</b>	<b>-1,359</b>	<b>Taxation and non-specific grant income</b>	<b>-48</b>	<b>0</b>	<b>-63</b>	<b>-111</b>
<b>-2,058</b>	<b>110,987</b>	<b>1,836</b>	<b>110,765</b>		<b>-4,167</b>	<b>121,500</b>	<b>1,677</b>	<b>119,010</b>
<b>-3,189</b>	<b>198,932</b>	<b>-651</b>	<b>195,092</b>	<b>Total adjustment between accounting and funding basis</b>	<b>-1,973</b>	<b>101,482</b>	<b>1,966</b>	<b>101,475</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 2023/2024	Revenue General Fund	Capital Receipts Reserve	Total Usable Reserves	Collect Fund Adjustment Account	Revaluation Reserve	Pooled Investment Fund Adjustment Account	Pensions Reserve Account	Short Term Absences Account	Capital Adjustment Account	Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<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>0</b>	<b>-2,644,867</b>	<b>-11,813</b>	<b>38,472</b>	<b>-2,525,537</b>
Total comprehensive income and expenditure	-109,614	0	-109,614	0	8,851	0	111,506	0	0	120,357
<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	0	-25	-25
Depreciation of non-current assets (note 19)	15,824	0	15,824	0	0	0	0	0	-15,824	-15,824
Revaluation Gain	-614	0	-614	0	0	0	0	0	614	614
Movement in market value of investment properties	-13	0	-13	0	0	0	0	0	13	13
Capital grants and contributions	-48	0	-48	0	0	0	0	0	48	48
Council tax collection fund adjustment	-63	0	-63	63	0	0	0	0	0	63
Gain(-)/loss on disposal of non-current assets	-4,119	4,297	178	0	0	0	0	0	-178	-178
Holiday pay accrual adjustment	1,642	0	1,642	0	0	0	0	-1,642	0	-1,642
Fair value adjustment in respect of financial instruments	400	0	400	0	0	-400	0	0	0	-400
Net IAS 19 charge for retirement benefits	177,426	0	177,426	0	0	0	-177,426	0	0	-177,426
<b>Insert amounts excluded in I&amp;E</b>										
Minimum revenue provision	-3,139	0	-3,139	0	0	0	0	0	3,139	3,139
Revenue contribution to finance capital	-2,700	0	-2,700	0	0	0	0	0	2,700	2,700
IAS 19 employers contributions payable	-75,944	0	-75,944	0	0	0	75,944	0	0	75,944
<b>Other adjustments include:</b>										
Use of capital receipts reserve to finance capital	0	-146	-146	0	0	0	0	0	146	146
Reserves used to finance capital	-7,202	0	-7,202	0	0	0	0	0	7,202	7,202
Increase/decrease(-) in 2023/2024	-8,139	4,151	-3,988	63	8,851	-400	10,024	-1,642	-2,165	14,731
<b>Balance as at 31 March 2024</b>	<b>47,147</b>	<b>12,697</b>	<b>59,844</b>	<b>1,541</b>	<b>100,044</b>	<b>-400</b>	<b>-2,634,843</b>	<b>-13,455</b>	<b>36,307</b>	<b>-2,510,806</b>

<b>Group 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 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>

PCC Movement in Reserves Statement 2023/2024	Revenue	Capital	Total	Collect Fund	Revaluation	Pooled	Pensions	Short Term	Capital	Total
	General	Receipts	Usable	Adjustment	Reserve	Investment	Reserve	Absences	Adjustment	Unusable
	Fund	Reserve	Reserves	Account		Fund	Account	Account	Account	Reserves
	£'000	£'000	£'000	£'000	£'000	Adjustment Account £'000	£'000	£'000	£'000	£'000
<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>0</b>	<b>-2,644,867</b>	<b>-11,813</b>	<b>38,472</b>	<b>-2,525,537</b>
Total comprehensive income and expenditure	-109,614	0	<b>-109,614</b>	0	8,851	0	111,506	0	0	<b>120,357</b>
<b>Adjustments between accounting &amp; funding basis under regulations</b>										
<b>Reversal of items included to I&amp;E</b>										
Amortisation of intangible assets	25	0	<b>25</b>	0	0	0	0	0	-25	<b>-25</b>
Depreciation of non-current assets (note 19)	15,824	0	<b>15,824</b>	0	0	0	0	0	-15,824	<b>-15,824</b>
Revaluation Gain	-614	0	<b>-614</b>	0	0	0	0	0	614	<b>614</b>
Movement in market value of investment properties	-13	0	<b>-13</b>	0	0	0	0	0	13	<b>13</b>
Capital grants and contributions	-48	0	<b>-48</b>	0	0	0	0	0	48	<b>48</b>
Council tax collection fund adjustment	-63	0	<b>-63</b>	63	0	0	0	0	0	<b>63</b>
Gain(-)/loss on disposal of non-current assets	-4,119	4,297	<b>178</b>	0	0	0	0	0	-178	<b>-178</b>
Holiday pay accrual Inter group adjustment	1,642	0	<b>1,642</b>	0	0	0	0	-1,642	0	<b>-1,642</b>
Fair value adjustment in respect of financial	400	0	<b>400</b>	0	0	-400	0	0	0	<b>-400</b>
Net IAS 19 charge for retirement benefits	177,426	0	<b>177,426</b>	0	0	0	-177,426	0	0	<b>-177,426</b>
<b>Insert amounts excluded in I&amp;E</b>										
Minimum revenue provision	-3,139	0	<b>-3,139</b>	0	0	0	0	0	3,139	<b>3,139</b>
Revenue contribution to finance capital	-2,700	0	<b>-2,700</b>	0	0	0	0	0	2,700	<b>2,700</b>
IAS 19 employers contributions payable	-75,944	0	<b>-75,944</b>	0	0	0	75,944	0	0	<b>75,944</b>
<b>Other adjustments include:</b>										
Use of capital receipts reserve to finance capital	0	-146	<b>-146</b>	0	0	0	0	0	146	<b>146</b>
Reserves used to finance capital	-7,202	0	<b>-7,202</b>	0	0	0	0	0	7,202	<b>7,202</b>
Increase/decrease(-) in 2023/2024	-8,139	4,151	<b>-3,988</b>	63	8,851	-400	10,024	-1,642	-2,165	<b>14,731</b>
<b>Balance as at 31 March 2024</b>	<b>47,147</b>	<b>12,697</b>	<b>59,844</b>	<b>1,541</b>	<b>100,044</b>	<b>-400</b>	<b>-2,634,843</b>	<b>-13,455</b>	<b>36,307</b>	<b>-2,510,806</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
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>

## 8

## Income and Expenditure Analysed by Nature

2022/2023				2023/2024		
OCC £'000	PCC £'000	Group £'000	Income and Expenditure analysed by nature	OCC £'000	PCC £'000	Group £'000
294,084	1,782	<b>295,866</b>	Employee costs	318,874	1,965	<b>320,839</b>
13,138	0	<b>13,138</b>	Premises costs	17,355	0	<b>17,355</b>
6,068	8	<b>6,076</b>	Transport costs	5,501	13	<b>5,514</b>
41,356	322	<b>41,678</b>	Supplies & services	44,457	398	<b>44,855</b>
16,206	142	<b>16,348</b>	Partnership costs	18,744	138	<b>18,882</b>
15,600	0	<b>15,600</b>	Misc, central, & grants	20,782	0	<b>20,782</b>
0	8,678	<b>8,678</b>	Commissioning	0	8,832	<b>8,832</b>
11,179	0	<b>11,179</b>	Depreciation, amortisation, & impairment	15,235	0	<b>15,235</b>
89,361	0	<b>89,361</b>	Employee benefit expenses	-18,377	0	<b>-18,377</b>
110,987	0	<b>110,987</b>	Net interest on pensions	121,500	0	<b>121,500</b>
52,909	0	<b>52,909</b>	Police pension top up grant	58,607	0	<b>58,607</b>
0	5,713	<b>5,713</b>	Interest payments	0	5,365	<b>5,365</b>
0	-1,974	<b>-1,974</b>	Gain on disposal of fixed assets	0	-4,119	<b>-4,119</b>
0	0	<b>0</b>	Fair value adjustment for Financial Instruments	0	400	<b>400</b>
-650,888	650,888	<b>0</b>	Intragroup adjustment	-602,678	602,678	<b>0</b>
<b>0</b>	<b>665,559</b>	<b>665,559</b>	<b>Total expenditure</b>	<b>0</b>	<b>615,670</b>	<b>615,670</b>
-18,313	-930	<b>-19,243</b>	Sales, rent, fees, & charges	-18,532	-429	<b>-18,961</b>
-1,395	0	<b>-1,395</b>	Seconded officers	-1,362	0	<b>-1,362</b>
0	-1,999	<b>-1,999</b>	Commissioning of victim support services	0	-3,082	<b>-3,082</b>
-12,294	0	<b>-12,294</b>	Counter terrorism policing grant	-17,930	0	<b>-17,930</b>
-718	-2,080	<b>-2,798</b>	Serious Violence grant	-801	-1,686	<b>-2,487</b>
-4,688	0	<b>-4,688</b>	Uplift grant	-8,090	0	<b>-8,090</b>
-2,828	0	<b>-2,828</b>	Officer pensions grant	-2,828	0	<b>-2,828</b>
-13,466	0	<b>-13,466</b>	Other specific grants	-18,331	-978	<b>-19,309</b>
0	-1,810	<b>-1,810</b>	Interest and investment income	0	-4,012	<b>-4,012</b>
0	-791	<b>-791</b>	Changes in the MV of investment properties	0	-13	<b>-13</b>
0	-129,059	<b>-129,059</b>	Police - revenue grant	0	-129,508	<b>-129,508</b>
0	-67,642	<b>-67,642</b>	Ex-DCLG formula funding	0	-67,877	<b>-67,877</b>
0	-84	<b>-84</b>	Capital grant and contributions	0	-48	<b>-48</b>
0	-3,331	<b>-3,331</b>	Council tax freeze grant	0	-3,331	<b>-3,331</b>
0	-11,378	<b>-11,378</b>	CT Support & transition grant	0	-11,378	<b>-11,378</b>
0	-146,169	<b>-146,169</b>	CT- local authorities	0	-157,233	<b>-157,233</b>
0	-52,909	<b>-52,909</b>	Police pension Top up grant	0	-58,607	<b>-58,607</b>
53,702	-53,702	<b>0</b>	Intragroup adjustment	67,874	-67,874	<b>0</b>
<b>0</b>	<b>-471,884</b>	<b>-471,884</b>	<b>Total income</b>	<b>0</b>	<b>-506,056</b>	<b>-506,056</b>
<b>0</b>	<b>193,675</b>	<b>193,675</b>	<b>Surplus/deficit on provision of services</b>	<b>0</b>	<b>109,614</b>	<b>109,614</b>

## 9 Paying Staff

Disclosure of Remuneration for Senior Employees 2023/2024					
Post Holder Information (post title and name)	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2023/2024	Pension Contributions	Total Remuneration Including Pension Contributions 2023/2024
	£	£	£	£	£
PCC - M Shelford	88,600	0	<b>88,600</b>	16,479	<b>105,079</b>
Chief Constable - S Crew	175,706	8,570	<b>184,276</b>	54,469	<b>238,745</b>
	<b>264,306</b>	<b>8,570</b>	<b>272,876</b>	<b>70,948</b>	<b>343,824</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	<b>88,442</b>	14,416	<b>102,858</b>
Chief Constable - S Crew		168,020	11,466	<b>179,486</b>	52,086	<b>231,572</b>
		<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 2023/2024

Post Holder Information (post title)	Note	Salary (including fees & allowances)	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2023/2024	Pension Contributions	Total Remuneration Including Pension Contributions 2023/2024
		£	£	£	£	£
<b>PCC Employees</b>						
Chief Finance Officer to the PCC		104,238	0	<b>104,238</b>	19,388	<b>123,626</b>
Chief of Staff and Monitoring Officer to the PCC		106,269	0	<b>106,269</b>	19,766	<b>126,035</b>
<b>OCC Employees</b>						
Deputy Chief Constable - N Watson	1	97,843	0	<b>97,843</b>	0	<b>97,843</b>
Deputy Chief Constable - J Reilly	2	65,365	0	<b>65,365</b>	19,294	<b>84,659</b>
ACC - Strategic Improvement		131,845	0	<b>131,845</b>	38,547	<b>170,392</b>
ACC - Investigations & Operational Support		120,061	0	<b>120,061</b>	34,894	<b>154,955</b>
ACC - Neighbourhoods, Partnerships & Response	2	76,443	0	<b>76,443</b>	22,341	<b>98,784</b>
T/ACC - Neighbourhoods, Partnerships & Response	3	40,438	0	<b>40,438</b>	12,282	<b>52,720</b>
Chief Officer - Finance, Resources and Innovation		126,068	12,677	<b>138,745</b>	23,449	<b>162,194</b>
Chief Officer - People and Organisational Development	4	120,500	0	<b>120,500</b>	21,018	<b>141,518</b>
Force Medical Officer - D Bulpitt	5	130,992	0	<b>130,992</b>	24,364	<b>155,356</b>
		<b>1,120,062</b>	<b>12,677</b>	<b>1,132,739</b>	<b>235,343</b>	<b>1,368,082</b>

### Notes to Remuneration for 2023/2024

- Note 1** The Deputy Chief Constable retired on 31/10/2023
- Note 2** ACC - Neighbourhoods, Partnerships & Response left this role on 31/10/2023 and was promoted to Deputy Chief Constable on 01/11/2023
- Note 3** Temporary ACC - Neighbourhoods, Partnerships & Response appointed on 27/11/2023
- Note 4** Chief Officer - People and Organisational Development permanently appointed on 08/05/2023
- Note 5** Force Medical Advisor reduced their working hours to 16 hours per week from 01/11/2023



### 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 - Investigations & 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 2022/2023 Number	Pay Range	OCC Number	PCC Number	Total 2023/2024 Number
406	2	408	£50,000 - £54,999	543	3	546
252	0	252	£55,000 - £59,999	301	2	303
117	1	118	£60,000 - £64,999	209	0	209
26	0	26	£65,000 - £69,999	77	0	77
10	1	11	£70,000 - £74,999	17	1	18
13	0	13	£75,000 - £79,999	14	1	15
5	1	6	£80,000 - £84,999	10	0	10
5	0	5	£85,000 - £89,999	10	0	10
7	0	7	£90,000 - £94,999	1	0	1
2	0	2	£95,000 - £99,999	9	0	9
0	0	0	£100,000 - £104,999	1	0	1
1	0	1	£105,000 - £109,999	2	0	2
<b>844</b>	<b>5</b>	<b>849</b>		<b>1,194</b>	<b>7</b>	<b>1,201</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 10 staff redundancies were recognised during the year, the details of which are presented in the table below.

Compulsory & Voluntary 2022/2023		Exit Packages	Compulsory & Voluntary 2023/2024	
Number	£'000	Banding	Number	£'000
19	201	£0 - £19,999	6	43
5	134	£20,000 - £39,999	4	107
0	0	£40,000 - £59,999	0	0
0	0	£60,000 - £79,999	0	0
<b>24</b>	<b>335</b>		<b>10</b>	<b>150</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

2022/2023 £'000	External Audit Costs	2023/2024 £'000
	<b>Police and Crime Commissioner:</b>	
32	Fees for external audit services paid to Grant Thornton	137
	<b>Chief Constable:</b>	
26	Fees for external audit services paid to Grant Thornton	58
<u>58</u>		<u>195</u>

As part of the Government's response to the Redmond Review, the Department for Levelling Up, Housing, and Communities (DLUHC) provided grant of £22,251 split by PCC £14,685 and CC £7,565 (2022/23 £21,886 split by PCC £14,105 and CC £7,780) 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 2023/2024 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. The following council have been amalgamated into one Somerset council; Mendip, Sedgemoor, Somerset West and Taunton and South Somerset.

2022/2023 £'000	Council Tax	2023/2024 £'000
17,102	Bath and North East Somerset Council	18,336
32,305	Bristol City Council	34,994
20,155	North Somerset Council	21,551
10,616	Mendip District Council	0
10,788	Sedgemoor District Council	0
14,571	Somerset West and Taunton Council	0
15,627	South Somerset District Council	0
0	Somerset Council	55,712
25,005	South Gloucestershire Council	26,640
<u>146,169</u>		<u>157,233</u>

## 13 Transactions with Related Organisations and People

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

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

The PCC and the OCC were asked to disclose details of any transactions between themselves or members of their immediate family with the PCC which either total over £1,000 or which might require separate explanation. Sarah Crew is the Chief Constable, during 2023/2024 we have rendered £3,255 of services relating to the emergency installation of an alarm following risk assessment of her role (no services were provided in 2022/2023).

### 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 £228,997 in 2023/2024 (£21,065 in 2022/2023). Payments were also made to the Avon and Somerset Constabulary Force Club in 2023/2024 of £6,705 (£14,641 in 2022/2023).

## 14 Joint Arrangements

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

2022/2023 Expenditure £'000	Joint Operations	2023/2024 Expenditure £'000
4,099	South West Regional Organised Crime Unit	5,073
1,619	Firearms Training	1,820
744	Counter Terrorism Specialist Firearms Officers	781
5,548	Major Crime Investigation (Brunel)	5,915
8,126	South West Forensic Services	8,743
103	Regional ACC	164
23	Disaster Victim Identification / Casualty Bureau	34
368	Other Regional Programmes	381
<b>20,630</b>	<b>Total</b>	<b>22,911</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 £16,535,394 in 2023/2024 (£13,358,978 in 2022/2023).

## **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 2023/2024 was 39.9% for Avon and Somerset, 33.7% for Gloucestershire, and 26.3% for Wiltshire. The total cost of the operation was £4,131,185 in 2023/2024 (£3,679,798 in 2022/2023).

## **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 £1,457,290 in 2023/2024 (£1,386,930 in 2022/2023).

## **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 £9,242,729 in 2023/2024 (£8,668,710 in 2022/2023).

## **14.5 South West Forensic Services**

South West Forensic Services is a collaboration between Avon and Somerset (34.8%), Devon and Cornwall (36.1%), Dorset (15.2%) and Wiltshire (13.7%) to provide forensic services. The total cost of the operation was £25,102,653 in 2023/2024 (£22,812,481 in 2022/2023).

## **14.6 Regional ACC**

This post was put in place from May 2016 to oversee the regional collaborations for Forensics, Special Branch, SW ROCU, and Counter Terrorism Policing South West. 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 £529,422 in 2023/2024 (£324,764 in 2022/2023).

## **14.7 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 £111,479 in 2023/2024 (£75,200 in 2022/2023).

## **14.8 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 £1,190,601 in 2023/2024 (£1,182,565 in 2022/2023).

## 15 Rent for Operational Leases

The PCC has entered into operating leases in respect of land and buildings

2022/2023 £'000	Leased Land and Buildings	2023/2024 £'000
	The future minimum lease payments due under non-cancellable leases in future years are:	
971	Not later than one year	1,006
2,680	Later than one year and not later than five years	2,139
704	Later than five years	366
<u>4,355</u>		<u>3,511</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.

2023 £'000	IAS 19 Pension Liabilities	2024 £'000
-2,611,528	Police officers	-2,621,719
-33,339	Police staff	-13,124
<u>-2,644,867</u>		<u>-2,634,843</u>

	Police Staff		Police Officers	
	2022/2023 £'000	2023/2024 £'000	2022/2023 £'000	2023/2024 £'000
<b>Comprehensive income and expenditure statement</b>				
Cost of services:				
Current service cost	47,203	14,864	101,916	40,665
Administration expenses	267	254	0	0
Past service cost including curtailments	97	143	0	0
Financing and investment income and expenditure:				
Net interest cost	10,007	-1,349	100,980	122,849
<b>Total post employment benefits charged to the comprehensive income and expenditure statement</b>	<b>57,574</b>	<b>13,912</b>	<b>202,896</b>	<b>163,514</b>
<b>Other post employment benefits charged to the comprehensive income and expenditure statement</b>				
Return on plan assets	-22,279	39,123	0	0
Changes in demographic assumptions	63,726	6,758	0	10,022
Changes in financial assumptions	419,207	13,007	1,651,214	43,730
Experience gain/loss(-) on defined benefit obligations	-59,708	-1,585	-224,308	-6,067
Changes in effect of asset Ceiling	0	-45,861	0	0
Other actuarial gain/loss(-)	-1,131	0	52,813	52,379
<b>Total other comprehensive income</b>	<b>399,815</b>	<b>11,442</b>	<b>1,479,719</b>	<b>100,064</b>
<b>Movement in reserves statement</b>				
Reversal of net charges made for retirement benefits in accordance with the code	-57,574	-13,912	-202,896	-163,514
<b>Actual amount charged against the general fund balance for pensions in the year</b>				
Employer's contribution to scheme	18,292	22,562	36,422	45,880
Retirement benefits payable to pensioners	104	123	6,720	7,379

## 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 £45,880,000 in financial year 2024/2025.

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.

2022/2023 £'000	Cost of Injury and Ill-Health Benefits - Police Officers	2023/2024 £'000
6,720	Payments to pensioners	7,379

2022/2023 £'000	Pensions Account	2023/2024 £'000
105,793	Benefits paid to officers	116,273
-52,884	Less contributions received	-57,666
<b>52,909</b>	<b>Balance met from PCC Group</b>	<b>58,607</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		2023/2024	2022/2023
<b>Current pensioners</b>			
	Males	21.3	21.2
	Females	23.4	23.5
<b>Retiring in 20 years</b>			
	Males	22.5	22.5
	Females	24.7	25.0



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

2022/2023 %		2023/2024 %
4.80	Discount rate	4.90
3.90	Rate of increase in salaries	3.90
2.90	Rate of increase in pensions in payment	2.90
3.20	Change in Retail Price Index (RPI)	3.25
2.90	Change in Consumer Price Index (CPI)	2.90

The movement in the present value of scheme liabilities for the year to 31 March 2024 is as follows

2022/2023 £'000	Present Value of Police Pension Scheme Liabilities	2023/2024 £'000
-3,931,493	Present value of schemes liability as at 1 April	-2,611,528
	<b>Movements in the year</b>	
-101,916	Current service cost	-40,665
111,341	Estimated benefits paid (net of transfers in)	122,655
-15,386	Contributions by scheme participants	-17,017
-100,980	Interest costs	-122,849
1,651,214	Change in financial assumptions	43,730
0	Change in demographic assumptions	10,022
-224,308	Experience gain/loss on defined benefit obligations	-6,067
<b>-2,611,528</b>	<b>Present value of schemes liability as at 31 March</b>	<b>-2,621,719</b>

The movement in the fair value of scheme assets for the year to 31 March 2024 is as follows

2022/2023 £'000	Fair Value of Police Pensions Scheme Assets	2023/2024 £'000
0	Present value of schemes assets as at 1 April	0
	<b>Movements in the year</b>	
52,813	Other actuarial gain	52,379
43,142	Contributions by employer	53,259
15,386	Contributions by scheme participants	17,017
-111,341	Estimated benefits paid (net of transfers in)	-122,655
<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 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

2022/2023		Pension Costs - Police Staff		2023/2024	
Payments	Percentage of Employees' Contributions			Payments	Percentage of Employees' Contributions
£'000				£'000	
18,286	130-296	PCC's contribution		20,827	130-296

During 2023/2024 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 £22,376,000 in financial year 2024/2025.

Since April 2023 the Constabulary has paid 18.6% of the employee salary in pension contribution (previously 16.3%) for current active members and an annual fixed sum to pay for past service deficit recovery. The fixed sum paid in 2022/2023 was £2,420,000 and the amount paid in 2023/2024 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 2023/2024 financial year by independent actuaries to the Somerset Council pension fund, who have taken account of the requirements of IAS 19 to assess the liabilities of the fund. Liabilities have been calculated by reference to police staff who are members of the fund as well as those who are already receiving pensions. The estimate of the duration of the employer's liabilities is 21 years. Using the assumptions detailed in the tables below an estimate of the costs and liabilities associated with police staff pensions has been made.

Life Expectancy from Age 65 Years		2023/2024	2022/2023
<b>Current pensioners</b>			
	Males	21.1	21.4
	Females	23.0	23.2
<b>Retiring in 20 years</b>			
	Males	22.4	22.7
	Females	24.4	24.7

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

2022/2023		2023/2024
%		%
4.80	Discount rate	4.95
3.90	Rate of increase in salaries	3.90
2.90	Rate of increase in pensions in payment	2.90
3.20	Change in Retail Price Index (RPI)	3.15
2.90	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 2024 is estimated to be 2.83%. The estimated value of the PCC's share of the fund's assets is £564,523,000 on a bid value basis (2022/2023 £487,693,000).

The assets are made up of the following

2022/2023		Assets	2023/2024	
£'000	%		£'000	%
		<b>Equities</b>		
52,671	10.8	UK - Unquoted	56,484	10.0
292,031	59.9	Overseas - Unquoted	338,905	60.0
19,057	3.9	Private equity	19,205	3.4
<b>363,758</b>	<b>74.6</b>		<b>414,594</b>	<b>73.4</b>
		<b>Gilts - Public Sector</b>		
8,719	1.8	UK fixed interest	12,071	2.1
8,719	1.8	UK index linked	12,127	2.2
<b>17,437</b>	<b>3.6</b>		<b>24,198</b>	<b>4.3</b>
		<b>Other Bonds</b>		
34,825	7.14	UK	45,735	8.0
15,850	3.3	Overseas	22,868	4.0
<b>50,675</b>	<b>10.4</b>		<b>68,603</b>	<b>12.0</b>
39,130	8.0	<b>Property</b>	40,572	7.2
16,693	3.4	<b>Cash (invested internally)</b>	16,556	2.9
<b>487,693</b>	<b>100</b>	<b>Total assets</b>	<b>564,523</b>	<b>100</b>

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

2022/2023	Police Staff Pensions	2023/2024
£'000		£'000
487,693	Share of assets in pension fund	564,523
-519,921	Estimated liabilities in pension fund	-576,634
-1,111	Estimated unfunded liabilities	-1,013
<b>-33,339</b>	<b>Deficiency in fund</b>	<b>-13,124</b>

The movement in the present value of schemes obligations for the year to 31 March 2024 is as follows

2022/2023 £'000	Present Value of Police Staff Liabilities	2023/2024 £'000
-882,896	Present value of defined obligations as at 1 April	-521,032
	<b>Movements in the year</b>	
-47,203	Current service cost	-14,864
15,084	Estimated benefits paid (net of transfers in)	17,771
-6,406	Contributions by scheme participants	-7,557
-22,843	Interest costs	-24,264
104	Unfunded pension payments	123
419,207	Change in financial assumptions	13,007
63,726	Change in demographic assumptions	6,758
-59,708	Experience loss(-)/gain on defined benefit obligations	-1,585
-97	Past service cost, including curtailments	-143
<b>-521,032</b>	<b>Present value of defined obligations as at 31 March</b>	<b>-531,786</b>

The movement in the fair value of scheme assets for the year to 31 March 2024 is as follows

2022/2023 £'000	Fair Value of Police Staff Scheme Assets	2023/2024 £'000
488,920	Fair value of scheme assets as at 1 April	487,693
	<b>Movements in the year</b>	
12,836	Interest on assets	25,613
-22,279	Return on assets less interest	39,123
-1,131	Other actuarial gain/loss(-)	0
-267	Administration expenses	-254
18,396	Contributions by employer	22,685
6,406	Contributions by scheme participants	7,557
-15,188	Estimated benefits paid (net of transfers in)	-17,894
<b>487,693</b>	<b>Fair value of scheme assets as at 31 March</b>	<b>564,523</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 2023/2024	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 2023	201,349	97,160	320	2,277	301,106
Additions during year	225	9,823	1,307	2,262	13,617
Disposals	0	-54,526	0	0	-54,526
Reclassification	124	0	-124	2	2
<b>Revaluation gain/loss (-)</b>				0	
Recognised in revaluation reserve	3,462	0	0	-477	2,985
Recognised in surplus & deficit I&E	-287	0	0	-135	-422
<b>As at 31 March 2024</b>	<b>204,873</b>	<b>52,457</b>	<b>1,503</b>	<b>3,929</b>	<b>262,762</b>
<b>Depreciation and impairment</b>					
As at 1 April 2023	-1,668	-79,769	0	0	-81,437
Depreciation charge	-6,710	-8,556	0	-558	-15,824
Disposals	0	54,461	0	0	54,461
Reclassification	0	0	0	0	0
<b>Revaluation gain/loss (-)</b>					
Recognised in revaluation reserve	5,199	0	0	667	5,866
Recognised in surplus & deficit I&E	1,037	0	0	0	1,037
<b>As at 31 March 2024</b>	<b>-2,142</b>	<b>-33,864</b>	<b>0</b>	<b>109</b>	<b>-35,897</b>
<b>Net book value</b>					
<b>As at 31 March 2024</b>	<b>202,731</b>	<b>18,593</b>	<b>1,503</b>	<b>4,038</b>	<b>226,865</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>Property, Plant and Equipment 2022/2023</b>	<b>Land and Buildings</b>	<b>Vehicles, Plant, Machinery and Equipment</b>	<b>Assets Under Construction</b>	<b>Surplus Assets</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>					
As at 1 April 2022	202,778	90,154	544	250	<b>293,726</b>
Additions during year	464	8,623	76	0	<b>9,163</b>
Disposals	0	-1,617	0	0	<b>-1,617</b>
Reclassification	-3,685	0	-300	2,000	<b>-1,985</b>
<b>Revaluation gain/loss (-)</b>					
Recognised in revaluation reserve	365	0	0	27	<b>392</b>
Recognised in surplus & deficit I&E	1,427	0	0	0	<b>1,427</b>
<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	<b>-75,201</b>
Depreciation charge	-6,452	-7,448	0	0	<b>-13,900</b>
Disposals	0	1,609	0	0	<b>1,609</b>
Reclassification	-21	0	0	21	<b>0</b>
<b>Revaluation gain/loss (-)</b>					
Recognised in revaluation reserve	4,737	0	0	0	<b>4,737</b>
Recognised in surplus & deficit I&E	1,339	0	0	-21	<b>1,318</b>
<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>

Nature of assets held as at 31 March 2024	Land and Buildings	Vehicles, Plant, Machinery and Equipment	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Owned	120,391	18,593	1,503	4,038	144,525
PFI (Note 21)	82,340	0	0	0	82,340
	<b>202,731</b>	<b>18,593</b>	<b>1,503</b>	<b>4,038</b>	<b>226,865</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>

## 20 Investment Properties

2022/2023 Investment Property	2023/2024 Investment Property
£'000	£'000
0	2,776
<b>Balance at start of the year</b>	
<b>Additions:</b>	
0	0
0	0
0	0
0	0
<b>Disposals</b>	
0	0
791	13
<b>Net gains from fair value adjustments</b>	
<b>Transfers:</b>	
0	0
1,985	0
to/from inventories	
from property plant and equipment	
<b>2,776</b>	<b>2,789</b>
<b>As at 31 March</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

2022/2023			PFI Assets	2023/2024		
PFI Buildings £'000	PFI IT Equipment £'000	Total £'000		PFI Buildings £'000	PFI IT Equipment £'000	Total £'000
			<b>Cost or valuation</b>			
80,991	5,385	<b>86,376</b>	As at 1 April	79,928	5,385	<b>85,313</b>
46	0	<b>46</b>	Additions during year	0	0	<b>0</b>
0	0	<b>0</b>	Disposals	0	-5,385	<b>-5,385</b>
			<b>Revaluation gain/loss (-)</b>			
-1,106	0	<b>-1,106</b>	Recognised in revaluation reserve	2,317	0	<b>2,317</b>
-3	0	<b>-3</b>	Recognised in surplus & deficit I&E	120	0	<b>120</b>
<b>79,928</b>	<b>5,385</b>	<b>85,313</b>	<b>As at 31 March</b>	<b>82,365</b>	<b>0</b>	<b>82,365</b>
			<b>Depreciation and impairment</b>			
-26	-5,385	<b>-5,411</b>	As at 1 April	-11	-5,385	<b>-5,396</b>
-2,814	0	<b>-2,814</b>	Depreciation charge	-2,973	0	<b>-2,973</b>
0	0	<b>0</b>	on Disposals	0	5,385	<b>5,385</b>
			<b>Revaluation gain/loss (-)</b>			
2,663	0	<b>2,663</b>	Recognised in revaluation reserve	2,934	0	<b>2,934</b>
166	0	<b>166</b>	Recognised in surplus & deficit I&E	25	0	<b>25</b>
<b>-11</b>	<b>-5,385</b>	<b>-5,396</b>	<b>As at 31 March</b>	<b>-25</b>	<b>0</b>	<b>-25</b>
			<b>Net book value</b>			
<b>79,917</b>	<b>0</b>	<b>79,917</b>	<b>As at 31 March</b>	<b>82,340</b>	<b>0</b>	<b>82,340</b>

2022/2023 £'000	PFI Liabilities	2023/2024 £'000
51,570	Finance Liability as at 1 April	49,693
-1,877	Liability Paid in Year	-1,281
<b>49,693</b>	<b>Finance Liability at 31 March</b>	<b>48,412</b>

The fair value of the PFI liability has been assessed as £61,139,869 compared to the book value of £48,412,000 as shown in the table above.

Payments made in 2023/2024 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 2023/2024	2,424	1,596	3,824	1,281
<b>Rentals payable in future years</b>				
Within 1 year	2,508	853	3,972	1,938
Within 2-5 years	10,023	4,459	13,918	8,674
Within 6-10 years	12,508	5,945	12,931	14,953
Within 11-15 years	12,552	4,749	6,202	22,847
Within 16-20 years	0	0	0	0
<b>Total</b>	<b>37,591</b>	<b>16,006</b>	<b>37,023</b>	<b>48,412</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 2023</b>	<b>Debtors and Payments in Advance</b>	<b>PCC</b>	<b>Total 2024</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
44,231	44,231	Trade debtors	59,256	59,256
14,248	14,248	Prepayments	13,619	13,619
36	36	Other	30	30
<b>58,515</b>	<b>58,515</b>	<b>Balance as at 31 March</b>	<b>72,905</b>	<b>72,905</b>

## 23 Cash and Cash Equivalents

<b>2023</b>	<b>Cash and Cash Equivalents</b>	<b>2024</b>
<b>£'000</b>		<b>£'000</b>
106	Cash in hand	77
-4,391	Bank Overdraft	-3,470
32,785	Short term deposits	9,360
<b>28,500</b>	<b>Balance as at 31 March</b>	<b>5,967</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 2024 £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.

2023 £'000	Loans to be Repaid	2024 £'000
1,147	Within one year	8,922
3,922	Between one and two years	1,137
6,547	Between two and five years	6,120
3,549	Between five and 10 years	3,549
27,997	More than 10 years	27,288
<b>43,162</b>	<b>Total</b>	<b>47,016</b>
	Less:	
-1,147	Transferred to short term borrowings (repayable in 2023/2024)	-8,922
<b>42,015</b>		<b>38,094</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 2023 £'000	Creditors and Receipts in Advance	OCC £'000	PCC £'000	Total 2024 £'000
0	15,707	15,707	Trade creditors	0	13,730	13,730
0	369	369	Receipts in advance	0	872	872
12,975	14,320	27,295	Accruals	14,570	14,169	28,739
0	2,116	2,116	Other	0	2,600	2,600
<b>12,975</b>	<b>32,512</b>	<b>45,487</b>	<b>Balance as at 31 March</b>	<b>14,570</b>	<b>31,371</b>	<b>45,941</b>

## 26 Short and Long Term Provisions

Short and Long Term Provisions	Balance 1 April 2023 £'000	Reversed Unused £'000	Used in Year £'000	New in Year £'000	Balance 31 March 2024 £'000
Insurance	8,059	0	-916	1,510	8,653
Legal services	325	-194	-193	610	548
Ill-health & termination benefits - OCC	126	0	-126	616	616
Overtime liability - OCC	3,999	0	-1,813	1,732	3,918
	<b>12,509</b>	<b>-194</b>	<b>-3,048</b>	<b>4,468</b>	<b>13,735</b>

As at 31 March 2024, the insurance provision has increased to £8,653,000, 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 2024 and the paid and outstanding claims position as at this date.

The legal services provision of £548,000 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 £616,000 is in respect of ill health retirement payments where approval to start the process was agreed at 31 March 2024
- ✚ The overtime liability provision at 31 March 2024 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 2024.

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. Following the 31st March 2020 valuation of the Police pension schemes, the Home Office have confirmed an increase to employer contributions from 31% to 35.3% with effect from 1st April 2024. 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 respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

## **27.2 Other Pension cases**

There is one further case which has been 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 2024 due to there being insufficient information upon which to make an accurate estimation.

## **27.3 Airwave Solutions**

On 22nd December 2023, it was announced that Airwave Solution Limited (Motorola) lost their appeal against the Competitions and Markets Authority (CMA) ruling that they had been in effect over charging for Airwave services. As a result, Avon and Somerset Constabulary were issued a credit note and discounts of current invoices which to the end of 31 March 2024 total £167,204. The value and detail of the credit and discounts remains a subject of ongoing work between the Home Office, who are the central contract managers of the Airwave contract, and Motorola/Airwave.

There is a risk that Motorola/Airwave have further right to appeal against this finding which, if the appeal is upheld, would reverse the credit notes and discounts already received.

## 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 2023/2024	Balance 1 April 2023	Reserves Used in Year	Transfers to Reserves in Year	Balance 31 March 2024
	£'000	£'000	£'000	£'000
Carry forwards Reserve	160	-70	0	90
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
General Revenue Smoothing Reserve	2,806	-1,028	0	1,778
New PCC Reserve	930	-191	0	739
<b>Total discretionary reserves</b>	<b>6,686</b>	<b>-1,289</b>	<b>0</b>	<b>5,397</b>
SW ROCU Reserve	132	0	267	399
Proceeds of crime Reserve	818	-165	0	653
Police Property Act Reserve	275	0	221	496
Grants carried forward Reserve	1,982	0	271	2,253
Hinkley Point Reserve	890	-207	0	683
Road safety Reserve	1,323	-668	0	655
LRF Reserve	336	-54	0	282
Victim support services Reserve	2,762	-188	0	2,574
Miscellaneous Reserve	110	-9	0	101
Regional programme Reserve	221	-49	0	172
Pension Fund McCloud Reserve	88	0	0	88
<b>Total non-discretionary reserves</b>	<b>8,937</b>	<b>-1,340</b>	<b>759</b>	<b>8,356</b>
Capital financing Reserve	21,002	-7,385	993	14,610
Earmarked capital Reserve	131	-203	472	400
PFI change Reserve	457	0	0	457
Sinking fund Reserve	5,099	-63	155	5,191
ESMCP Reserve	765	-31	0	734
<b>Total capital and PFI reserves</b>	<b>27,454</b>	<b>-7,682</b>	<b>1,620</b>	<b>21,392</b>
Council tax income guarantee Reserve	209	-209	0	0
<b>Total earmarked reserves</b>	<b>43,286</b>	<b>-10,520</b>	<b>2,379</b>	<b>35,145</b>
General Fund	12,000	0	0	12,000
<b>Total General Fund Balance</b>	<b>55,286</b>	<b>-10,520</b>	<b>2,379</b>	<b>47,145</b>

<b>Revenue Reserves 2022/2023</b>	<b>Balance 1 April 2022</b>	<b>Reserves Used in Year</b>	<b>Transfers to Reserves in Year</b>	<b>Balance 31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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 **General Revenue Smoothing reserve** was established as part of the 23/24 MTFP to reflect the inflationary challenges in future financial years.

The **New PCC reserve** has been established to provide funds to help support the new PCC's programme during their first year in office.

The **SW ROCU reserve** 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 **POCA reserve** 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

2022/2023 £'000	Capital Expenditure and Financing	2023/2024 £'000
97,072	Opening capital financing requirement	93,511
	<b>Capital investment</b>	
9,163	Property, plant and equipment	13,618
	<b>Sources of finance</b>	
-216	Capital receipts	-146
-84	Government grants and contributions	-48
-5,057	Revenue contributions	-2,701
-3,529	Earmarked reserves	-7,202
-3,724	Minimum revenue provision	-3,139
-114	Capital creditors	0
-12,724		-13,236
<b>93,511</b>	<b>Closing capital finance requirements</b>	<b>93,893</b>
	<b>Explanation of movements in year</b>	
-3,561	Increase/decrease(-) in underlying need to borrow	382
<b>-3,561</b>	<b>Increase/decrease(-) in capital financing requirement</b>	<b>382</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 2023/2024	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	3,470	8,922	24,894	38,094	75,380
Amortised cost - PFI liabilities	0	1,938	0	46,474	48,412
<b>Total financial liabilities</b>	<b>3,470</b>	<b>10,860</b>	<b>24,894</b>	<b>84,568</b>	<b>123,792</b>
Other liabilities not defined as financial instruments:					
Tax	0	0	6,477	0	6,477
OCC payroll accruals	0	0	14,570	0	14,570
<b>Total</b>	<b>3,470</b>	<b>10,860</b>	<b>45,941</b>	<b>84,568</b>	<b>144,839</b>

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>

<b>Financial assets 2023/2024</b>	<b>Current Cash and cash equivalents £'000</b>	<b>Investment s £'000</b>	<b>Debtors £'000</b>	<b>Total 31st March 2024 £'000</b>
Fair value through profit or loss	1,360	0	0	<b>1,360</b>
Amortised cost	8,077	27,600	54,363	<b>90,040</b>
<b>Total financial assets</b>	<b>9,437</b>	<b>27,600</b>	<b>54,363</b>	<b>91,400</b>
Other assets not defined as financial instruments:				
VAT	0	0	4,065	<b>4,065</b>
Payments in advance	0	0	14,476	<b>14,476</b>
<b>Total</b>	<b>9,437</b>	<b>27,600</b>	<b>72,905</b>	<b>109,942</b>

<b>Financial assets 2022/2023</b>	<b>Current Cash and cash equivalents £'000</b>	<b>Investment s £'000</b>	<b>Debtors £'000</b>	<b>Total 31st March 2023 £'000</b>
Fair value through profit or loss	11,785	0	0	<b>11,785</b>
Amortised cost	21,106	22,000	42,270	<b>85,376</b>
<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	<b>1,998</b>
Payments in advance	0	0	14,248	<b>14,248</b>
<b>Total</b>	<b>32,891</b>	<b>22,000</b>	<b>58,515</b>	<b>113,406</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 £25,873,680 (31 March 2023 £28,366,673) compared with a book value of £30,176,091 (31 March 2023 £31,285,912). The fair value of LOBO loans has been assessed at £5,897,417 (31 March 2023 £5,776,931) 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 2024		31 March 2023	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
<b>Financial liabilities held at amortised cost</b>				
Borrowings - PWLB loans	30,176	25,874	31,286	28,367
Borrowings - LOBO loans	5,275	5,897	5,275	5,777
Borrowings - other	6,564	6,360	6,601	6,371
Bank Overdraft	3,470	3,470	4,391	4,391
Creditors	24,894	24,894	25,258	25,258
PFI liabilities	48,412	64,093	49,693	62,630
<b>Total</b>	<b>118,791</b>	<b>130,588</b>	<b>122,504</b>	<b>132,794</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.

<b>Lender Option Borrower Option (LOBO)</b>						
	Drawdown Date	2024 £'000	Period	Next Option Date	End Date	Interest Rate %
2023 £'000						
	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 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 2024		31 March 2023	
	Carrying £'000	Fair value £'000	Carrying £'000	Fair value £'000
<b>Financial assets held at amortised cost</b>				
Cash and cash equivalents	5,077	8,414	18,106	21,218
Investments - Short term	27,600	25,969	22,000	19,074
Debtors	54,363	54,363	42,270	42,270
<b>Total</b>	<b>87,040</b>	<b>88,746</b>	<b>82,376</b>	<b>82,562</b>
<b>Financial assets held at Fair Value</b>				
Cash and cash equivalents	4,360	3,960	14,785	14,541
<b>Total</b>	<b>4,360</b>	<b>3,960</b>	<b>14,785</b>	<b>14,541</b>

At 31 March 2024 the fair value is assessed as level 1 for cash and cash equivalents held at amortised cost and fair value at £9,773,980, and short term investments at £28,569,086. This compares with a book value of £9,437,000 for cash and equivalents and a book value of £27,600,000 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 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000
Interest payable and similar charges (excluding PFI)	1,547	1,542	0	0
Interest and investment income	0	0	1,516	3,724

### 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 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 2024 investments can be analysed as follows

Credit Rating	31 March 2023 £'000	Default %		Credit Rating	31 March 2024 £'000	Default %
AAA	11,785	0.11	Deposits with Money Market Funds	AAA	1,360	0.11
AA-	31,000	0.08	Deposits with local authorities	AA-	33,000	0.07
A	5,000	0.05	Deposits with UK banks	A+	0	0.00
AA-	4,000	0.03	Deposits with Overseas banks	AA-	0	0.00
N/A	3,000	N/A	CCLA property fund	N/A	3,000	0.00
	<b>54,785</b>		<b>Total</b>		<b>37,360</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 £26,519,494 pension fund account debtor with the Home Office (2022/2023 £14,950,294).

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 2024 the total value of these provisions was £34,959 (31 March 2023 £156,811). The remaining value of debtors less these provisions can be analysed as follows

31 March 2023 £'000	Unimpaired Debtors	31 March 2024 £'000
1,467	Less than three months	1,937
51	Over three months	67
<u>1,518</u>		<u>2,004</u>

### 30.7 Liquidity Risk

The PCC has a comprehensive cash flow management process managed on our behalf by Somerset Council that seeks to ensure that cash is available as needed. At 31 March 2024 the PCC had £4,360,000 (31 March 2023 £14,785,000) in call accounts and money market funds available to manage short term liquidity requirements. The PCC had a further £33,000,000 invested for a period of up to one year from the balance sheet date (31 March 2023 £40,000,000).

### 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 £17,180 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 18). 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

2022/2023 £'000	Police Officers Pension Fund Account	2023/2024 £'000
	<b>Contributions receivable</b>	
	Employers contributions:	
-35,930	Normal 31% contributions	-39,477
-925	Ill health/early retirements	-175
<hr/>		<hr/>
-36,855		-39,652
	<b>Employee contributions</b>	
-11	1987 Police Pension Scheme	-10
-1	2006 Police Pension Scheme	-1
-15,374	CARE Police Pension Scheme	-17,006
<hr/>		<hr/>
-15,386		-17,017
<b>-643</b>	<b>Transfers in from other schemes</b>	<b>-997</b>
	<b>Benefits payable</b>	
89,100	Pensions	98,193
15,893	Commutations and lump sum retirement benefits	17,249
<hr/>		<hr/>
104,993		115,442
	<b>Payments to and on account of leavers</b>	
170	Refund of contributions	148
101	Transfers out to other schemes	159
529	Other	523
<hr/>		<hr/>
800		830
<b>52,909</b>	<b>Net amount payable for the year</b>	<b>58,606</b>
0	Additional contribution from the local policing body	0
<b>-52,909</b>	<b>Transfer from Police Fund to meet deficit</b>	<b>-58,606</b>
<hr/>		<hr/>
<b>0</b>	<b>Net amount payable/receivable for the year</b>	<b>0</b>
<hr/>		<hr/>



This note shows the pension fund account assets and liabilities as at 31 March 2024

<b>31 March 2023 £'000</b>	<b>Pension Fund Net Assets</b>	<b>31 March 2024 £'000</b>
	<b>Current assets</b>	
0	Amounts due from Central Government	0
	<b>Current liabilities</b>	
0	Amounts owing to pensioners	0
<hr/>		<hr/>
<b>0</b>	<b>Net assets</b>	<b>0</b>
<hr/>		<hr/>

## 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
ASPIRE	Internal Avon and Somerset development programme
Balance Sheet	This represents our overall financial position as at 31 March
BAU	Business As Usual
BCFM	BBC Local Radio – BCFM 93.2 FM
Capital programme	This is a list of projects for buying or improving fixed assets
Cash Flow Statement	Summarises the income and outgoings of cash during the financial year
CC	Chief Constable
CCLA Property Fund	Churches, Charities and Local Authorities property fund. Manages investments for charities, religious authorities and the public sector
CFO	Chief Financial 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 within the PCC's statement of accounts
Contingent liabilities	A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity
CoPaCC	Compares Police and Crime Commissioners
CPD	Continuous Personal Development
Creditors	Amounts which are owed to others
CSB	Constabulary Strategy Board
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
DARA	Domestic Abuse Risk Assessment
DASH	Domestic Abuse Stalking & Harrassment
Debtors	Amounts which are due from others

<b>Term</b>	<b>Definition</b>
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
The Drive Project	The Drive Project challenges and supports high-harm, high-risk perpetrators to change whilst working closely with partner agencies – like the police and social services – to manage risk and disrupt abuse
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
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
FMS	Force Management Statement
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
GDPR	General Data Protection Regulations
GSB	Governance and Scrutiny Board
GSC	Government Security Classification
Historical Costs	These are the amounts paid at the time we bought the assets
HMICFRS	His Majesty's Inspectorate of Constabulary and Fire & Rescue Services
HMICFRS PEEL	The HMICFRS PEEL assessment stands for Police Effectiveness, Efficiency and Legitimacy
IAG	Independent Advisory Group
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)
I&E	Income and Expenditure Account
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

<b>Term</b>	<b>Definition</b>
ILM	Institute of Leadership and Management
Intangible fixed assets	Assets that are not physical such as software licences
IOPC	Independent Office for Police Conduct
IPM	Independent Panel Member
IPR	Individual Performance Review
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
IVC	Independent Custody Visitor
JAC	Joint Audit Committee
KPI	Key Performance Indicator
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
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
LQC	Legally Qualified Chair
LRF reserve	Local Resilience Forum reserve
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 OCC during the financial year
MTFP	Medium Term Financial Plan
OCC	Office of the Chief Constable
OPCC	Office of Police and Crime Commissioner Staff employed by the Police and Crime Commissioner
Operation Holden	Organisation wide vetting review
PACCTS	Police and Crime Commissioners Treasurer's Society
PCB	Police and Crime Board
PCC	Police and Crime Commissioner for Avon and Somerset
PCC Group	The term PCC Group refers to the Police and Crime Commissioner (PCC) for Avon and Somerset and the office of the Chief Constable (OCC)
PCP	Police and Crime Plan
PCSO	Police community support officer
PFI	Private Finance Initiative
PMO	Portfolio Management Office
POCA	Proceeds of Crime Act
Police pension top-up grant	The OCC operates a Pension Fund, which is balanced to nil at the end of the year. The PCC receives a top-up grant from the Home Office equal to this deficit to balance the fund
Police revenue grant	The revenue grant is provided by the Home Office as part of the funding required by an authority to finance a budget in line with the Governments assessment. The balance of funding is from business rates, revenue support grant and council tax

<b>Term</b>	<b>Definition</b>
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
PSD	Professional Standards Department
PV cell	A photovoltaic cell, commonly called a solar cell, is a nonmechanical device that converts sunlight directly into electricity
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
QR code	A machine-readable code consisting of an array of black and white squares, typically used for storing URLs or other information for reading by the camera on a smartphone
RAG	Responsible Authorities Group
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
Soteria/Bluestone	The national operating model for the investigation of rape and serious sexual offences (RASSO) arose from the work of Operation Soteria Bluestone
SPR	Strategic Policing Requirement
SWAP	South West Audit Partnership
SWOT	A framework for analysing the strengths, weaknesses, opportunities and threats related to the problem being considered
SWPPS	South West Police Procurement Service
SW ROCU	South West Regional Organised Crime Unit
TOR	Terms of Reference
UJIMA	Ujima Radio 98.0 FM
VRU	Violence Reduction Units