



2016/2017
**CHIEF CONSTABLE'S
STATEMENT
OF ACCOUNTS**



Office of the Chief Constable for Avon & Somerset

Officers of the Office of the Chief Constable

The statutory officers of the Office of the Chief Constable (OCC) are as follows:

Andy Marsh	Chief Constable Phone: 01275 816007
Julian Kern	Chief Finance Officer to OCC Phone: 01275 816012
Address for chief officers:	Valley Road Portishead Bristol BS20 8QJ



Statement of Accounts 2016/2017

Chief Finance Officer's Narrative Report	3
Statement of Responsibilities	9
Auditor's Report	10
Annual Governance Statement	13
Comprehensive Income and Expenditure Statement	25
Expenditure and Funding Analysis Note	26
Movement in Reserves Statement	27
Balance Sheet	28
Cash Flow Statement	29
Notes to the Financial Statements	30
Police Officers Pension Fund Account Statements	51
Glossary of Terms	53

Office of the Chief Constable for Avon & Somerset

Chief Finance Officer's Narrative Report

This section highlights and explains some of the more important matters of finance, financial strategy and other key issues that are reported in the accounts and provide commentary on the key issues that have had a major effect on the finances now and in the future. This statement should be read in conjunction with the Chief Finance Officer's Narrative Report in the Police and Crime Commissioner's Statement of Accounts.

1 Introduction

This Statement of Accounts summarises the financial year for 2016/2017. The income and expenditure, assets, liabilities and reserves which are recognised in the PCC's accounts and in the Chief Constable's accounts, reflect the current legislative framework as well as the local arrangements operating in practice. The key elements of the legislative framework and local arrangements include:

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

These financial statements include the following:

- **A statement of responsibilities** - This sets out the responsibilities of the OCC and the CFO in respect of the Statement of Accounts;
- **An annual governance statement** - These statements review the effectiveness of the OCC's internal control systems;
- **A comprehensive income and expenditure statement** - This statement shows the accounting cost in the year of providing policing services in accordance with generally accepted accounting practices, together with the costs of providing pensions for officers and staff;
- **An 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.
- **A movement in reserves statement** – This statement shows the movement during the year in reserves, and affirms that no actual reserve balances are held by the OCC at the end of the accounting period;
- **A balance sheet at 31 March 2017** – The balance sheet shows the net pension liability, as well as other employee related balances recognised by the OCC and offset by a debtor from the PCC;
- **A cash flow statement** - The cash flow statement shows the changes in cash and cash equivalents during the year. This statement in the OCC's accounts reflects the fact that there have been no cash transactions in the name of the OCC;
- **A police officers pension fund account statement** - This statement shows the police officers contributions and benefits payable into the pension fund for the year, along with the amount of Home Office top-up grant receivable.

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).

2.1 Police Reform and Social Responsibility Act 2011

The Police Reform and Social Responsibility Act 2011 set up new accountability and governance arrangements, establishing both the office of the PCC and the Office of the Chief Constable (OCC) as separate 'corporations sole'. In this new regime, each is a separate legal entity, though the Chief is accountable to the PCC. 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.

The approach of how to account for costs and assets follows CIPFA guidance in so far as it is available and generally accepted accounting principles which look at the underlying substance of a transaction as opposed to its legal status. In applying the accounting treatment, consideration was given as to who ultimately exercised financial control and carried the risks and rewards of assets and liabilities with reference to the principles outlined in the PCC's scheme of governance including the scheme of delegation, standing orders and financial regulations.

As last year, the accounts are prepared after consideration of the above factors and having regard to:

- The scheme of governance as set by the PCC;
- The financial regulations and standing orders as set by the PCC;
- The police and crime plan as established and set by the PCC;
- The allocation of resources as set through the budget approved by the PCC;
- The power to appoint the Chief Constable resting with the PCC;
- Ownership and control of the general fund resting with the PCC;
- Powers to borrow funds resting with the PCC only;
- Consent of the PCC required to buy and sell property;
- Day to day command and control of staff undertaken by the Chief Constable.

The result of this review is that ultimately the control and risks associated with assets and liabilities rest with the PCC, whereas the day to day command and control of operational staff rests with the Chief Constable.

Therefore, the accounting treatment adopted is:

- The PCC will produce the group accounts;
- The OCC is treated as wholly owned subsidiary of the PCC for accounting purposes;
- All assets/liabilities are under the control of the PCC and are reported in the books of this entity, with the exception of the IAS 19 pension liability and associated assets, the short-term absences accrual (which places a financial value on holiday and time off owed to employees) and other employee expense accruals and provisions, all of which are reported in the books of the OCC. These liabilities are matched by an intragroup debtor to the PCC;
- The accounts of the OCC show the operating cost of policing together with an equal notional transfer of funding from the PCC. In addition, we show other disclosures in the notes to the OCC's accounts concerning police officers and police staff remuneration and pensions costs.

2.2 Changes to the presentation of the statement of accounts

The statement of accounts have been amended to reflect new reporting requirements for the comprehensive income and expenditure statement and the introduction of a new expenditure and funding analysis, both resulting from the "Telling the Story" review of the presentation of Local Authority statements within the 2016/2017 CIPFA Code. The new format of the comprehensive income and expenditure statement, to the net cost of

police services, reflects the format of the information provided to the PCC for decision making purposes. The 2015/2016 comprehensive income and expenditure statement has been restated as a result.

3 Financial Performance

In February 2016 the PCC approved a 2016/2017 net revenue budget of £276.1m, an increase of £3.1m (1.1%) on the previous year. Of this £271.3m was provided to the Chief Constable in order to support the provision of policing services to the communities of Avon & Somerset, an increase of £3.0m (1.1%).

In order to manage the ongoing inflationary and other cost pressures the Constabulary needed to identify £8.1m of savings, which took our cumulative savings target since 2010/2011 to £66.9m.

Financial performance against budget is monitored throughout the year, reported to senior managers of the OCC and through to the PCC. These reports are published in order to provide public transparency of our financial performance. The financial performance report for 2016/2017 was reported to the PCC in May 2017, and can be found published on the PCC's website.

The Constabulary's net revenue expenditure in 2016/2017 was £267.0m. When compared to budget this means we have underspent by £4.3m (1.6%), prior to adjustments for provisions and for transfers to earmarked reserves. Once these adjustments were made this underspend was fully accounted for.

This revenue performance was the consequence of a number of factors, including:

- Delivery of savings in accordance with the budget plan;
- Above budget spend on overtime being offset by savings in core headcount.

The following table summarises the revenue financial performance for 2016/2017:

	Budget	Expenditure	Over/ Under (-)
	£'000	£'000	£'000
Local policing	78,463	74,540	-3,923
Specialist operations	71,761	71,537	-224
Prevention, protection and prosecution	47,009	45,909	-1,100
Enabling services	58,946	57,261	-1,685
Central costs	10,771	13,700	2,929
Strategic projects	4,322	4,028	-294
Miscellaneous, grants and secondees	19	61	42
Constabulary sub total	271,291	267,036	-4,255
Office of the PCC	1,354	1,265	-89
Commissioning	3,430	2,992	-438
Total before provisions and earmarked reserves	276,075	271,293	-4,782
Adjustments for provisions	0	3,886	3,886
Contributions to earmarked reserves	0	896	896
Total after provisions and earmarked reserves	276,075	276,075	0

It should be noted that the figures above cannot be agreed directly to the comprehensive income and expenditure statement on page 25 where the costs of policing activities include charges for the provision of pensions and the use of assets which are later reversed out through intragroup transfers from the PCC.

In many cases the reported underspends for 2016/2017 will lead to permanent savings, and we believe that we have substantially identified these recurring underspends and removed them from the 2017/2018 budget. In some cases these savings cannot be achieved permanently, and the underspend simply represents a delay in spend yet to occur, or one-off receipt of income unlikely to be repeated.

3.1 Accounting for Pensions

In line with the International Accounting Standard IAS 19 employee benefits there is a significant pension liability of £4.1bn shown on the balance sheet, which is offset by an intragroup debtor with the PCC. This liability is reduced to £3.8bn when the pension scheme assets of £0.3bn are taken into account. More details are disclosed in notes 13 to 15. The liability has no impact on the reported outturn and the usable reserves.

3.2 Employee Numbers

The number of full time equivalent employees as at 31 March 2017 is shown in the table below:

Employees	Male Number	Female Number	Total 2016/2017 Number
Number of Employees			
OCC	2,975	2,279	5,254
Number of Senior Officers			
OCC	8	4	12

4 Operational Performance

Public confidence remains at the centre of our performance landscape. Currently, 72.6% of the public have confidence in the Police with 52.1% feeling that the Police deal with local priorities. Nationally, the Constabulary is in the bottom quartile for public confidence ranked 37th of 43 Forces. We recognise that our performance on public confidence remains below the level we would aspire to, and remain resolved to addressing this over the course of 2017/2018.

Public confidence has been consolidated within a revised Satisfaction & Confidence Report during 2016/2017. This approach combines existing statutory victim satisfaction measures and local victim surveys to support an overall assessment. The Constabulary recognises statistical improvements in relation to the whole experience for hate crime victims and for ASB follow up with year-end results of 80.6% and 66.0% respectively. Both measures demonstrate a strong positive trend over the last year. This is countered by year end satisfaction results for follow up activity for both burglary (68.0%) and violent crime (67.5%) where negative trends are evident. The Constabulary remains committed to increasing its understanding of the quality of service provision noting a current national ranking of 41st for overall satisfaction.

The public seek reassurance that the Constabulary has a continued focus on realising positive outcomes. Through the provision of real time outcome information and supervisory guidance, the overall positive outcome rate has increased. The figure for Quarter 4 for 2016/2017 was 16.9% - an increase of 2% points on the same Quarter for the previous year. Other process indicators also demonstrate improvement. The abandoned rate has decreased over the past 12 months by 1% for 999 calls and by over 4% for 101 calls.

The challenge of managing increased demand will remain. The Constabulary has a further 12 months experience of working with its crime management system (NICHE) and further developments of the digital programme will also increase operational effectiveness. The latest Crime Survey for England and Wales data (an independent survey managed by the Office for National Statistics) evidenced that Constabulary demand was in line with the national picture with the exception of public order offences. The Constabulary has the 8th highest overall

crime rate (per 1000 population) nationally but the absolute figure of 78.7 is not statistically significant.

For total recorded crime, the Constabulary saw a 20% increase in the year ending December 2016. Nationally total recorded crime has also risen, by 10%, as has total recorded crime in the South West region (+12%). Increases in reporting of domestic and sexual violence, child abuse and child sexual exploitation remain – although there are indicative signs of a slowing of this rate of increase. The Constabulary has adopted a mature approach to mitigate the issue through a combination of robust Threat, Risk, Harm identification and allocation to the removal of investigative and response silos creating operational response without boundaries. HMIC's 2016 PEEL assessments for Avon & Somerset were very encouraging, with assessments of "Good" for "Efficiency", "Legitimacy" and "Effectiveness" all awarded.

The Constabulary has delivered investment throughout 2016/2017 to further support operational performance delivery. These investments and preparations will provide firm foundations for the four new Operational Directorates that were implemented in April 2017.

Central to our approach has been the implementation and development of new data management and visualisation software which provides all staff with real time diagnostic and reporting data to help manage daily business. The new software complements a newly defined accountability framework and allows for complete reporting transparency against key performance indicators through a singular Police and Crime Plan application.

The Constabulary's Continuous Improvement Framework provides additional internal scrutiny of performance through regular monthly thematic and operational assurance activity reported jointly at Force and OPCC governance boards. The Constabulary and OPCC work closely to deliver the Police & Crime Plan seeking evidence of continuous improvement. A single schedule for thematic reviews has been agreed for 2017/2018 with subsequent reporting providing in depth technical assessments of performance delivery.

The Constabulary continues to recognise people as its critical asset through the implementation of the ASPIRE leadership programme, advent of a new a Health & Wellbeing Board and the adoption of a new national staff survey to help identify learning opportunities. The Constabulary is seeking continued improvement for employee engagement which increased to 36.9% as reported by the 2016 staff survey.

5 Looking ahead to 2017/2018 and the Medium Term

Our Medium Term Financial Plan (MTFP), developed in conjunction with the PCC, forecasts a deficit of nearly £21m by 2021/2022. This forecast is the outcome of a number of assumptions around future funding and costs, and includes growth in our budgets to support planned investments over both the short and medium term.

As with any forecasts that try to predict the future there are inherent risks which mean that the scale and value of this deficit may well need to be adjusted as our plans and the wider context in which we operate unfolds. Remaining responsive and agile in our planning will therefore be important over the medium term.

Our financial context alone provides incentive to continue our transformation to realise savings. However, balancing the budget is not the only reason why we must continue to transform our services. Our demand is changing, with more and more complicated and time intensive investigations needing to be resourced, whilst maintaining and strengthening our neighbourhood policing capacity. The protection of this element of our service is critical to increasing community empowerment, delivering local problem solving and intelligence gathering to support our response to wider and more complex threats.

The Constabulary is committed to continuous improvement, recognising that we must continue to transform in order to ensure that we are able to provide the best possible service to the public at the best possible value. The principle of continuous improvement underpins all of our planning, and over the coming year we will:

- Continue to identify and eliminate unnecessary demand;
- Continue to identify and implement alternative ways of managing our demand;
- Continue our investment in leadership, recognising that everyone in policing has a leadership role;
- Continue to apply robust assurance processes and organisational learning which provide us with confidence that we are successfully realising the outcomes of all change activity, including that which has resulted from audits and inspections.

In addition to transformation embedded through continuous improvement, we also recognise that there will need to be some larger scale transformation programmes. The scale of these programmes reflects the continued transformational ambition we have in Avon & Somerset, requiring a clear framework through which our change activity can be resourced and delivered.

We have developed our plans for the future structure of our transformation programme in consultation with a range of stakeholders, resulting in three highly interdependent programmes comprising:

Service Design & Development

Encompassing:

- Delivering planned changes to our operational structures;
- Planning for and delivering all aspects of the end of the Southwest One contract;
- Designing and delivering new structure for enabling services;
- Delivering a new ERP system, underpinning our enabling services.

Digital

Encompassing:

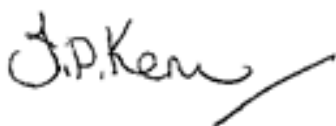
- Digital mobilisation, including phones, laptops, building and vehicle Wi-Fi provision, and new ways of working;
- Niche upgrade, and digital evidence interface;
- ESN support;
- Website and e-services development.

Infrastructure

Encompassing:

- Estates rationalisation, including co-locations at partner sites or with partners at police sites;
- Fleet review, re-profiling and rationalisation.

Through this work we have already identified and substantially delivered £7.5m of the savings needed, with a number of opportunities in the pipeline that will bring forward savings over the course of 2017/2018.



Julian Kern FCCA, MBA
Chief Finance Officer to OCC
17 July 2017

Office of the Chief Constable for Avon & Somerset

Statement of Responsibilities

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

1 Chief Constable's Responsibilities

The Chief Constable is required to:

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

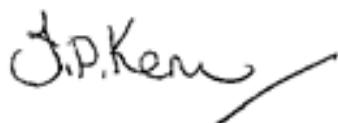
2 The Chief Finance Officer's Responsibilities

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

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

- chosen suitable accounting policies and then applied them consistently;
- made reasonable and prudent judgements and estimates;
- complied with the CIPFA Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud including preparing an audit and risk management strategy; and
- made sure that the internal control systems are effective – pages 13 to 22 show this in more detail.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Office of the Chief Constable as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.



Julian Kern FCCA, MBA
Chief Finance Officer to OCC
17 July 2017

Auditor's Report

Independent auditor's report to the Chief Constable for Avon and Somerset Police

We have audited the financial statements of the Chief Constable for Avon and Somerset (the "Chief Constable") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and the related notes and include the police pension fund financial statements of Avon & Somerset Police comprising the Fund Account and the Net Assets Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice" and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Chief Constable as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Chief Constable under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

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

Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Chief Constable and auditor

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Chief Constable for the year ended 31 March 2017. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Iain Murray

Iain Murray

For and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

21 July 2017

Office of Chief Constable for Avon & Somerset

Annual Governance Statement

There is a statutory requirement to prepare the Annual Governance Statement which sets out the internal controls in place to ensure 'proper practices' in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016). The statement also considers the extent to which the aspirations set out in the PCC's Code of Corporate Governance are currently being met.

The statement sets out the detailed arrangements which support the view of the Chief Constable and his Chief Finance Officer (CFO) that the financial management arrangements conform with the governance requirements of the updated CIPFA statement on the role of the CFO in Local Government (2016).

These statements give the results of our yearly assessment of how well we are managing and controlling risks in achieving our aims and meeting the responsibilities we have by law.

1 Scope of Responsibilities

This statement covers the OCC. The PCC's statement of accounts includes a similar statement which covers both the Office of the PCC as well as the Group position of the PCC and OCC.

The OCC is responsible for the direction and control of the Constabulary. In discharging this function, the OCC supports the PCC in 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.

The OCC is also responsible for putting in place proper arrangements for the governance of the Constabulary and ensuring that these arrangements comply with the PCC's Scheme of Governance. In so doing the OCC is ensuring a sound system of internal control is maintained throughout the year and that appropriate arrangements are in place for the management of risk.

The PCC and OCC have adopted corporate governance principles which are consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government. A copy of the Avon and Somerset Joint Scheme of Governance is on the website at www.avonandsomerset-pcc.org.uk or can be obtained from the PCC's office at Police Headquarters, Valley Road, Portishead, BS20 8JJ, or by contacting 01275 816377.

The OCC's Chief Finance Officer (OCCCFO) 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 PCC Chief Finance Officer) conforms to the governance requirements established in the CIPFA statement on the role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Financial Officer of the Chief Constable.

2 The Governance Framework

The governance framework in place throughout the 2016/2017 financial year covers the period from 1 April 2016 to 31 March 2017 and up to the date of approval of the annual Statement of Accounts.

This framework comprises the systems, processes, culture and values by which the Chief Constable operates in support of the PCC's Scheme of Governance. It is through the application of this framework that the Chief Constable is able to both monitor and deliver the objectives of the Constabulary and provides assurance to the PCC that these objectives are leading to the delivery of appropriate and cost-effective policing 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 and foreseeable 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. The system of internal control is an ongoing process designed to identify and prioritise the risks to achieving the PCC's and Chief Constable's aims and objectives, evaluate the likelihood and impact of those risks being realised and manage them effectively, efficiently and economically.

The Chief Constable is responsible for operational policing matters, direction of police personnel and making proper arrangements for the governance of the Constabulary. He is accountable to the PCC for the exercise of those functions. The Chief Constable must therefore satisfy the PCC that the Constabulary has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

This statement provides a summary of the extent to which the Chief Constable is supporting the aspirations set out in the PCC's Scheme of Governance, as well as the PCC's Governance, Decision Making and Scrutiny Policy which was issued in October 2016. It is informed by assurances against this framework, linking this assessment into the principles set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

2.1 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Constabulary has adopted the College of Policing's Code of Ethics, including the 9 policing principles, and the 10 standards of professional behaviour embedded within this. This includes establishing the national decision making tool for use by officers and staff enable them to make decisions which are consistent with these principals and expected behaviours.

The Constabulary reinforces these principles and the expected standards of behaviour for its staff through processes, procedures and policies and through its corporate communications. In support of this the Constabulary also has in place an independently chaired ethics committee, to provide support to police officers and staff in considering difficult ethical dilemmas when making decisions.

The Constabulary has a Professional Standards Department, which is overseen by the Deputy Chief Constable who reports directly to the Chief Constable. It is through the work of this department that the Constabulary is able to promote the ethos of personal accountability amongst staff, as well as to investigate allegations of inappropriate conduct. Regular communication with both new and existing members of staff re-enforce our corporate anti-corruption messages.

The PCC has established an independent resident's panel to review samples of complaints made by members of the public about the service of the Constabulary. The reports of the panel are considered by the Constabulary and feed into our organisational learning. Expanding on this the PCC has also introduced a panel to review the use of police powers, including use of force, use of Taser, and Stop & Search. In so doing they will review evidence, including footage taken from the Body Worn Video Cameras which have been rolled out to frontline officers and staff during 2016/2017.

2.2 Ensuring openness and comprehensive stakeholder engagement

The PCC has produced the Police and Crime Plan for 2016-2021. This plan is developed taking into account the views of local communities, partners, the Police & Crime Panel and the Chief Constable and Constabulary senior leaders.

The priorities of this plan are:

- Protect the most vulnerable from harm;
- Strengthen and improve local policing teams;
- Ensure that Avon and Somerset Constabulary has the right people, right equipment and right culture;
- PCC to work together with other police forces and key partners to provide better services to local people.

The PCC's scheme of governance, including Standing Orders, Financial Regulations, Scheme of Delegation, and the PCC's Governance, Decision Making and Scrutiny Policy, sets out the governance framework. It is through this framework that the roles of both the Chief Constable and PCC are clearly defined and demonstrate how we work together to ensure effective governance and internal control.

The PCC and Constabulary jointly develop an annual Medium Term Financial Plan (MTFP) which considers the future financial context for the combined organisations, forecasting both revenue and capital plans across a five year planning horizon. This plan is informed by both internal discussions and review, as well as through external stakeholder engagement undertaken by the PCC with partners and the public. This document is shared with our partners, and is published alongside the PCC's precept decision, to enable scrutiny through the Police and Crime Panel, and ultimately by the public.

The PCC, the Chief Constable and Constabulary operate in partnership with a number of other organisations. These include partnerships in the delivery of policing operations such as our Tri-Force collaborations with Gloucestershire and Wiltshire Police for the provision of major crime investigations, and specialist operations and training, as well as our Special Branch and Forensics activities delivered in collaboration with Wiltshire, Devon and Cornwall and Dorset Police. In all areas of collaboration we have clear governance frameworks in place to ensure the effective delivery of commonly agreed outcomes. Regular South West Regional PCC/OCC meetings are held to discuss Collaborative opportunities.

2.3 Defining outcomes in terms of sustainable economic, social, and environmental benefits

Our ambition is for Avon and Somerset Constabulary to be recognised as an outstanding police service, by the communities we serve, and our staff. Such a shared ambition is crucial if we are to increase public trust and confidence so that local communities believe we treat them fairly, with respect and professionalism, and take their concerns seriously.

The Policing Plan is set by the PCC, with the bulk of responsibility for delivering the outcomes expected within this plan resting with the Chief Constable and the Constabulary. The Constabulary's Continuous Improvement Framework provides opportunity for scrutiny of performance against the plan through regular monthly thematic and operational assurance activity reported jointly at Force and OPCC governance boards.

Our MTFP is developed jointly with the PCC, and considers a five year planning horizon over which we aim to consider the risk surrounding our financial context, enabling us to take action in good time to address this risk and ensure we are able to achieve financial sustainability over the short and medium term.

The Constabulary has established a sustainability strategy, which sets 8 objectives which will measure our performance against to ensure that we are reducing our environmental impact by 2021.

Our Change Programme is being reshaped to ensure that it remains focussed on supporting the continued transformation of the Constabulary, including enabling investment in our digital capabilities, improving and reducing the size and profile of our physical estate, and continuing to review our operating structures and processes to ensure that these remain fit for purpose, and are managing our demand effectively and efficiently.

2.4 Determining the interventions necessary to optimise the achievement of the intended outcomes

Avon & Somerset is committed to continuous improvement. We recognise that we must continue to transform in order to ensure that we are able to provide the best possible service to the public at the best possible value.

The principle of continuous improvement underpins all of our planning, with individuals departments required to produce annual continuous improvement plans.

The Constabulary has undertaken a significant amount of work to develop effective understanding of our demand, and to use this understanding to identify opportunities to bring forward changes to our ways of working that improve productivity and efficiency. In support of this we have invested in new business intelligence and data visualisation tools, which are underpinning this work and support officers and staff throughout the organisation better understand their priorities.

The Constabulary also recognise that there will need to be some larger scale transformation programmes. The scale of these programmes reflects the continued transformational ambition we have in Avon & Somerset, requiring a clear framework through which our change activity can be resourced and delivered. We have agreed that the following principles will underpin the structure of our transformation portfolio:

- Represent a balanced, prioritised portfolio of change aligned to corporate strategy;
- Be configured to support the management of complexity, interdependency and risk;
- Support clear and simple communication of a coherent vision of future state;
- Galvanise the transformation team and wider organisation to deliver transformation and realise benefits;
- Support efficient and effective deployment and utilisation of resources and capabilities.

2.5 Developing the entity's capacity, including the capability of its leadership and the individuals within it

Like most public services, Avon and Somerset Constabulary delivers its services through its officers and staff. Our officers and staff are our greatest asset.

The Constabulary has a Health and Wellbeing charter in place which sets out our commitment to providing a professional working environment where staff are healthy, safe, well managed and feel valued for their contribution. A range of support is available to staff should they need it. TRiM (Trauma Risk Management) peer practitioners use a seven point plan to help manage the risk to officers following a traumatic incident or assault. This takes place alongside support from managers, peers and Occupational Health. An external assistance programme, including counselling and other services, is provided through Care First for all staff.

The Constabulary has signed up to the MIND Blue Light Programme which provides mental health support for emergency services staff and volunteers. A Peer Support Network of people from across the Force who want to help their colleagues provides listening support to people who have experienced mental health. A police sergeant is

dedicated to providing support and coordination internally, and externally with partners, on all issues relating to mental health.

The Constabulary recognises that an outstanding organisation needs outstanding leaders. We have introduced a leadership charter, drawn together in consultation with over 1,000 staff, which establishes eight hallmarks of effective leadership. This is supported by a programme of development which is investing in our leaders throughout the organisation to ensure they have both the capability and capacity to lead effectively.

The Constabulary operates an Individual Performance Review (IPR) process. Through our IPR process the Constabulary is able to ensure that our corporate values are reinforced and promoted and that each member of staff has individual objectives which underpin and support the performance of the local policing area or department in which they work as well as their own personal development.

The Constabulary has a Corporate Learning and Development department, and through their skills and expertise we offer a range of internal training sources to meet the identified development needs of our staff. If appropriate the Constabulary will also use external training events to provide staff with necessary development opportunities.

The Constabulary has introduced an excellence in leadership strategy, which is underpinned by a senior leader development programme, and a foundation leadership and management course. Through this investment in enhancing the effectiveness of our leadership across the Constabulary we hope to establish the Constabulary as a clear employer of choice, thereby supporting our ambition to be recognised as outstanding.

2.6 Managing risks and performance through robust internal control and strong public financial management

All strategic decision making is carried out in accordance with the PCC's Governance Framework, including the Scheme of Governance, Standing Orders and Financial Regulations and the PCC's Governance, Decision Making and Scrutiny Policy.

During the year the Chief Constable requested a review of governance structures within the Constabulary. The aim was to simplify and streamline existing arrangements in order to improve efficiency and effectiveness. The review resulted in the establishment of a Strategy Board and a Constabulary Management Board (CMB) which assumed the remits of several existing meetings which have been discontinued.

The Strategy Board is chaired by the Chief Constable and held quarterly. It focuses on environmental scanning, strategy development, future planning and will set the strategic direction for the Force. It will also receive strategic assurance in relation to the Constabulary Plan. It will commission transformational change, but may delegate authority to the CMB where appropriate.

The CMB is chaired by the Chief Constable. It is held monthly and it focusses on managing business as usual and driving continuous improvement, whilst improving integration and reducing silo working. It manages all change activity and commissions transitional and transactional change within its delegated authority. It receives regular reports on operational performance and financial position, enabling it to take an overview of wider force performance.

These Governance arrangements ensure that key decisions are taken at the appropriate level, and are referred to the PCC as required. The Chief Constable and Constabulary are subject to the oversight and scrutiny of the PCC through the monthly Police and Crime Board meetings, as well as through regular meetings between the Chief Constable and the PCC.

The PCC and Chief Constable have established a Joint Audit Committee (JAC). This committee receives reports of both the internal and external auditors, as well as any other reports required to be referred to it under its established Terms of Reference. Through this body the Chief Constable is subject to scrutiny not only of the PCC, but also of the independent members of the Audit Committee.

The Constabulary has mechanisms in place for the management of risk throughout the organisation. Departmental and local policing area risk registers are in place, which underpin the strategic risk register. The strategic risk register includes significant risks identified across all departmental and local policing area risk registers, as well as any other strategic risks identified (including those which arise from audit and inspection reports). The strategic risk register is a live document, monitored by the Deputy Chief Constable and is routinely considered at the Constabulary Management Board meeting as well as being regularly reported to the Audit Committee.

2.7 Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Constabulary and PCC ensure that reports are written as clearly and possible, and adhere to Government Security Classification (GSC) markings. In so doing we are able to determine those documents which can be published, and through the PCC's website look to publish these papers and decision notices so that they are visible to the public.

The PCC and the Chief Constable hold quarterly public forum events across the force area targeted at members of the public and held in community venues. These are focused on addressing issues and concerns of local people, and include presentations from the Chief Constable and opportunities for local people to ask questions or raise issues. The dates and notes of these meetings including questions and answers are published on the OPCC website. Feedback and comments from these meetings is captured and fed into the data which is used to work with the force to influence the quality of policing service.

All JAC meetings are open to members of the public to attend, and all papers presented to JAC, including those from our internal and external auditors, are published on the PCC's website (where nothing of a sensitive or confidential nature allows for this) allowing members of the public to have access to these reports and their contents.

The Constabulary is committed to ensuring it is open and transparent in the way that it conducts its business, and has effective working relationships with both internal and external auditors, as well as with HMIC.

3 Review of Effectiveness

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal audit and system of internal control. This 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 the CCCFO, and of managers within the Constabulary who have responsibility for the development and maintenance of the governance environment.

For 2016/2017 this review included the following considerations:

Joint Audit Committee (JAC)

The Committee's terms of reference include the following key requirements in respect of corporate governance:

- Advise the PCC and CC on good governance;
- Review and advise on risk management strategy and framework;
- Advise on appropriate arrangements for internal audit, appointment of internal auditors and approve internal audit programme and strategy;
- Scrutinise internal audit reports and ensure remedial actions are taken as required from audit findings;
- Scrutinise external audit programme;
- Review external audit reports and monitor implementation of any agreed recommendations;

- Oversee the financial reporting process and external audit of the annual accounts, consider significant accounting policies and consider the annual governance report and annual external audit letter;
- Review and monitor OCC and PCC policies re fraud, irregularity and corruption;
- Note the findings from other inspections (HMIC) and ensure best practice is followed and remedial actions are taken if required

Internal Audit Programme 2016/2017

The formation of internal audit opinions is achieved through a plan of work agreed with both OPCC and Constabulary management, and approved by the JAC.

For the 12 months ended 31 March 2017, the head of internal audit opinion for Avon and Somerset Constabulary is as follows:

The organisation has an adequate and effective framework for risk management, governance and internal control.

However, our work has identified further improvements required in terms of compliance with frameworks to enhance the effectiveness of controls in place.

Application of and compliance with controls has a cultural and leadership element which has been a consistent factor to our audit findings over the past two years. This is being addressed by the introduction of a number of new leadership programmes in an aim to improve the compliance culture.

The table below sets out the level of assurance and agreed actions arising from the assurance reviews completed:

Name of Review	Assurance Level	Agreed Actions		
		High	Medium	Low
Vulnerability	Partial	1	2	-
Workforce Development	Advisory	-	2	1
Benefits of Change Portfolio	Substantial	-	1	-
HR - Staff Wellbeing and Productivity	Partial	-	4	-
Financial Controls	Substantial	-	1	3
Payments to Staff	Reasonable	-	2	1
Legal Claims	Advisory	-	2	-
Crime Data	None	2	6	-
Total		3	20	5

Based on the work the internal auditors have undertaken on the systems of internal control, governance and risk management across the OPCC and Constabulary, they do not consider that there are any issues that need to be flagged as significant internal control weaknesses. Key findings in the year have related more to data quality as a result of non-compliance with controls.

They issued one 'no assurance' opinion (Crime Data) and two 'partial assurance' opinions (Vulnerability and Staff Wellbeing) with three 'high' category management actions agreed across the year.

The key points taken from these reviews are set out below:

- The Crime Data audit highlighted high levels of non-compliance with Home Office Counting Rules regarding crime outcomes. This has the potential to affect the Constabulary's crime statistics and whether an individual is charged or cautioned correctly and ethically. HMIC also issued the Constabulary with a 'requires improvement' grading for its Crime Data Integrity inspection in 2016, despite noting a number of improvements since the 2014 inspection. The Force Crime and

Incident Registrar has developed an action plan to address the detailed findings of this audit;

- The Vulnerability audit identified recording issues in our crime recording system with missing persons reports not being completed as required, inconsistent recording of young persons as missing or absent, and missing person risk ratings being recorded in the wrong place in the system with the potential for the wrong action to be taken as a result. They have however, seen robust improvement actions taken with detailed updates provided by management on these identified weaknesses, showing progress being made;
- The Staff Wellbeing audit found delays in implementing plans and actions around responses to staff surveys and the new IPR process, delaying the impact of such changes. Issues identified previously by HMIC around the workload of the investigations teams had not yet been addressed and this was affecting the morale. With the recent PBR and resulting redundancies across the Constabulary, morale, leadership and wellbeing will be a key focus of the 2017/2018 audit plan;
- An advisory review of Workforce Planning also found weaknesses around the link between demand management, learning and development and succession planning. Whilst demand management was found to be using good tools and mechanisms to identify, analyse, plan and manage demand, this was not effectively linked in with Corporate Learning and Development and succession planning to identify training and development needs.

They also issued two 'substantial' opinions (Benefits of Change and Key Financial Controls) and one 'reasonable' assurance opinion (Payments to Staff). The key strengths and good practice identified in these audits include:

- Projects for change comply with consistent central project governance arrangements, with progress reported to the Corporate Change Board via Programme Boards. Closure reports and post implementation reviews ensure that lessons are learnt across the Constabulary.
- Robust controls were found to be in place over access setup to SAP and access to financial functions, as well as minimal miscoding errors being found within the finance system when data analytics were applied to purchase transactions, requiring less resource to correct miscoded transactions.
- They found improved compliance on expense claims and payments, with past weaknesses relating to receipts and approval having been implemented.

HMIC Inspections

The Constabulary has been subject to HMIC reviews in 2016/2017 under PEEL inspection, with the following outcomes reported:

- **Legitimacy** - HMIC found that the Constabulary is **Good** in respect of the legitimacy with which it keeps people safe and reduces crime. The inspectors found that the force:
 - has consulted with the communities it works with to understand their expectations;
 - has consulted with its workforce to develop standards of service;
 - has systems in place to ensure its workforce behaves ethically; and
 - works hard to understand the views of its staff.

- **Efficiency** – HMIC found that the Constabulary is **Good** in respect of the efficiency with which it keeps people safe and reduces crime. The inspectors found that the force:
 - has a comprehensive understanding of a full range of current demand and a good understanding of future demand;
 - makes decisions based on prioritisation of current and projected demand;
 - has robust governance structures in place to manage how it operates; and
 - continues to seek savings by working with other forces and agencies across the south west region.
- **Effectiveness** – HMIC found that the Constabulary is **Good** at keeping people safe and reducing crime. The inspectors' conclusion was an improvement on last year's findings assessment, in which we judged the force to require improvement in respect of effectiveness. The inspectors found that the force:
 - has a good understanding of the threat and risk of harm facing its communities;
 - has improved the quality of its investigations;
 - has effective processes to tackle serious and organised crime; and
 - has the necessary arrangements in place to ensure that it can fulfil its responsibilities under the Strategic Policing Requirement (SPR).

In addition to PEEL inspections, HMIC also conducted other reviews into:

- **Leadership** - HMIC found that the Constabulary had a good understanding of leadership expectations, had introduced a new leadership course and that we were working to improve diversity in our leadership. HMIC also concluded that we could develop a more in-depth understanding of our leadership skills. This review has helped to inform our leadership development work which has progressed significantly in the second half of 2016/2017 and will continue through into 2017/2018;
- **Crime Data Integrity Inspection** – HMIC found that the Constabulary **Requires Improvement** in the accuracy of its crime-recording. In reaching this assessment HMIC recognised that the Constabulary has made concerted efforts to improve crime-recording accuracy since HMIC's 2014 Crime Data Integrity inspection report. Importantly, the majority of officers and staff have made progress in placing the victim at the forefront of their crime-recording decisions. HMIC found that the constabulary:
 - has an effective process for providing victims who need an enhanced service with quick and appropriate access to support services to which they are entitled;
 - has introduced a new crime-recording system which has helped the constabulary to improve the service it provides to victims;
 - has reduced the time taken before most crime-recording decisions are made to within two hours;
 - has implemented most of the recommendations set out in our 2014 report; and
 - has made good progress against a national action plan developed to improve crime-recording by police forces.

Medium Term Financial Plan (MTFP)

The Constabulary has identified and delivered nearly £67m of savings across the six years since 2010/2011. A further £7.5m of savings has already been identified for 2017/2018, with a target of £1.4m more to be delivered over the course of the year.

Beyond 2017/2018 we estimate that a further £12m of savings will be required by 2021/2022, including further savings needed to support reinvestment into new and growing areas of demand for our services.

Our forward capital plans reflect our continued ambition to transform, with further investments in technology planned, as well as work to bring about further consolidation across our estate. We recognise the challenges of continuing to fund capital transformation costs into the future, and we continue to monitor and manage this risk over the medium term.

We do not under-estimate the scale of the challenge in delivering further savings from an organisation that has already gone through substantial change. The Constabulary is working closely with the OPCC, and with our partners, to identify further opportunities to achieve savings and expect these plans to substantially develop over the course of 2017/2018.

Risk Management

The JAC has worked with the PCC and Chief Constable during the year, supported by recommendations from internal audit, to continue to improve the alignment and presentation of the PCCs and Constabulary's strategic risk registers and the framework for risk assurance. This work has led to an improved risk assurance framework with the PCC and Chief Constable to better review and monitor assurances that mitigate and manage risk.

The strategic risk registers have been reviewed by the JAC in open session, and published online with other JAC papers.

Organisational Learning

The Constabulary has embedded practices to achieving effective organisational learning. Through implementation of our organisational learning strategy the Constabulary is focussed on:

- Repeating and spreading successes and enabling greater innovation;
- Reducing the incidence and impact of repeated mistakes and service failings; and
- Improving outcomes, public perception and achievement of the Constabulary's plan for continuous improvement.

The Constabulary's organisational learning is managed through portfolio learning forums, each of which is chaired by a Chief Officer, and which report into the CMB.

4 Conclusions of Review

Following completion of the review of effectiveness the Chief Constable and the Chief Financial Officer to the Chief Constable are satisfied that our arrangements for governance, risk management and control are generally adequate and effective.

In particular they are satisfied that:

- the system of internal control in operation during the last year has been effective; and
- the Constabulary's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

Issues identified during the course of the review and recommendations made by internal and external auditors, HMIC and other inspection bodies are monitored to ensure remedial actions and implementation and subsequent operation of recommendations.

Significant Governance Issues

Through our review we have identified that the biggest risks to the organisation at this time are:

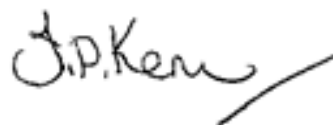
Issue	Progress
Affording and Controlling Cost of Change	<p>We recognise an increasing pressure to fund the costs of both revenue and capital investment across the medium term. In mitigation of this risk we are:</p> <ul style="list-style-type: none"> • Implementing a restructure of our change programme to reduce cost, and make this a more sustainable programme of work; • Reviewing our capital investment programme, prioritising this where possible, and ensuring a clearer link between expenditure plans and sources of funding, so as to manage our ongoing funding plans; • Identifying and bringing forward revenue savings to increase opportunities to achieve savings in advance of need, thereby enabling funds to be returned to reserve; • Maintaining strong financial and budgetary control, to again support achievement of underspends to allow us to set aside funds into reserve. <p>We will continue to monitor this risk and report on it through our financial reporting into PCB and CMB, enabling further action to be taken if required.</p>
Crime and incident recording compliance levels are inadequate	<p>In reaching their conclusion that we require improvement, HMIC inspectors highlighted that considerable progress had been made since the last inspection.</p> <p>Our overall compliance has improved significantly but there remain some specific challenges. We are addressing these challenges through comprehensive action plans, owned by our Force and Crime Incident Registrar, reporting into a Crime and Data Integrity Group chaired by one of our ACCs. Specific mitigation includes:</p> <ul style="list-style-type: none"> • Focussed communications and messaging emphasising accuracy of classifying and recording rape; • Use of predictive analytics tools to help determine where there is greater risk that under-recording of crime may have occurred – enabling us to verify and take action more proactively; • Ongoing bespoke training delivered to officers and staff. <p>Progress against our action plans here will continue to be monitored throughout 2017/2018.</p>
Failure to set a sustainable balanced budget	<p>The ongoing financial context in which the Constabulary operates will continue to require us to achieve savings in order to balance our budget. We recognise this, and jointly with the PCC, develop our MTFP on an annual basis to assess the future forecasts and plans.</p> <p>During 2016/2017 we undertook a Priority Based Resourcing (PBR) review, which resulted in restructures to our operational departments which overall released £5m of savings for 2017/2018.</p>

Issue	Progress
	<p>In addition we also challenged existing collaborations to achieve savings of £0.5m, and reviewed enabling services budgets – realising initial reductions of £1.5m from these in 2017/2018.</p> <p>Looking forward we are planning for the end of our Southwest One contract, with business services returning in July 2017 and Tech Services then planned for return in 2018. This will allow us to progress plans for the review and restructure of our enabling services to realise further savings for delivery in 2018/2019 and into the future.</p> <p>We have identified a preferred option for the future of our Enterprise Resource Planning (ERP) system, and will work to implement this over the course of the next 12 months.</p> <p>We will also look to realise the efficiencies associated with our capital investments in both technology and estates, delivering ongoing revenue savings from these where it is appropriate to do so.</p>
<p>Failure to deliver sufficient progress towards Police and Crime Plan priorities and ambitions</p>	<p>We worked closely with the PCC and her office on the development of the new Police and Crime Plan.</p> <p>In so doing we have designed the assurance framework, ensuring we have clear reporting and accountability for the performance that will drive the delivery of the priorities set out in the plan.</p> <p>Our governance framework, reporting through CMB and PCB, will monitor our performance against the plan on a monthly basis, enabling us to provide assurance on our progress against the plan on a regular basis.</p>
<p>Demand for service outstrips capacity / capability to deliver</p>	<p>Work has been undertaken to introduce a cutting edge suite of apps to provide dynamic business intelligence. The applications have been developed to exploit the capabilities of our new data visualisation and management tool. These are enabling business leads to far better monitor and manage demand and performance against available resourcing.</p> <p>This has gained attention nationally and was singled-out as 'outstanding' in its innovation and impact during the HMIC efficiency inspection.</p> <p>We intend to continue using these tools, embedding their use consistently throughout the force, and identifying new opportunities for how the tool could be used to support our ongoing management of demand.</p>

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.



Andy Marsh
Chief Constable
17 July 2017



Julian Kern FCCA, MBA
Chief Finance Officer to OCC
17 July 2017

Office of the Chief Constable for Avon & Somerset

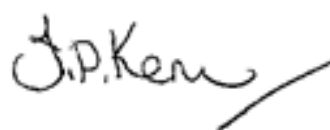
Comprehensive Income and Expenditure Statement for the year ended 31 March 2017

The comprehensive income and expenditure statement shows the resources consumed by the OCC in undertaking operational policing activities. These costs have been funded by the PCC through intragroup adjustments. See note 2 for further details.

OCC Expenditure £'000	Restated OCC Income £'000	Total 2015/2016 £'000	Comprehensive Income and Expenditure Statement - OCC	OCC Expenditure £'000	OCC Income £'000	Total 2016/2017 £'000
360,029	-39,743	320,286	Police Services	344,353	-41,650	302,703
-360,029	39,743	-320,286	Intragroup adjustment	-344,353	41,650	-302,703
0	0	0	Net cost of police services	0	0	0
		104,730	Net interest on pensions			110,292
		-104,730	Intragroup adjustment (pension interest cost)			-110,292
0	0	0	Financial and investment income and expenditure	0	0	0
44,322	-44,322	0	Police pension top-up grant - (note 14)	50,340	-50,340	0
		325,124	Intragroup adjustment (Re-measurement of pension assets and liabilities)			-603,734
		325,124	Taxation and non-specific grant income			-603,734
		325,124	Surplus(-)/deficit on provision of services			-603,734
		-331,176	Re-measurement of pension assets and liabilities (note 13)			655,951
		6,052	Return on pensions assets (note 13)			-52,217
0	0	-325,124	Other comprehensive income and expenditure	0	0	603,734
0	0	0	Total comprehensive income and expenditure	0	0	0



Andy Marsh
Chief Constable
17 July 2017



Julian Kern FCCA, MBA
Chief Finance Officer to OCC
17 July 2017

Office of the Chief Constable for Avon & Somerset

Expenditure and Funding Analysis Note for the year ended 31 March 2017

Net expenditure chargeable to general fund £'000	2015/2016 Adjustment between accounting and funding basis £'000	Net expenditure in the comprehensive I & E £'000	OCC Expenditure and Funding Analysis	Net expenditure chargeable to general fund £'000	2016/2017 Adjustment between accounting and funding basis £'000	Net expenditure in the comprehensive I & E £'000
267,444	52,842	320,286	Police Services	271,375	31,328	302,703
-267,444	-52,842	-320,286	Intragroup adjustment	-271,375	-31,328	-302,703
0	0	0	Net cost of police services	0	0	0
0	104,730	104,730	Net interest on pensions	0	110,292	110,292
0	-104,730	-104,730	Intragroup adjustment (Pension interest cost)	0	-110,292	-110,292
0	0	0	Financial and investment income and expenditure	0	0	0
0	325,124	325,124	Intragroup adjustment (Re-measurement of pension assets & liabilities)	0	-603,734	-603,734
0	325,124	325,124	Taxation and non-specific grant income	0	-603,734	-603,734
0	325,124	325,124	Surplus(-)/deficit on provision of services	0	-603,734	-603,734

Office of the Chief Constable for Avon & Somerset

Movement in Reserves Statement 2015/2016 and 2016/2017

These statements show only the pension related transactions for the years ending 31 March 2016 and 31 March 2017. All reserves are held by the PCC.

Restated Movement in reserves statement 2015/2016					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2015	0	0	0	0	0
Total comprehensive income and expenditure	-325,124	0	-325,124	325,124	0
Adjustments between accounting & funding basis under regulations					
Net IAS 19 charge for retirement benefits	325,124	0	325,124	-325,124	0
Increase/decrease(-) in 2015/2016	0	0	0	0	0
Balance as at 31 March 2016	0	0	0	0	0

Movement in reserves statement 2016/2017					
	Revenue General Fund £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total £'000
Balance as at 31 March 2016	0	0	0	0	0
Total comprehensive income and expenditure	603,734	0	603,734	-603,734	0
Adjustments between accounting & funding basis under regulations					
Net IAS 19 charge for retirement benefits	-603,734	0	-603,734	603,734	0
Increase/decrease(-) in 2016/2017	0	0	0	0	0
Balance as at 31 March 2017	0	0	0	0	0

Office of the Chief Constable for Avon & Somerset

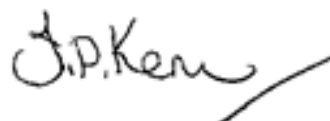
Balance Sheet as at 31 March 2017

The balance sheet shows the pension liability, other employee related creditors, and provisions accrual offset by debtors from the PCC. These financial statements replace the unaudited financial statements certified by the chief financial officer on 1 June 2017.

2016 £'000	Balance Sheet	2017 £'000
	Long term assets	
3,021,960	Long term intragroup debtor	3,760,091
244,689	Police staff pension assets	310,013
3,266,649	Total non-current assets	4,070,104
0	Payments in advance (note 16)	6,437
9,609	Intragroup debtor	10,808
9,609	Total current assets	17,245
0	Intragroup creditor	-6,437
-9,609	Creditors (note 17)	-7,997
0	Short term provisions (note 18)	-2,811
-9,609	Total current liabilities	-17,245
	Long term liabilities	
-607	Provisions (note 18)	0
-3,266,042	Police pension liabilities (note 13 to 15)	-4,070,104
-3,266,649	Total long term liabilities	-4,070,104
0	Net assets	0
0	Total usable reserves	0
0	Total unusable reserves	0
0	Total reserves	0



Andy Marsh
Chief Constable
17 July 2017



Julian Kern FCCA, MBA
Chief Finance Officer to OCC
17 July 2017

Office of the Chief Constable for Avon & Somerset

Cash Flow Statement

This note does not show any cash flows for the year ending 31 March 2017 as all payments are made from the PCC and all income for the year received by the PCC. The financial consequences of the operational activities undertaken by the OCC can be seen within the comprehensive income and expenditure statement.

2015/2016 £'000	Cash Flow Statement	2016/2017 £'000
325,124	Net surplus(-)/deficit on the provision of services	-603,734
0	Depreciation and impairment of property, plant and equipment	0
0	Amortisation of intangible assets	0
9,839	Increase(-)/decrease in provision charged back to service	2,204
-325,124	Charges for retirement benefits in accordance with IAS 19	603,734
0	Carrying amounts of non-current assets sold	0
0	Other	0
-8,818	Increase/decrease(-) in long and short term debtors	-592
-1,021	Increase(-)/decrease in long and short term creditors	-1,612
0	Increase/decrease(-) in stock/WIP	0
-325,124	Adjust net surplus or deficit on the provision of services for non-cash movements	603,734
0	Proceeds from the sale of property, plant and equipment	0
0	Capital grants credited to the surplus or deficit on the provision of service	0
0	Adjust net surplus or deficit on the provision of services that are investing or financing activities	0
0	Net cash flows from operating activities	0
0	Purchase of plant, property and equipment	0
0	Capital receipts	0
0	Capital grant/contribution income due for the year	0
0	Purchase of short & long term investments	0
0	Interest received	0
0	Net cash flow from investing activities	0
0	Bank overdraft	0
0	Repayment of long term loans	0
0	Interest paid	0
0	Net cash flow from financing activities	0
0	Net increase(-)/decrease in cash and cash equivalents	0
0	Cash and cash equivalents at the beginning of the reporting period	0
0	Cash and cash equivalents at the end of the reporting period	0

Office of the Chief Constable for Avon & Somerset

Notes to the Financial Statements

1 Statement of Accounting Policies

1.1 General Principles

The general principles adopted in compiling these accounts are in accordance with the recommendations of CIPFA. They accord with CIPFA's Code of Practice on Local Authority Accounting 2016/2017 and the Accounts and Audit Regulations 2015 and are based on the following standards:

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

1.2 Accruals of Income and Expenditure

Activity is accounted for and recorded on an accruals basis. This means that income is recorded in the accounts when it becomes due, rather than when it is received, and the outstanding amounts are included as debtors. Expenditure is included in the accounts when the goods or services are received or supplied, and any outstanding amounts are included as creditors. The PCC Group established a de-minimis level of £5,000 for accruals in 2016/2017.

1.3 VAT

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

1.4 Employee Benefits

1.4.1 Benefits Payable During Employment

The full cost of employees (including salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits) is charged to the accounting period in which the employees worked. An accrual is made for the cost of any leave earned by employees but not taken before the year end which employees can carry forward into the next financial year. This accrual is charged to the provision of services within the comprehensive income and expenditure statement in the year that the benefit has arisen and is shown as a liability on the balance sheet.

1.4.2 Termination Benefits

Termination benefits arise as a result of a decision to terminate the employment of police staff before the normal retirement date. These benefits are charged on an accruals basis to the comprehensive income and expenditure statement.

1.4.3 Pension Benefits

There are different pension arrangements for police officers and for police staff. In both cases pensions and other benefits are paid to retired staff which relate to the individual's length of service.

Until 31 March 2006 retired police officers were paid their pensions from the contributions received each year. However, from 1 April 2006, although the OCC makes the payments and collects the contributions, responsibility for the cost of these payments has transferred to the Government.

Police staff including PCSOs are part of the Local Government Pension Scheme, in which case, the employer and the staff in the scheme pay into the pension fund at agreed rates. When an individual retires the fund pays all the usual benefits.

Occasionally extra costs have to be met when an employee retires early or retires due to ill health. These costs are charged to the comprehensive income and expenditure statement.

In accordance with IAS 19 – Employee benefits, long term pension liabilities have been included in the OCC balance sheet.

1.4.4 Re-measurement of Pension Asset and Liabilities

The IAS 19 actuarial gains and losses and the return on the pension fund assets are fully recognised immediately within the comprehensive income and expenditure statement.

1.5 Provisions

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

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

1.6 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Office of the Chief Constable a possible obligation whose existence can only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Office of the Chief Constable. Contingent liabilities also arise in the situation where a provision would otherwise be made but where it is possible but not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

1.7 Post Balance Sheet Events

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

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

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

2 Critical Judgements in Applying Accounting Policies

The OCC accounts have been prepared on a going concern basis.

Following the Police Reform and Social Responsibility Act 2011, two new corporate entities were created being the PCC and OCC. All payments for the PCC Group are made by the PCC and no cash movements are made between the PCC and OCC. The PCC has the responsibility for managing the financial relationships with third parties and has legal responsibility for discharging the contractual terms and conditions of suppliers. The PCC holds all the assets, liabilities and reserves, with the exception of the IAS 19 pension liabilities, the accumulated short term absences creditor accrual and other employee related accruals and provisions, as the OCC employs officers and staff. This is matched on the balance sheet of the OCC by an intragroup adjustment with the PCC. The comprehensive income and expenditure statement shows the net cost of policing services excluding the costs of administering the PCC and the PCC commissioning costs. This is met by an intragroup adjustment with the PCC to bring the net cost of police service to nil.

3 Accounting Standards Issued But Not Adopted

The following accounting standards have been amended and not adopted until 2017/2018 and are unlikely to have a material impact on the financial statements.

- IAS 7 Statement of Cash Flows: The amendments to this standard relate to improved disclosures about the liabilities from financing activities.
- IAS 12 Income Tax: The amendments to this standard relate to the recognition of deferred taxes for unrealised losses.
- Amendment to the disclosures of pension investment transactions costs.

4 Assumptions Made About the Future and the Sources of Estimations

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

4.1 Pension Service Costs

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

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

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

Police Officer Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	3,420,177	3,485,127	3,551,411
Projected service cost	64,523	66,105	67,728
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,492,825	3,485,127	3,477,469
Projected service cost	66,348	66,105	65,863
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,543,647	3,485,127	3,427,772
Projected service cost	67,483	66,105	64,763
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	3,622,568	3,485,127	3,353,054
Projected service cost	68,213	66,105	64,062

Police Staff Sensitivity Analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	571,266	584,977	599,030
Projected service cost	26,502	27,261	28,043
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	587,527	584,977	582,452
Projected service cost	27,261	27,261	27,261
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	596,479	584,977	573,764
Projected service cost	28,043	27,261	26,500
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	605,700	584,977	564,982
Projected service cost	28,130	27,261	26,418

4.2 Short and Long Term Provisions

In determining the provisions set aside at 31 March 2017 to pay for known future costs it has been necessary to estimate and make assumptions about the future. More detail around the sources of these estimations and the underlying assumptions made are included within note 18 Short and Long Term Provisions.

5 Events After the Balance Sheet Date

The Constabulary ended the Business Services aspect of its Southwest One arrangement with effect from 1 July 2017. Information Services will return on the initial contact expiry date (being 1 July 2018). There is no effect on the financial position as at 31 March 2017.

6 Expenditure and Funding Analysis

This note provides further details on the adjustment between accounting and funding basis to support the Expenditure and Funding Analysis shown on page 26.

Capital Purposes £'000	2015/2016			OCC Expenditure and Funding Analysis Adjustment between accounting & funding basis	2016/2017			
	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000		Capital Purposes £'000	Pension Adjustment £'000	Other Adjustment £'000	Total Adjustment £'000
15,335	38,289	-782	52,842	Police Services	10,683	24,712	-4,067	31,328
-15,335	-38,289	782	-52,842	Intragroup adjustment	-10,683	-24,712	4,067	-31,328
0	0	0	0	Net cost of police services	0	0	0	0
0	104,730	0	104,730	Net interest on pensions	0	110,292	0	110,292
0	-104,730	0	-104,730	Intragroup adjustment (Pension interest cost)	0	-110,292	0	-110,292
0	0	0	0	Financial and investment income and expenditure	0	0	0	0
0	325,124	0	325,124	Intragroup adjustment (Re-measurement of pension assets & liabilities)	0	-603,734	0	-603,734
0	325,124	0	325,124	Taxation and non-specific grant income	0	-603,734	0	-603,734
0	325,124	0	325,124		0	-603,734	0	-603,734
0	325,124	0	325,124	Difference between surplus on the general fund and deficit on the provision of services	0	-603,734	0	-603,734

7 Income and expenditure analysed by nature

2015/2016 £'000	Income and Expenditure analysed by nature	2016/2017 £'000
215,156	Employee costs	217,688
12,282	Premises costs	11,608
5,011	Transport costs	5,037
21,937	Supplies & services	24,689
26,409	Partnership costs	27,644
136	Central costs	1,118
21,014	Misc & grants	17,336
19,552	Depreciation, amortisation, & impairment	14,521
143,262	Employee benefit expenses	135,004
44,322	Police pension top up grant	50,340
-139,635	Intragroup adjustment	-1,058,379
369,446	Total expenditure	-553,394
-12,739	Sales, rent, fees, & charges	-15,687
-9,021	Southwest One recharges	-7,932
-1,672	Seconded officers	-1,586
-7,474	Counter terrorism policing grant	-8,391
-8,837	Other specific grants	-8,054
-44,322	Police pension top up grant	-50,340
39,743	Intragroup adjustment	41,650
-44,322	Total income	-50,340
325,124	Surplus/deficit on provision of services	-603,734

8 Paying Staff

Disclosure of Remuneration for Senior Employees 2015/2016							
Post Holder Information (post title and name)	Note	Salary (including fees & allowances)	Compensation for Loss of Office	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2015/2016	Pension Contributions	Total Remuneration Including Pension Contributions 2015/2016
		£	£	£	£	£	£
Chief Constable - N Gargan	1	90,145	39,116	3,052	132,313	19,912	152,225
Acting Chief Constable - J Long	2	73,529	0	3,364	76,893	4,103	80,996
Temporary Chief Constable - G Morgan	3	65,402	0	0	65,402	15,396	80,798
Chief Constable - A Marsh	4	25,859	0	473	26,332	6,158	32,490
		254,935	39,116	6,889	300,940	45,569	346,509

Disclosure of Remuneration for Senior Employees 2016/2017							
Post Holder Information (post title and name)	Note	Salary (including fees & allowances)	Compensation for Loss of Office	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2016/2017	Pension Contributions	Total Remuneration Including Pension Contributions 2016/2017
		£	£	£	£	£	£
Chief Constable - A Marsh		156,166	0	2,880	159,046	37,165	196,211
		156,166	0	2,880	159,046	37,165	196,211

Note 1: The Chief Constable, suspended from post on 13/05/2014, resigned on 16/10/2015. The annualised salary for 2015/2016 was £152,685.

Note 2: The Acting Chief Constable, in post from 13/05/2014, retired on 31/08/2015. The annualised salary for 2015/2016 was £151,173.

Note 3: The Temporary Chief Constable was temporarily promoted from 01/09/2015 until 31/01/2016. The annualised salary was £152,685.

Note 4: The Chief Constable started on 01/02/2016. The annualised salary was £152,685.

Disclosure of Remuneration for Senior Employees 2015/2016

Post Holder Information (post title)	Note	Salary (including fees & allowances)	Expense Allowances	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2015/2016	Pension Contributions	Total Remuneration Including Pension Contributions 2015/2016
		£	£	£	£	£	£
Director of Resources and Chief Finance Officer to the OCC		129,264	2,400	4,643	136,307	14,219	150,526
Chief Operating Officer - College of Policing (secondment)	1	132,656	0	2,740	135,396	30,841	166,237
Deputy Chief Constable	2	21,707	0	1,245	22,952	5,081	28,033
Temporary Deputy Chief Constable	3	99,866	0	5,497	105,363	21,245	126,608
T/ACC - Specialist Operations	4	100,018	0	1,305	101,323	23,524	124,847
ACC - Prevention, Protection and Prosecution	5	107,938	0	2,364	110,302	24,469	134,771
ACC - Wiltshire Constabulary (secondment)	6	99,653	0	1,097	100,750	20,226	120,976
ACC - Local Policing	7	94,900	0	113	95,013	22,966	117,979
Force Medical Officer		135,778	0	0	135,778	14,798	150,576
C SUPT North East Area Commander	8	85,600	0	1,529	87,129	19,822	106,951
C SUPT Bristol Area Commander		81,909	0	1,427	83,336	19,822	103,158
C SUPT Somerset Area Commander	9	42,748	0	755	43,503	8,830	52,333
C SUPT Somerset Area Commander	10	73,539	732	1,443	75,714	17,796	93,510
C SUPT Specialist Operations	11	84,664	15	1,362	86,041	19,822	105,863
C SUPT Specialist Operations	12	63,466	0	985	64,451	14,457	78,908
T/C SUPT Specialist Operations	13	10,791	0	490	11,281	2,101	13,382
T/C SUPT - Prevention, Protection and Prosecution	14	40,271	0	1,443	41,714	9,419	51,133
		1,404,768	3,147	28,438	1,436,353	289,438	1,725,791

Disclosure of Remuneration for Senior Employees 2016/2017

Post Holder Information (post title)	Note	Salary (including fees & allowances)	Expense Allowances	Benefits in Kind	Total Remuneration Excluding Pension Contributions 2016/2017	Pension Contributions	Total Remuneration Including Pension Contributions 2016/2017
		£	£	£	£	£	£
Director of Resources and Chief Finance Officer to the OCC		130,018	2,760	6,123	138,901	14,302	153,203
Deputy Chief Constable		130,980	0	6,974	137,954	27,967	165,921
ACC - Local Policing		102,853	0	2,776	105,629	24,890	130,519
ACC - Protection and Investigation		112,959	0	5,375	118,334	26,231	144,565
Force Medical Officer		139,082	0	0	139,082	15,161	154,243
C SUPT Strategic Command Course	15	95,512	0	1,064	96,576	20,428	117,004
C SUPT North East Area Commander		88,106	0	1,376	89,482	20,428	109,910
C SUPT Bristol Area Commander		84,415	0	1,310	85,725	20,428	106,153
C SUPT Somerset Area Commander		82,533	197	1,506	84,236	19,973	104,209
C SUPT Specialist Operations		87,170	0	1,279	88,449	20,428	108,877
C SUPT - Prevention, Protection and Prosecution	16	98,106	0	1,250	99,356	17,763	117,119
T/C SUPT - Prevention, Protection and Prosecution		84,105	0	1,310	85,415	19,687	105,102
		1,235,839	2,957	30,343	1,269,139	247,686	1,516,825

Notes to Remuneration for 2015/2016

- Note 1: The Chief Operating Officer - College of Policing (Secondment) retired on 31/03/2016. The annualised salary was £125,964.
- Note 2: The Acting Chief Constable moved to the Deputy Chief Constable role on 01/02/2016 at an annualised salary of £125,964.
- Note 3: The Assistant Chief Constable Specialist Operations was temporarily promoted to Deputy Chief Constable on 01/09/2015, then resigned on 31/01/2016. The annualised salary was £125,964.
- Note 4: The Temporary Assistant Chief Constable moved to the Chief Superintendent Prevent Protect & Prosecute post, then temporarily promoted to Assistant Chief Constable Specialist Operations on 01/09/2015 at an annualised salary of £102,822.
- Note 5: The Temporary Assistant Chief Constable moved to the permanent Assistant Chief Constable Prevention, Protection and Prosecution role on 04/05/2015 at an annualised salary of £102,822.
- Note 6: The Chief Superintendent was temporarily promoted to ACC Programme Director Strategic Alliance on 01/06/2015, then seconded to PCC for Wiltshire on 04/01/2016 at an annualised salary of £96,597.
- Note 7: The Chief Superintendent Programme Lead - Operating Model was appointed ACC - Local Policing on 04/05/2015 at an annualised salary of £96,597.
- Note 8: The Chief Superintendent Head of Criminal Justice moved to the Chief Superintendent North East Area Commander post on 07/12/2015 at an annualised salary of £82,248.
- Note 9: The Chief Superintendent retired on 08/09/2015. The annualised salary was £83,094.
- Note 10: The Chief Superintendent Standards Culture and Ethics, was temporarily promoted to this rank on 27/04/2015, then promoted permanently into the Somerset Area Commander role in 07/09/2015 at an annualised salary of £79,557.
- Note 11: The Chief Superintendent North East Commander moved to the Chief Superintendent Specialist Operations post on 07/12/2015 at an annualised salary of £82,248.
- Note 12: The Chief Superintendent - Manage, moved to the Chief Superintendent Specialist Operations post on 01/06/2015, then retired on 29/12/2015. The annualised salary was £82,248.
- Note 13: The Chief Superintendent's temporary promotion ended on 10/05/2015. The annualised salary was £78,768.
- Note 14: The Chief Superintendent was temporarily promoted to this rank on 05/10/2015 at an annualised salary of £79,557.

Notes to Remuneration for 2016/2017

- Note 15: The Chief Superintendent's temporary promotion to Assistant Chief Constable ended on 27/11/2016. The annualised salary was £97,437.
- Note 16: The Chief Superintendent's temporary promotion to Assistant Chief Constable ended on 03/10/2016. The annualised salary was £106,785.

The number of staff to whom we pay more than £50,000 a year is shown below. Pay includes salary, taxable travel and expenses.

2015/2016 Number	Pay Range	2016/2017 Number
175	£50,000 - £54,999	179
73	£55,000 - £59,999	82
25	£60,000 - £64,999	17
13	£65,000 - £69,999	7
8	£70,000 - £74,999	14
8	£75,000 - £79,999	9
5	£80,000 - £84,999	4
3	£85,000 - £89,999	4
1	£90,000 - £94,999	0
0	£95,000 - £99,999	2
3	£100,000 - £104,999	0
1	£105,000 - £109,999	1
1	£110,000 - £114,999	0
0	£115,000 - £119,999	1
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
3	£135,000 - £139,999	3
0	£140,000 - £144,999	0
0	£145,000 - £149,999	0
0	£150,000 - £154,999	0
0	£155,000 - £159,999	1
319		324

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

9 Exit Packages

Exit Packages 2015/2016	Compulsory Redundancies	
Banding	Number	£'000
£0 - £19,999	5	68
£20,000 - £39,999	2	56
£40,000 - £79,999	2	136
	9	260

Exit Packages 2016/2017	Compulsory & Voluntary Redundancies	
Banding	Number	£'000
£0 - £19,999	6	71
£20,000 - £39,999	0	0
£40,000 - £79,999	2	109
	8	180

10 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 OCC or to be controlled or influenced by the OCC. In doing this there is a requirement to consider the materiality from the viewpoint of both the PCC and the related party.

10.1 Key Management Personnel and Members of the Joint Audit Committee

The OCC was 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.

Jude Ferguson is chair of the Joint Audit Committee and is also Chair of Weston College Corporation. During 2016/2017 we have not made any payments to Weston College to procure training (£9,935 in 2015/2016).

No other transactions were disclosed.

10.2 Other Related Parties

The Home Office and the Department of Communities and Local Government exert significant influence on the PCC Group through legislation and grant funding.

In 2016/2017 supplies and services were provided by Southwest One to the value of £20,708,555 (£22,115,234 in 2015/2016). The payments to Southwest One cover both staffing costs and the provision of other services for Human Resources, Technology Services, Purchasing and Supply functions (until January 2017), Finance, and Administration. Amounts of £8,267,635 (£9,358,050 in 2015/2016) were received for staff seconded to Southwest One and non-pay adjustments.

The OCC also has a relationship with the Police Community Trust and the Avon and Somerset Force Club. Payments were made to the Police Community Trust of £100,000 in 2016/2017 (£430,000 in 2015/2016). Payments were also made to the Avon and Somerset Force Club of £43,020 (£30,972 in 2015/2016) and £5,295 was invoiced but yet to be received (£4,927 in 2015/2016).

11 Joint Arrangements

The OCC participates in a number of joint arrangements. These joint arrangements are where the authority works in collaboration with other organisations to deliver activities which are agreed through a shared control, usually through a shared board.

Joint arrangements are classified as either joint operations or joint ventures. Joint operations are where the parties have the 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 OCC does not participate in any joint ventures.

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

The OCC's contributions to the joint operations are disclosed below:

2015/2016 Expenditure £'000	Joint Operations	2016/2017 Expenditure £'000
1,651	Serious and Organised Crime (Zephyr)	2,254
996	Firearms Training	1,013
4,524	Major Crime Investigation (Brunel)	4,630
11,609	Specialist Operations (Tri Force)	11,773
0	Tri Force ACC	80
2,757	South West Forensic Services	6,687
1,015	South West Region - Special Branch	1,025
9	Regional ICT Programmes	3
0	Regional ACC	48
197	Other Regional Programmes	279
22,758	Total	27,792

11.1 Serious and Organised Crime (Zephyr)

Zephyr 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 32.4% share of net expenditure. Other partners are Devon and Cornwall (33.3%), Dorset (11.8%), Gloucestershire (10.8%) and Wiltshire (11.7%). The total net cost of the operation, after government grants and sundry income, was £6,655,368 in 2016/2017 (£4,807,184 in 2015/2016).

11.2 Firearms Training

Firearms Training is run in partnership between Avon and Somerset (41.8%), Gloucestershire (32.7%) and Wiltshire (25.5%). The total cost of the operation was £2,422,443 in 2016/2017 (£2,382,146 in 2015/2016). The PFI specialist training facility became operational in 2015/2016.

11.3 Major Crime Investigation (Brunel)

Between April and November 2015 there was a collaboration between Avon and Somerset (77%) and Wiltshire (23%) for the purposes of providing regional oversight and scrutiny of major incidents. From December 2015 Gloucestershire joined the collaboration from which time the shares were Avon and Somerset (64%), Gloucestershire (17%) and Wiltshire (19%). The total cost of the service was £7,233,820 in 2016/2017 (£6,441,329 in 2015/2016).

11.4 Specialist Operations (Tri Force)

Tri Force is a collaboration between Avon and Somerset (53.6%), Gloucestershire (23.2%) and Wiltshire (23.2%) to deliver armed, roads and dogs policing. The total cost of the operation was £21,949,000 in 2016/2017 (£21,643,000 in 2015/2016).

11.5 Tri Force ACC

This post was put in place from June 2016 to oversee the Tri Force collaborations for MCIT, Specialist Operations, Black Rock, and the emerging CTFSO hub. The costs are shared between Avon and Somerset (59%), Gloucestershire (19.7%) and Wiltshire (21.3%). The total cost for the ACC was £136,219 in 2016/2017.

11.6 South West Forensic Services

South West Forensic Services is a collaboration between Avon and Somerset (36.6%), Devon and Cornwall (30.5%), Dorset (18.7%) and Wiltshire (14.2%) to provide forensic services. The total cost of the operation was £18,412,600 in 2016/2017 (£7,843,511 in 2015/2016).

11.7 South West Region – Special Branch

This is a collaboration between Avon and Somerset (28.4%), Devon and Cornwall (28.9%), Dorset (23.9%) and Wiltshire (18.8%) to provide Special Branch policing across the South West Region. The total cost of the operation was £3,608,454 in 2016/2017 (£3,626,489 in 2015/2016).

11.8 Regional ICT Programmes

This was a collaboration between Avon and Somerset (15%), Gloucestershire (40%), Devon and Cornwall (15%), Dorset (15%) and Wiltshire (15%) for the purpose of providing a regional Chief Information Officer to take the lead on regional IT programmes. Due to the transformation bid being unsuccessful this collaboration finished at the end of April 2016. The total cost of this activity was £19,000 in 2016/2017 (£60,325 in 2015/2016).

11.9 Regional ACC

This post was put in place from May 2016 to oversee the regional collaborations for Forensics, Special Branch, Zephyr, and CTIU. The costs are shared between Avon and Somerset (32.4%), Gloucestershire (10.8%), Devon and Cornwall (33.3%), Dorset (11.8%) and Wiltshire (11.7%). The total cost for the ACC was £147,793 in 2016/2017.

11.10 Other Regional Programmes

These are collaborations between Avon and Somerset, Gloucestershire, Devon and Cornwall, Dorset, and Wiltshire covering activities such as Major Crime, Regional Communications, and Serious and Organised Crime. The percentage split varies between projects. The total cost of all programmes was £795,925 in 2016/2017 (£539,872 in 2015/2016).

12 Audit Fees

The audit fee for Grant Thornton relating to external audit services carried out under the Code of Audit Practice for the audit of 2016/2017 financial statements is £18,750 (£18,750 in 2015/2016).

13 Pensions Costs and Liabilities

The full costs of retirement benefits earned by employees during the year are recognised through the comprehensive income and expenditure statement net cost of police services as they are accrued. These pension costs and liabilities are offset by the intragroup transfers with the PCC. There is no impact on the PCC's general fund.

	Police Staff		Police Officers	
	2015/2016 £'000	2016/2017 £'000	2015/2016 £'000	2016/2017 £'000
Comprehensive income and expenditure statement				
Cost of services:				
Current service cost	19,945	17,243	59,308	49,323
Administration expenses	161	201	0	0
Financing and investment income and expenditure:				
Net interest cost	7,536	6,559	97,194	103,733
Total post employment benefits charged to the comprehensive income and expenditure statement	27,642	24,003	156,502	153,056
Other post employment benefits charged to the comprehensive income and expenditure statement				
Return on plan assets	-6,052	52,217	0	0
Changes in demographic assumptions	0	2,785	0	134,911
Changes in financial assumptions	65,792	-139,320	272,059	-703,927
Experience gain/loss(-) on defined benefit obligations	-68	2,848	-6,607	0
Other actuarial gain/loss(-)	0	-2,290	0	49,042
Total other comprehensive income	59,672	-83,760	265,452	-519,974
Movement in reserves statement				
Reversal of net charges made for retirement benefits in accordance with the code	-27,642	-24,003	-156,502	-153,056
Actual amount charged against the general fund balance for pensions in the year				
Employer's contribution to scheme	10,469	10,590	24,606	24,653
Retirement benefits payable to pensioners	117	118	5,933	6,694

2016 £'000	IAS 19 Pension Liabilities	2017 £'000
-2,843,444	Police officers	-3,485,127
-177,909	Police staff	-274,964
-3,021,353		-3,760,091

14 Pensions for Police Officers

Employee contributions levels are based on percentages of pensionable pay set nationally by the Home Office. From 1 April 2014 contributions increased and officers will pay contributions ranging from 11.0% to 15.1% depending on their pay scale and the scheme they are in. Employer contributions to the Police Officer Pension Scheme are projected at £23,495,000 in financial year 2017/2018.

From 2015/2016 the employer contribution rate was reduced to 21.3% of pensionable pay for all three pension schemes. The Constabulary however has continued to budget for a contribution rate of 24.2% as the difference between the two rates will be retained by the Government.

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.

2015/2016 £'000	Cost of Injury and Ill-Health Benefits - Police Officers	2016/2017 £'000
6,948	Payments to pensioners	7,643

2015/2016 £'000	Pensions Account	2016/2017 £'000
83,209	Benefits paid to officers	88,646
-38,887	Less contributions received from officers	-38,306
44,322	Balance met from PCC Group	50,340

In 2016/2017 the Constabulary participated in the Police Force Pension Scheme which was established under Police Pension Fund regulations 2007 SI 2007 No. 1932. Within these regulations, and up to 31 March 2015, there were two defined benefit schemes referred to as the 1987 Police Pension Scheme and the 2006 New Police Pension Scheme. From 1 April 2015 a further defined benefit police pension scheme was introduced. Members of the existing 1987 and 2006 schemes with less than ten years to their normal pension age remained in their current scheme. All other members are transferring into the 2015 scheme with some tapered projection applying to those within ten to fourteen years of pension age. The normal pension age for the 2015 scheme is 60. Each of these schemes will be administered by the OCC. The schemes are not funded and so have no assets set aside to meet liabilities. The schemes are accounted for in accordance with the PCC Group accounting policies as detailed on pages 30 to 31.

A full valuation of the pension scheme liabilities was undertaken as at 31 March 2014. 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 duration of the scheme's liabilities is 19 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		
Current pensioners		
	Males	22.2
	Females	24.7
Retiring in 20 years		
	Males	24.4
	Females	27.1

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

2015/2016		2016/2017
%		%
3.7	Discount rate	2.7
4.2	Rate of increase in salaries	4.5
2.4	Rate of increase in pensions in payment	2.7
3.3	Retail price index	3.6
2.4	CPI increases	2.7

The movement in the present value of scheme liabilities for the year to 31 March 2017 is as follows:

2015/2016	Present Value of Police Pension Scheme Liabilities	2016/2017
£'000		£'000
-2,982,933	Present value of schemes liability as at 1 April	-2,843,444
Movements in the year		
-59,308	Current service cost	-49,323
96,158	Estimated benefits paid (net of transfers in)	93,747
-13,632	Contributions by scheme participants	-13,358
-97,194	Interest costs	-103,733
220,072	Change in financial assumptions	-703,927
0	Change in demographic assumptions	134,911
-6,607	Experience gain/loss on defined benefit obligations	0
-2,843,444	Present value of schemes liability as at 31 March	-3,485,127

The movement in the fair value of scheme assets for the year to 31 March 2017 is as follows:

2015/2016	Fair Value of Police Pensions Scheme Assets	2016/2017
£'000		£'000
0	Present value of schemes assets as at 1 April	0
Movements in the year		
51,987	Change in financial assumptions	49,042
30,539	Contributions by employer	31,347
13,632	Contributions by scheme participants	13,358
-96,158	Estimated benefits paid (net of transfers in)	-93,747
0	Present value of schemes assets as at 31 March	0

15 Pensions for Police Staff

Police staff can choose to join the Somerset County Council Local Government Pension Scheme, which is a defined benefit scheme based on final pensionable 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.

2015/2016		Pension Costs - Police Staff	2016/2017	
Payments £'000	Percentage of Employees' Contributions		Payments £'000	Percentage of Employees' Contributions
10,125	88-200	PCC's contribution	10,212	88-200

During 2016/2017 the Constabulary paid into the fund at rates of between 88% and 200% 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 £11,901,000 in financial year 2017/2018.

At 31 March 2016 the PCC's share of the deficit on this scheme was £48,725,151. To contribute towards this liability the PCC has agreed to pay 13.2% of the employee salary to pay for new service of the current active members and an annual fixed sum to pay for the deficit recovery. The fixed sum paid in 2016/2017 was £2,880,000, the amount due in 2017/2018 is £2,807,994.

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

A full valuation of the pension scheme liabilities was undertaken as at 31 March 2016. This work has been updated by independent actuaries to the Somerset County Council pension fund who have taken account of the requirements of IAS 19 to assess the liabilities of the fund. Liabilities have been calculated by reference to police staff who are members of the fund as well as those who are already receiving pensions. The estimate of the duration of the employer's liabilities is 24 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		
Current pensioners		
	Males	23.9
	Females	25.0
Retiring in 20 years		
	Males	26.1
	Females	27.4

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

2015/2016 %		2016/2017 %
3.8	Discount rate	2.8
4.3	Rate of increase in salaries	4.2
2.5	Rate of increase in pensions in payment	2.7
3.4	Retail price index	3.6
2.5	Consumer price index	2.7

The return on the pension fund assets on a bid value basis for the year to 31 March 2017 is estimated to be 25%. The estimated value of the PCC's share of the fund's assets is £310,013,000 on a bid value basis (2015/2016 £244,689,000). The assets are made up of the following:

2016 £'000	%	Assets	2017 £'000	%
		Equities		
57,502	23.5	UK - Quoted	76,878	24.8
96,407	39.4	Overseas - Quoted	115,316	37.2
1,223	0.5	UK - Unquoted	1,550	0.5
9,053	3.7	Overseas - Unquoted	22,009	7.1
3,670	1.5	Private equity	5,270	1.7
167,855	68.6		221,023	71.3
		Gilts - Public Sector		
7,341	3.0	UK fixed interest	6,853	2.2
734	0.3	Overseas fixed interest	311	0.1
10,277	4.2	UK index linked	11,525	3.7
245	0.1	Overseas index linked	311	0.1
18,597	7.6		19,000	6.1
		Other Bonds		
21,288	8.7	UK	14,271	4.6
5,873	2.4	Overseas	16,132	5.2
27,161	11.1		30,403	9.8
27,650	11.3	Property UK	27,351	8.8
-489	-0.2	Derivatives	0	0.0
3,915	1.6	Cash (invested internally)	12,236	4.0
244,689	100	Total assets	310,013	100

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

2016 £'000	Police Staff Pensions	2017 £'000
244,689	Share of assets in pension fund	310,013
-420,645	Estimated liabilities in pension fund	-582,904
-1,953	Estimated unfunded liabilities	-2,073
-177,909	Deficiency in fund	-274,964

The movement in the present value of schemes obligations for the year 31 March 2017 is as follows:

2015/2016 £'000	Present Value of Police Staff Liabilities	2016/2017 £'000
-456,423	Present value of defined obligations as at 1 April	-422,598
	Movements in the year	
-19,945	Current service cost	-17,243
8,380	Estimated benefits paid (net of transfers in)	8,932
-4,544	Contributions by scheme participants	-4,525
-15,907	Interest costs	-15,974
117	Unfunded pension payments	118
65,792	Change in financial assumptions	-139,320
0	Change in demographic assumptions	2,785
-68	Experience loss(-)/gain on defined benefit obligations	2,848
-422,598	Present value of defined obligations as at 31 March	-584,977

The movement in the fair value of scheme assets for the year to 31 March 2017 is as follows:

2015/2016 £'000	Fair Value of Police Staff Scheme Assets	2016/2017 £'000
235,897	Fair value of scheme assets as at 1 April	244,689
	Movements in the year	
8,372	Interest on assets	9,415
-6,052	Return on assets less interest	52,217
0	Other actuarial gain/loss(-)	-2,290
-161	Administration expenses	-201
10,586	Contributions by employer	10,708
4,544	Contributions by scheme participants	4,525
-8,497	Estimated benefits paid (net of transfers in)	-9,050
244,689	Fair value of scheme assets as at 31 March	310,013

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

16 Payments In Advance

The payment in advance relates to the police pensions of £6,436,579.

17 Creditors

All creditors are with the PCC and relate primarily to leave earned by employees but not taken before the year end, which employees can carry forward into the next financial year. Other employee overtime expenses accrued are also included. Therefore, total creditors for 2016/2017 is £7,997,138 (2015/2016 £9,609,376).

18 Short and Long Term Provisions

Short and Long Term Provisions	Balance 1 April 2016 £'000	Used in Year £'000	New in Year £'000	Balance 31 March 2017 £'000
Ill-health & termination benefits	184	-184	315	315
Holiday pay on overtime	73	-73	0	0
Overtime liability	350	0	1,793	2,143
Employment support allowance	0	0	353	353
	<u>607</u>	<u>-257</u>	<u>2,461</u>	<u>2,811</u>

The ill health and termination benefits provision of £315,000 is where approval was agreed at 31 March 2017 to make the payments during 2017/2018.

There was a provision of £73,000 for back pay claims for holiday pay where overtime had been worked since October 2015. This was resolved in 2016/2017.

The overtime liability provision at 31 March 2017 is in respect of claims for overtime worked in prior years. These claims should be resolved in 2017/2018.

The employment support allowance provision of £353,000 relates to the underpayment of injury on duty pensions. These payments should be made in 2017/2018.

19 Contingent Liabilities

We have reviewed the position in respect of contingent liabilities as at 31 March 2017.

Annual assessments are carried out to manage our key risks and set the level of our reserves. These would include the following contingent liabilities;

- Although no amount relating to 2016/2017 has been paid in year, we may be called upon to make a top up levy to Municipal Mutual Insurance Ltd's Scheme of Arrangement in the future;
- The Chief Constable of Avon & Somerset, along with other Chief Constables and the Home Office, currently has approximately 55 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations. In the case of the Judiciary claims the claimants were successful and in the Firefighters case the respondents were successful. Both of these judgments are subject to appeal, the outcome of which may determine the outcome of the Police claims. The Tribunal has yet to set a date for a preliminary or substantive Police hearing. Legal advice suggests that there is a strong defence against the Police claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful. For these reasons, no provision has been made in the 2016/2017 Accounting Statements;
- In calculating our provisions we have had to make assumptions which may be inaccurate, leading to potential liabilities for any under provision.

The amounts and the timings of when these liabilities will become due are unknown.

Office of the Chief Constable for Avon & Somerset

Avon & Somerset Police Officers Pension Fund Account Statements

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

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

2015/2016 £'000	Police Officers Pension Fund Account	2016/2017 £'000
	Contributions receivable	
	Employers contributions:	
-20,960	Normal (21.3% contributions)	-20,647
-792	Ill health/early retirements	-1,195
-21,752		-21,842
	Employee contributions	
-7,053	1987 Police Pension Scheme	-6,034
-168	2006 Police Pension Scheme	-103
-6,399	CARE Police Pension Scheme	-7,218
-13,620		-13,355
-661	Transfers in from other schemes	-298
	Benefits payable	
68,253	Pensions	70,265
14,569	Commutations and lump sum retirement benefits	18,243
82,822		88,508
	Payments to and on account of leavers	
18	Refund of contributions	38
176	Transfers out to other schemes	0
193	Other	100
387		138
47,176	Net amount payable for the year	53,151
-2,854	Additional contribution from the local policing body	-2,811
-44,322	Transfer from Police Fund to meet deficit	-50,340
0	Net amount payable/receivable for the year	0

There is an adjustment of 2.9% to the cash flow due to a reduction in the employer contribution rate for police pension schemes being reflected in pensions top-up funding.

This note shows the pension fund account assets and liabilities as at 31 March 2017.

31 March 2016 £'000	Pension Fund Net Assets	31 March 2017 £'000
	Current assets	
0	Amounts due from Central Government	5,935
	Current liabilities	
0	Amounts owing to pensioners	-5,935
<u>0</u>	Net assets	<u>0</u>

Office of the Chief Constable for Avon & Somerset

Glossary of Terms

Term	Definition
Accounting policies	These are a set of rules and codes of practice we use when preparing the accounts.
Balance sheet	This represents our overall financial position as at 31 March.
Capital programme	This is a list of projects for buying or improving fixed assets. With the exception of vehicles, items individually acquired typically under £12,000 are not treated as capital expenditure.
Cash flow statement	Summarises the income and outgoings of cash during the financial year.
Closing value	The value at 31 March, the date when the accounts are closed.
CMB	Constabulary Management Board
Commuted sums	These are the lump sum amounts paid to officers when they retire, if they choose to have a lower pension.
Comprehensive income and expenditure statement	Summarises the income and expenditure during the financial year within the PCC's statement of accounts.
Contingent liabilities	A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
Creditors	Amounts which are owed to others.
Current service cost	The value of projected retirement benefits earned by pension scheme members in the current financial year.
Debtors	Amounts which are due from others.
ERP	Enterprise Resource Planning
ESN	Emergency Services Network
Expenditure and funding analysis	This shows the performance reported and the adjustments made to reconcile to the comprehensive income and expenditure statement.
Financial instruments	Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial year	Refers to the period covered by the accounts and runs from 1 April to 31 March.
FRS	Financial Reporting Standards. Standards of accounting practice to be adopted to ensure that accounts provide a true and fair view.

Term	Definition
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.
HMRC	Her Majesty's Revenue and Customs. Responsible for the collection of tax in the UK.
IAS	International Accounting Standard. An international accounting standard to help harmonise company financial information across international borders. Subsequently superseded by International Financial Reporting Standards (IFRS).
IFRS	International Financial Reporting Standards. A set of international accounting and reporting standards that will help to harmonise company financial information across international borders.
IPR	Individual Performance Review
JAC	Joint Audit Committee
Movement in reserves statement	Summarises the movement in the reserves of the OCC during the financial year.
MTFP	Medium Term Financial Plan
National non-domestic rates income	The national non-domestic rates (or business rates) are collected by District Councils, paid to the Government and then distributed to all local authorities in proportion to population. The amount received by an authority is taken into account by the Government in determining the revenue support grant to be paid.
Niche	Police records management system
OCC	Office of the Chief Constable
Past service cost	The change in the present value of the defined benefit obligation for employee service in prior periods resulting in the current period from the introduction of, or changes to, post employment benefits.
PBR	Priority based resourcing
PCB	Police and Crime Board
PCC	Police and Crime Commissioner for Avon and Somerset
PCC Group	The term PCC Group refers to the Police and Crime Commissioner (PCC) for Avon and Somerset and the office of the Chief Constable (OCC).
PCSO	Police community support officer
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.

Term	Definition
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 Government's assessment. The balance of funding is from business rates, revenue support grant and council tax.
Precept	The amount of council tax collected on the PCC's behalf by local billing authorities.
Prepayment	A payment in advance for goods or services.
Provision	This is the money we keep to pay for known future costs.
Receipt in advance	Income received in advance of the financial year in which the services will be provided.
Seconded officers	These are police officers who, for agreed periods, temporarily work for other organisations. Their salaries and expenses are shown as spending and the money the organisation pays us for their placements is shown as income.
SPR	Strategic Policing Requirement
SR	Spending Review



Further information can be obtained online at:-

www.avonandsomerset-pcc.gov.uk (PCC Website)

www.avonandsomerset.police.uk (Constabulary Website)

Or in writing to:-

The Chief Finance Officer

Avon and Somerset Constabulary

PO Box 37, Valley Road

Portishead, Bristol BS20 8QJ

Telephone: 01275 816012

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

 @aspolice