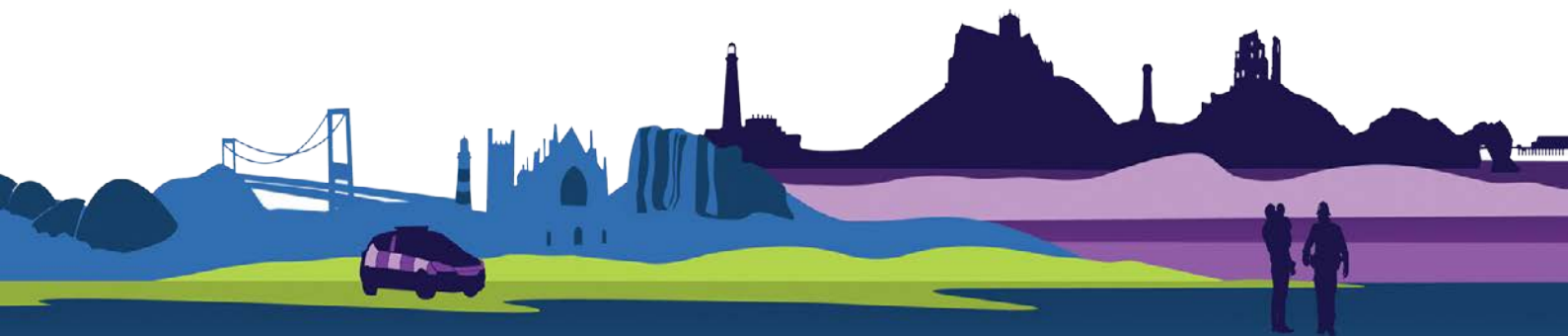


Police and Crime Commissioner for Dorset

Annual Financial Report for the year ended 31 March 2019

Unaudited



Police and Crime Commissioner for Dorset
Officers of the Police and Crime Commissioner

The statutory officers of the Police and Crime Commissioner and contact details are as follows:

Martyn Underhill	Police and Crime Commissioner
Simon Bullock	Chief Executive to the Police and Crime Commissioner
Alexis Garlick	Chief Finance Officer to the Police and Crime Commissioner
Address:	Office of the Police & Crime Commissioner Winfrith Dorchester DT2 8DZ
Telephone:	(01202) 229084
Website:	www.dorset.pcc.police.uk

The statutory officers of the Office of the Chief Constable and contact details are as follows:

James Vaughan	Chief Constable
John Jones	Chief Finance Officer to the Chief Constable
Address:	Dorset Police Headquarters Winfrith Dorchester DT2 8DZ
Telephone:	(01202) 222222
Website:	www.dorset.police.uk

Police and Crime Commissioner for Dorset

Annual Financial Report 2018/19

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Accompanying Reports



DORSET
POLICE & CRIME
COMMISSIONER

PREFACE

by Dorset Police and Crime Commissioner Martyn Underhill



You don't have to look far to see evidence that these are difficult times for policing, both financially and in terms of demand.

Dorset is no exception. I have made no secret of the fact that the Force's budget has been slashed over the last eight years.

As well as seeing real term cuts in central funding, Dorset Police has had to absorb other costs including inflation, pensions, and a more expensive training regime, while at the same time experiencing huge increases in demand.

Along with other Police and Crime Commissioners, I had no choice but to reluctantly go to the public and ask for more money in the policing precept.

Dorset residents told me they would be willing to pay extra – demonstrating how important an effective police service is to them.

Of course, I will continue to fight for a fairer settlement for policing in the county from central government, as many residents have asked me to.

However, I believe there are now many reasons to be optimistic as we look forward.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) graded the Force as being 'good' in all three areas reviewed – their effectiveness, efficiency and legitimacy at keeping people safe and reducing crime – during their last review in 2017. This is something we should be particularly proud of, given the challenges Dorset Police faces.

Our £1m innovation fund – which has come from a combination of recurring efficiencies and a surplus of uncollected council tax receipts – will drive forward improvements including putting extra officers into the rural and marine crime units, improving road safety, providing more help to homeless people and putting extra resources into tackling County Lines drug gangs.

We've already set up a volunteer cadet service, and I look forward to seeing the benefits this will bring young people as it helps them play a more active role in their communities. We will also soon be introducing a Bobby Van to help vulnerable and older people.

Of course, it is the staff and officers at Dorset Police who work on a daily basis to keep people in the county safe. Being a police officer is a tough and stressful job, and the pressure of constantly dealing with trauma can become too much.

People are our most important asset, and that's why I've committed £250k to providing a wide range of health and wellbeing initiatives to help officers and staff across the Force.

I am also very proud of the work my office has done over the last year to commission a wide range of projects, ranging from small community schemes to large scale strategic programmes filling significant gaps in provision.

This has come from the Safer Dorset Fund – part of my office's budget specifically set aside to support work helping make the county a better and safer place by meeting the objectives of Dorset's Police and Crime Plan: protecting people at risk of harm; working with our communities; supporting victims, witnesses and reducing reoffending; and transforming for the future.

Some important examples of this include the Safe Schools and Communities Team, which operates within Dorset Police and works closely with our young people, reducing crime and anti-social behaviour and making sure they are safe in the digital world.

I was also very pleased to have extended funding to the pan-Dorset Tackling Child Sexual Abuse Project. As well as providing a much wider group of people with knowledge about what to look out for and how to support young people and their families, it will also pay for an awareness campaign helping parents and carers give young people important messages about staying safe.

Other projects helping those affected by sexual abuse have also received funding. This includes Acts Fast, providing vital support for non-abusive parents, carers and families after a child has disclosed abuse, and Circles South West, for projects helping sex offenders change their behaviour and stop re-offending.

We've also provided funding to the road safety charity BRAKE, to support those bereaved or seriously injured in traffic collisions, and to Victim Support, helping the organisation meet an increase in the volume of domestic abuse referrals they are experiencing.

We contributed funding towards the National Rural Crime Network's rural crime and domestic abuse surveys, to broaden national understanding about the experiences of people in rural areas, and to the Police Foundation's project around understanding the public's priorities for policing.

These are just a few examples of projects we have supported and I know we will hear about many others over the months ahead.

Yes, these are difficult and uncertain times, and we are dealing with the legacy of years of government underfunding. But when I see the resourceful and confident individuals both in the leadership and on the front line at Dorset Police, as well as within our communities and in my own office, I have no doubt that we are in the strongest position possible.

NARRATIVE REPORT

1. Introduction

- 1.1. This narrative report aims to provide the context for the PCC and Group financial statements and to demonstrate how the PCC has allocated resources in line with intended outcomes for the 2018/19 financial year.
- 1.2. The Financial Statements provide information on the Police and Crime Commissioner's (PCC) and the Group's (incorporating the Chief Constable) financial activities for the year ending 31 March 2019. They are prepared in accordance with proper accounting practices (as defined in the Code of Practice on Local Authority Accounting in the United Kingdom) and are published in accordance with the Accounts and Audit Regulations 2015.
- 1.3. The Chief Constable has prepared a separate financial report reflecting how the resources provided by the PCC have been used to deliver operational policing services. These are published separately.

2. Explanation of the PCC and Group

- 2.1. The Police and Crime Commissioner and the Chief Constable are separate legal entities. The PCC is elected by the public every four years with a responsibility to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of operational policing duties, under the Police Act 1996. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in Dorset.
- 2.2. The Chief Constable is accountable to the PCC for the delivery of efficient and effective policing, the delivery of the PCC priorities and the management of resources and expenditure by the Force.
- 2.3. The PCC for Dorset is Martyn Underhill. He was first elected on 15 November 2012 as an Independent candidate and re-elected for a second term of office on 5 May 2016. He has set out his key priorities in the Police and Crime Plan.
- 2.4. The [Police and Crime Plan](#) is a statement of strategic intent for policing in Dorset, set around four key themes. These are:



- 2.5. The PCC is scrutinised by the Police and Crime Panel. The Panel's primary focus is on important strategic actions and decisions made by the PCC. These include whether he has:
 - achieved the aims set out in the Police and Crime Plan and the Annual Report
 - considered the priorities of community safety partners
 - consulted appropriately with the public and victims of crime
- 2.6. The PCC provides an Annual Report to the Police and Crime Panel each year which provides more detailed performance information in relation to the financial year just ended.

Police and Crime Commissioner for Dorset

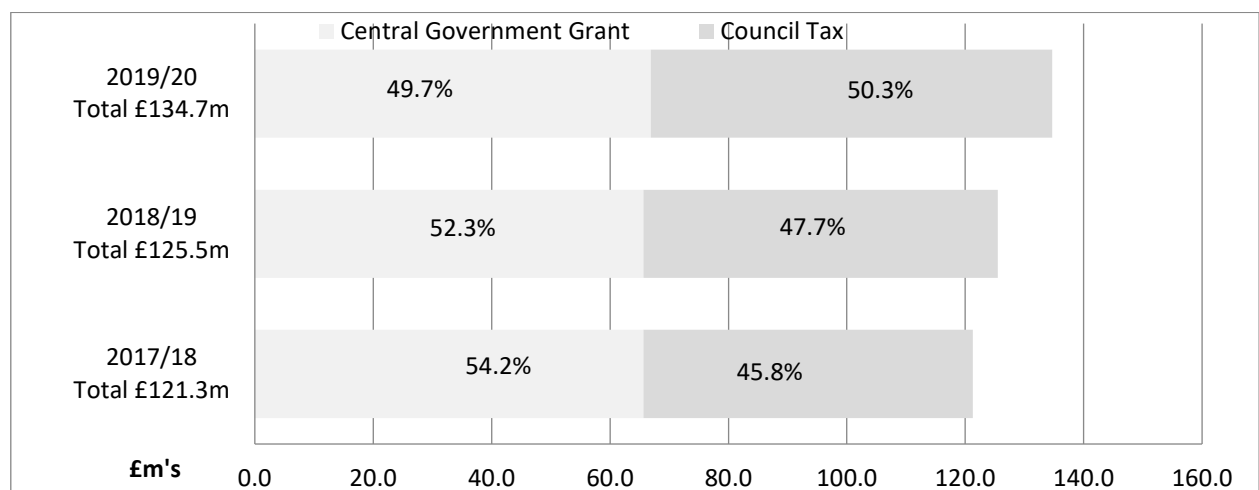
3. About Dorset

- 3.1. Dorset Police covers a hugely diverse geographic area, from the dramatic cliffs of the Jurassic Coast to rolling hills inland. The area covers 1,024 square miles with approximately 88 miles of coastline – excluding the shoreline of Poole Harbour. Although Dorset is predominantly rural, the Force also polices a large conurbation area made up of Bournemouth, Poole and Christchurch, as well as many towns and villages. Around 770,000 people live in Dorset, with the majority of the population living in the conurbation area. Dorset has a higher than average proportion of older people, and although there are some incredibly affluent areas, there are issues with child poverty and poor social mobility in parts of the county. Dorset is one of the most popular tourist destinations in the country, with millions of visitors coming every year to enjoy the spectacular scenery and sandy beaches, while more than 20,000 students study at Bournemouth University. Transport infrastructure includes sea ports, rail stations, and an airport, although the area is unusual in having no motorways running through it.

4. Resources Available in 2018/19

- 4.1. The budget for 2018/19 was set in the context of no increase in Central Government funding; Home Office formula grant was set at the same level as the previous year, and a similar cash standstill position was anticipated in future years. This represented a decrease in central funding in real terms. It was also not possible to predict the implications of any potential future formula funding review in the financial forecasts.
- 4.2. Against this backdrop of real terms reductions in central funding, following public consultation, and ratified by the Police and Crime Panel, the Commissioner increased the band D council tax element for policing by £12 (6.17%) to £206.58 p.a. so that services to the public could be maintained.
- 4.3. The overall impact of this Home Office grant position and the Precept increase was that total funding in 2018/19 was £4.2m more than it was in 2017/18. The revenue budget funding chart below shows the relative proportions of Central Government Grant and Council Tax Precept in 2018/19 as well as the funding in the previous and following year for comparative purposes. In 2017/18 Central Government Grant was 54.2% of revenue funding, in 2018/19 it fell to 52.3% and in 2019/20 it fell further proportionately, to 49.7%.

Revenue Budget funding 2017/18 – 2019/20



Police and Crime Commissioner for Dorset

5. Setting the Financial Strategy for 2018/19 and beyond

- 5.1. The Police and Crime Commissioner takes a multi-year approach to financial planning, considering the budget year and the subsequent three years.
- 5.2. A significant factor in setting the 2018/19 budget was the expectation of continuing real terms reductions in central government funding over the period of the Medium Term Financial Plan, in the form of a cash standstill allocation. The budget was therefore designed to drive out continued efficiencies, primarily through continued working together with Devon and Cornwall Police. The increase in the Council Tax together with the programme of efficiencies, enabled the following key areas to be addressed:

Vulnerability

- Paedophile On-line Investigation Team: increased number of officers who are proactively looking for the most dangerous offenders.
- Multi-Agency Safeguarding Hub (MASH): allowing expansion from children and young people into adult safeguarding.
- Pan-Dorset Safeguarding Board: the Children and Social Work Act 2017 creates new duties for CCGs, local authorities and police to make local safeguarding arrangements. As these new arrangements embed, Dorset Police will increase its commitment to supporting the Board.
- Safer Schools: Dorset Police has preserved its Safer Schools provision, enabling ten safer schools officers to deliver countless educational and preventative inputs to young people across our county.
- Marine Unit / Rural Crime Team: additional staff were added to both units to ensure that the maritime and rural continue to receive neighbourhood provision.
- Operational Business Design (OBD): the precept investment was critical to the design and implementation of OBD; a different operating model, enabling Dorset Police to effectively deal with the busiest period in its demand history. Investment has allowed the creation of an enhanced volume crime team to deal with detained persons and provide support to frontline officers, and the formation of an investigation resolution team (IRT), a desk based team that progresses investigations and provides investigative support to the frontline.
- Also within OBD, the additional precept led to the creation of a new role for some Police Community Support Officers who have become Police Community Support Investigators (PCSIIs). Dorset Police now has 29 PCSIIs making a significant contribution to making Dorset safer.

Communities

- OBD: the implementation of OBD has also introduced new resource in the Neighbourhood Engagement Officer role ensuring that Dorset Police connect with people through the diversity of platforms available.
- Neighbourhood Policing Teams (NPTs): Dorset Police has signed up to the College of Policing's guidelines for the delivery of neighbourhood policing – and precept investment has allowed NPTs to reach full complement. These teams are amplified through the recruitment of more Special Constables.
- Community Safety Accreditation Schemes (CSAS): there are now four schemes with 14 accredited people embedded across the county. Investment has allowed some bespoke training for CSAS organisations to ensure they are skilled problem solvers that can provide community intelligence useful for policing.

Police and Crime Commissioner for Dorset

- **Police Now:** Dorset Police have recruited eight officers under the national Police Now initiative, joining in September 2018. They have already brought new thinking and fresh energy to some of the Force's most challenging problems.
- **County lines:** Communities within Dorset still face significant challenge concerning child exploitation and the link to 'County Lines'. Dorset Police continues to invest in operational plans focussing on enforcement, education, safeguarding and rehabilitation. The delivery of the partnership event hosted by OPCC has significantly assisted in this key area. The Safer Schools and Community Team are also delivering a County Lines package.
- **Drug and alcohol harm reduction team:** This team was embedded in July 2018 and has brought a fresh approach by moving from enforcement to harm reduction and engagement.

Victims, Witnesses and Offenders

- **Restorative Justice:** Dorset Police continue to put victims at the heart of what they do. As a result of previous investment restorative justice (adults) was rolled out in September 2017 and has seen numerous post-conviction referrals and cases taken forwards with victims of road traffic collisions, burglary, criminal damage, fraud and grievous bodily harm.

Preparing for the Future

- **'PRISM' Programme:** In keeping with the National Policing Vision 2025, Dorset Police is continually reviewing and identifying ways to make progress and ensuring it is a 'listening and learning' organisation. Dorset Police has developed and invested in new technology as well as supported multiple projects in the digital policing arena, principally through the joint 'PRISM' programme with Devon and Cornwall Police. 2018/19 saw the roll out of Body Worn Video, investment in online services such as 'ASK NED' (the online Non-Emergency Directory) and increased use of drone technology. Skype meetings are becoming more widespread as part of the drive to increase efficiencies through use of technology. Operationally Skype is now used where appropriate in custody for inspector reviews and Superintendent extensions.
- **Alliance Drone Team:** the OPCC was pivotal in driving the establishment of the Team, as the first dedicated unit in the country in May 2017, and the unit saw significantly increased activity in 2018/19. The drones provide resilience to helicopter support but they remain much more efficient, with greater flexibility and less cost.
- **Cybercrime:** The precept increase in 2018/19 enabled a programme of cyber prevention training to local businesses by the Dorset Police cyber-crime prevention officer.
- **Wellbeing:** The Force has delivered a plan to keep staff at work, or get them back into work quickly if they are unwell and to ensure appropriate support is offered. Evidence is clear that a healthy, motivated and engaged workforce provide higher performance and productivity.

- 5.3. At the time of setting the budget and precept for 2018/19 the financial forecasts indicated a continued difficult financial outlook, with the years beyond 2018/19 showing continued pressure with further savings being required to maintain a balanced budget:

Police and Crime Commissioner for Dorset

	2018/19 £m's	2019/20 £m's	2020/21 £m's	2021/22 £m's
Projected Budget Requirement	125.5	129.1	132.8	135.3
Projected Funding	125.5	129.1	131.0	132.9
Projected Shortfall	0.0	0.0	1.8	2.4

The 2019/20 budget settlement, and ability of Police and Crime Commissioners to increase their precept by up to £24 for a Band D property (without a referendum) has subsequently mitigated the forecast slightly, but the position remains one of forecast real terms reductions, and significant future year budget pressure.

National Transforming Forensics Programme

- 5.4. During the year Dorset Police became the financial lead for the national 'Transforming Forensics' programme, a role which is continuing into 2019/20. The PCC received a grant and incurred an equal amount of expenditure on behalf of the Police Service.
- 5.5. Total grant funding received and spent in 2018/19 was £9.429m.
- 5.6. The anticipated grant in 2019/20 is £17.575m.

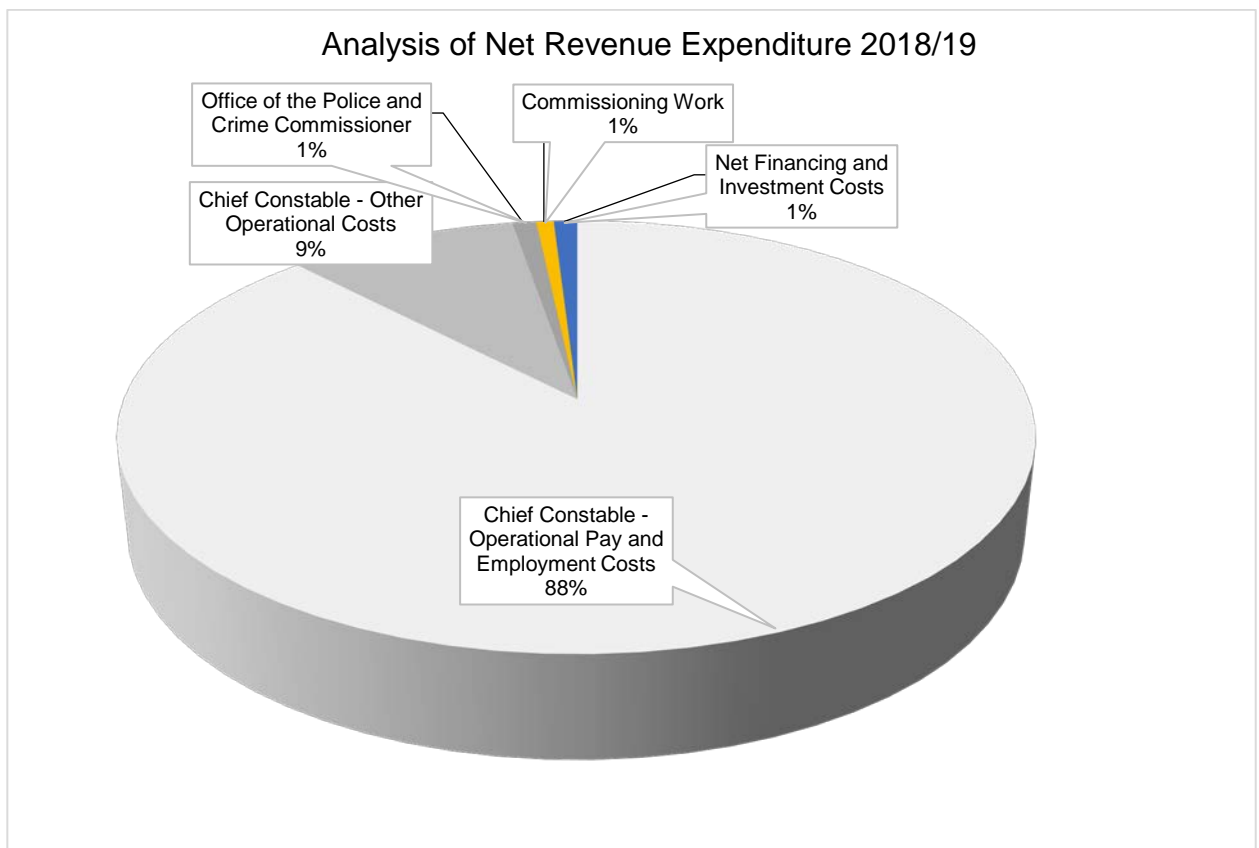
6. Financial Performance in 2018/19

- 6.1. The Expenditure and Funding Analysis (Note 7 to the Financial Statements) shows a net reduction in the General Fund Balance of £1.0m; this is £0.1m less than budgeted as the Force underspend allowed some replenishment of this balance. In addition, it can be seen in the Movement in Reserves Statement that Earmarked Reserves were increased during the year by £0.2m and the Capital Receipts Reserve reduced by £0.1m, making the total movement in usable reserves for the year a net reduction of £0.9m.
- 6.2. Earmarked Reserves were increased at the year-end, representing funds being set aside to cover future spending plans. The main transfers to earmarked reserves were; £0.7m to fund future capital investment; £0.2m for commitments in regional collaborations, and £0.2m for the Police and Crime Plan.
- 6.3. Actual capital receipts in the year exceeded budget but will be required to fund future planned capital investment.
- 6.4. There were significant pressures on the budget during the year, most notably police officer overtime. The use of overtime included policing major operations during the year, providing a local response to national incidents, and responding to the significant demands on policing, particularly over the summer period, which was the busiest on record in terms of demand.
- 6.5. An element of police officer overtime expenditure was recoverable, realising income that offset the expenditure. Another key element of overtime use was that incurred to cover police officer vacancies. This income and the pay underspend created by vacancies covered the overspend on police officer overtime.
- 6.6. The most significant underspends occurred in police officer and staff vacancies, and from over-recovery of income. The police officer vacancies largely covered the overspend on overtime costs, mentioned above. A further underspend resulted from the number of police staff vacancies held

Police and Crime Commissioner for Dorset

during the year. This included vacancies deliberately held open in a number of areas pending restructures, including areas going live under the Strategic Alliance with Devon and Cornwall Police.

- 6.7. Income budgets exceeded the level anticipated, due largely to recovery of costs from officers deployed to other forces, events, and national policing requirements, and additional grant income for specific projects.
- 6.8. Expenditure against the Office of the Police and Crime Commissioner's office and commissioning costs ended the year £205k less than the allocated budget. This variance was transferred to reserve, and will be carried forward to meet future commissioning costs, and commitments under the Police and Crime Plan.
- 6.9. The chart below shows a breakdown of actual net revenue expenditure for 2018/19 by category of spend.



Police and Crime Commissioner for Dorset

Workforce Resources

- 6.10. Workforce costs make up 85% of the annual expenditure of the Group. The full time equivalents (FTE) of officers and staff employed by Dorset Police at the beginning and end of the period were:

31/03/18 (FTE)		31/03/19 (FTE)
1,242	Police Officers	1,201
1,173	Police Staff (Force, including PCSOs)	1,230
18	Office of the Police and Crime Commissioner	19
2,433	Total	2,450

7. Capital Expenditure

- 7.1. In addition to revenue spending on day to day activities the PCC and Force incur capital expenditure. This is expenditure on the acquisition of a non-current (fixed) asset or expenditure that adds to the value or extends the useful life of an existing asset. During 2018/19 £4.6m was incurred as summarised in the table below.

	£000's
Capital Investment	
Equipment and ICT	2,940
Vehicles and Other Transport	992
Intangible Assets	268
Revenue Expenditure funded from Capital under Statute (REFCUS)	2,321
Land and Buildings	661
Total Expenditure	7,182
Financed by:	
Government Grants and Contributions	2,488
Capital Receipts	4,173
PFI Capital Repayment	521
Total Funding	7,182

- 7.2. The main capital investment during the year was for Body Worn video, the Command and Control system and other communication systems. In addition some of the computing and network infrastructure was replaced and there was investment in technology to allow for remote access to core systems (mobile policing).
- 7.3. REFCUS includes capital expenditure in relation to the National Transforming Forensics programme.

- 7.4. Sale proceeds arising from the disposal of non-current assets in the year amounted to £4.1m which almost matched the amount applied to fund capital expenditure in the year, so that the movement in the usable Capital Receipts Reserve was less than £0.1m reduction.

8. Reserves

- 8.1. The PCC maintains reserves for 3 main purposes:

- I. As a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the general fund balance;
- II. As a contingency to cushion the impact of unexpected events or emergencies: also part of the general fund balance;
- III. As a means of building up funds to meet known or predicted requirements; earmarked reserves.

- 8.2. The PCC's Policy for the maintenance of reserves includes the following key principles:

General Balances - The PCC will seek to maintain a general reserve at between 3% and 5% of Net Revenue Expenditure. This will be supported by an annual budget risk assessment which will also identify the need for any specific earmarked reserves.

Earmarked Reserves - The need for earmarked reserves will be assessed annually through the budget setting process, to confirm the continuing relevance and adequacy of each earmarked reserve in addition to identifying any new reserves that may be required.

- 8.3. Total Usable Reserves at 31 March 2019 amounted to £9.1m comprising; General Fund Balance £3.9m; Earmarked Reserves £4.1m and usable Capital Receipts Reserves £1.1m. These balances are in line with the policy on reserves.

9. Performance Indicators

External Indicators

- 9.1. The principal independent financial indicators available to Police and Crime Commissioner are as follows:
- HMICFRS PEEL Report – Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) reviews each Force to examine their Efficiency, Effectiveness and Legitimacy. The 2017 report indicated that Dorset Police was 'good' for all three areas reviewed:
 - The extent to which the force is effective at keeping people safe and reducing crime is **good**.
 - The extent to which the force is efficient at keeping people safe and reducing crime is **good**.
 - The extent to which the force is legitimate at keeping people safe and reducing crime is **good**.
 - Auditor's Value for Money Opinion – External auditors last provided a Value for Money Opinion for both the PCC and the Chief Constable for the year ending 31 March 2018. This work concluded that in all significant respects the Force has proper arrangements to ensure it has taken properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The conclusion was that the Force had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Police and Crime Commissioner for Dorset

- HMICFRS Value for Money Profile 2018 – this report does not provide an opinion, but states key financial and performance information of Dorset Police in comparison to other forces. The report did not indicate any significant outliers within Dorset Police.

Operational Performance of the Force

9.2. During the year, the Force dealt with the following levels of activity:

2017/18		2018/19
93,247	999 Calls Received	104,028
420,677	Non-Emergency Calls Received	391,439
178,808	Incidents Recorded	183,412
49,583	Crimes Recorded	55,028
10,876	Arrests Made	10,515
4,317	Voluntary Attendances Undertaken	3,795
	Missing Persons	
5,000	Missing Persons Incidents	5,832
23,000	Patrol Officer Hours	25,000
	Mental Health Incidents	
6,000	Mental Health Flagged Incidents	7,426
22,000	Patrol Officer Hours	30,400
4,600	Adults at Risk	4,000
999	Management of Registered Sex Offenders	1,018
25,700	Public Protection Notices Completed	28,808

10. Future Financial Outlook

10.1. The financial forecasts are formally updated annually as part of the budget and precept setting process. The 2019/20 financial projections showed a widening gap between forecast funding and requirements, and still further savings will be required to balance the budget from 2020/21.

10.2. The following areas of development are planned in 2019/20 and beyond:

- Full implementation of the Operational Business Design (OBD) model, which is designed to reduce demand on front line officers by adopting a new approach, including a new deployment

Police and Crime Commissioner for Dorset

allocation system for certain types of activity. OBD improves the workforce allocation and workforce mix to better deliver the required Police and Crime Plan outcomes.

- Funding for the PRISM change programme, including the roll out of body worn video, a new Command and Control system, and other technological developments such as a common Command Centre platform with Devon and Cornwall Police. PRISM will deliver vital change to improve operational efficiency and effectiveness.
- Continued delivery of savings as a consequence of working together with Devon & Cornwall Police, including realisation of cashable savings. This increases operational capacity and capability, while delivering efficiencies in support service delivery.
- Revenue contributions towards the capital programme, to ensure a sustainable core capital programme, maintaining Force assets to an appropriate level.
- A £1m 'Innovation Fund' will be made available for specific areas of investment such as:
 - o Additional police officers in the rural and marine crime teams, and enhancing offender management capability
 - o Introduction of a 'Bobby Van', addressing crime prevention / target hardening issues
 - o Investment in the new Volunteer Police Cadet scheme
 - o Further development of the 'No Excuse' capability, targeted at improving road safety
 - o Investment in tackling issues associated with homelessness, working alongside with homeless individuals and related agencies to help understand and address demand
 - o Creation of an 'Efficiency Officer' designed to identify and drive out future efficiencies
 - o Funding for new and emerging threats

11. Governance Arrangements

The Annual Governance Statement is included at the end of this document. It sets out the governance arrangements in place during 2018/19. Following the decision, in October 2018, not to proceed with the proposed merger between Dorset Police and Devon & Cornwall Police both Chief Constables confirmed their commitment to the Strategic Alliance. However, with the Alliance programme nearing completion, the few departments still to be aligned have been absorbed into the PRISM (Transformational Change) Programme. This change in arrangements required a review of governance arrangements which will be considered in 2019 for implementation.

No significant governance issues have been identified in 2018/19.

12. Managing Financial Risks

The Police and Crime Commissioner and the Chief Constable have an effective process for managing risk and the details are provided in the Annual Governance Statement and regularly reported to the Independent Audit Committee.

13. The Financial Statements

13.1. A brief explanation of the purpose of each of the four primary statements is provided below:

- **Movement in Reserves Statement** - for the Group and for the Police and Crime Commissioner as a single entity, shows the changes in the Police and Crime Commissioner's financial resources over the year.
- **Comprehensive Income and Expenditure Statement** - for the Group and for the Police and Crime Commissioner as a single entity, these show the surpluses or deficits that contributed to the changes in resources.
- **Balance Sheet as at 31 March 2019** shows how the resources available to the Group and the Police and Crime Commissioner are held in the form of assets and liabilities.
- **Cash Flow Statement** shows how the movement in resources has been reflected in cash flows.

13.2. The notes to the accounts include the accounting policies and give further information on the entries within the main statements as well as supplementary information. All notes relate to the Group Statements unless it is otherwise specified. These are further supplemented by a glossary of terms.

Alexis Garlick, FCCA

Chief Finance Officer

31st July 2019

Further Information

This publication provides a review of the financial performance of the Police and Crime Commissioner for 2018/19. It may be read in conjunction with; the single entity accounts of the Chief Constable, the Police and Crime Plan and the Police and Crime Commissioner's Annual Report that show a wide range of measures of performance. Further information on these publications can be obtained by writing to the Chief Executive or Chief Finance Officer at the Police and Crime Commissioner Offices, Dorset Police Headquarters, Winfrith, Dorset, DT2 8DZ

**Independent Auditor's Report to the
Police and Crime Commissioner for Dorset**

Police and Crime Commissioner for Dorset

Statement of Responsibilities

The Police and Crime Commissioner's Responsibilities

The Commissioner is required to:

- Make arrangements for the proper administration of the financial affairs of the Office of the Police and Crime Commissioner and to secure that one of his officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer to the Police and Crime Commissioner;
- Manage the affairs of the Office of the Police and Crime Commissioner to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

Approval of the Accounts

I approve the Statement of Accounts.

Martyn Underhill
Police and Crime Commissioner
31 July 2019

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Police and Crime Commissioner's Annual Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC "Code of Practice on Local Authority Accounting in the United Kingdom 2018/19" (the Code).

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

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice;
- Kept proper accounting records which were up to date, and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Finance Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2019 gives a true and fair view of the financial position of the Police and Crime Commissioner for Dorset at the accounting date and of the income and expenditure for the year ended 31 March 2019.

Alexis Garlick FCCA
Chief Finance Officer to the Police and Crime Commissioner
31 July 2019

Financial Statements



DORSET
POLICE & CRIME
COMMISSIONER

Police and Crime Commissioner for Dorset

Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year on the different reserves held by the Police and Crime Commissioner Group, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and 'unusable reserves'. The Statement shows how the movements in year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (increase)/decrease shows the statutory General Fund Balance movements in the year following those adjustments.

Group Movement in Reserves Statement	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
Current Year		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018		(4,974)	(3,808)	(1,211)	(9,993)	1,475,024	1,465,031
Movement in Reserves							
Total Comprehensive Income and Expenditure		36,905	0	0	36,905	(14,617)	22,288
Adjustments between accounting basis and funding basis under regulations	9	(36,136)	0	88	(36,048)	36,048	0
Transfers (to)/from Earmarked Reserves	10	249	(249)	0	0	0	0
(Increase)/Decrease		1,017	(249)	88	856	21,431	22,288
Balance at 31 March 2019		(3,957)	(4,057)	(1,123)	(9,137)	1,496,456	1,487,319

Group Movement in Reserves Statement	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
Comparative Year		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017		(7,416)	(5,691)	(3,877)	(16,984)	1,512,650	1,495,666
Movement in Reserves							
Total Comprehensive Income and Expenditure		54,381	0	0	54,381	(85,016)	(30,635)
Adjustments between accounting basis and funding basis under regulations	9	(50,056)	0	2,666	(47,389)	47,389	0
Transfers (to)/from Earmarked Reserves	10	(1,883)	1,883		0	0	0
(Increase)/Decrease		2,442	1,883	2,666	6,991	(37,627)	(30,635)
Balance at 31 March 2018		(4,974)	(3,808)	(1,211)	(9,993)	1,475,024	1,465,031

PCC Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and 'unusable reserves'. The Statement shows how the movements in year of the Police and Crime Commissioner's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (increase)/decrease shows the statutory General Fund Balance movements in the year following those adjustments.

PCC Movement in Reserves Statement	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
Current Year	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018	(4,974)	(3,808)	(1,211)	(9,993)	1,475,024	1,465,031
Movement in Reserves						
Total Comprehensive Income and Expenditure	25,718	0	0	25,718	(3,430)	22,288
Adjustments between accounting basis and funding basis under regulations	(24,950)	0	88	(24,862)	24,862	0
Transfers (to)/from Earmarked Reserves	249	(249)	0	0	0	0
(Increase)/Decrease	1,017	(249)	88	858	21,432	22,288
Balance at 31 March 2019	(3,957)	(4,057)	(1,123)	(9,137)	1,496,456	1,487,319

PCC Movement in Reserves Statement Restated *	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
Comparative Year	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017	(7,416)	(5,691)	(3,877)	(16,984)	1,512,650	1,495,666
Movement in Reserves						
Total Comprehensive Income and Expenditure	(29,043)	0	0	(29,043)	(1,592)	(30,635)
Adjustments between accounting basis and funding basis under regulations	33,368	0	2,666	36,034	(36,034)	0
Transfers (to)/from Earmarked Reserves	(1,883)	1,883	0	0	0	0
(Increase)/Decrease	2,442	1,883	2,666	6,991	(37,625)	(30,635)
Balance at 31 March 2018	(4,974)	(3,808)	(1,211)	(9,993)	1,475,024	1,465,031

*The comparative year has been restated to show the correct defined benefit liability. This change has had a nil impact on the balance as at 31 March 2018.

Police and Crime Commissioner for Dorset

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services for the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioner's raise taxation (Precepts) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Group Comprehensive Income and Expenditure Statement							
2017/18 Restated *				2018/19			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
168,897	(17,865)	151,032	Chief Constable	174,575	(25,040)	149,535	
4,083	0	4,083	Office of the Police and Crime Commissioner	3,081	0	3,081	29
1,784	(1,001)	783	Commissioning	2,205	(985)	1,220	26
174,764	(18,866)	155,898	Net Cost of Services	179,861	(26,025)	153,836	
			Other Operating Income and Expenditure				
		(18)	Net (Surplus)/Deficit from the Sale of Non-Current Assets			16	
		(21,253)	Pension Top Up Grant			(26,078)	
			Financing and Investment Income and Expenditure				
		1	Interest Payable			8	
		0	Gain/Loss on Financial Instruments			(43)	
		(88)	Interest receivable and similar income			(100)	
		41,264	Pensions Interest Cost			37,819	
			Taxation and Non-Specific Grant Income				
		(40,659)	Police Grant			(40,659)	25
		(25,008)	DCLG Formula Funding			(25,008)	25
		(55,335)	Council Tax Precept			(60,398)	26
		(421)	Capital Grants and Contributions			(2,488)	25
		54,381	(Surplus)/Deficit on Provision of Services			36,905	
		(1,632)	(Surplus)/Deficit on Revaluation of Non-Current Assets			(2,319)	
		(83,384)	Remeasurement of the Net Defined Benefit Liability (asset)			(12,298)	31
		(85,016)	Other Comprehensive Income and Expenditure			(14,617)	
		(30,635)	Total Comprehensive Income and Expenditure			22,288	

*2017/18 Restated - The presentation has changed with the pension top up grant now shown on a separate line to aid transparency. It was previously shown in Chief Constable's income. The defined benefit liability and interest cost has also been updated to reflect the correct figures. These changes have had a nil impact on the Total Comprehensive Income and Expenditure balance.

Police and Crime Commissioner for Dorset

PCC Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services for the Police and Crime Commissioner in accordance with generally accepted accounting practices, rather than the amount of funding from taxation. Police and Crime Commissioner's raise taxation (Precepts) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

PCC Comprehensive Income and Expenditure Statement							
2017/18 Restated *				2018/19			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
4,083	0	4,083	Office of the Police and Crime Commissioner	3,081	0	3,081	29
1,784	(1,001)	783	Commissioning	2,205	(985)	1,220	26
168,897	(39,118)	129,779	Chief Constable Intra-Group Transaction	174,575	(51,118)	123,457	4
174,764	(40,119)	134,645	Net Cost of Services	179,861	(52,102)	127,758	
			Other Operating Income and Expenditure				
		(18)	Net (Surplus)/Deficit from the Sale of Non-Current Assets			16	
			Financing and Investment Income and Expenditure				
		1	Interest Payable			8	
		0	Gain/Loss on Financial Instruments			(43)	
		(88)	Interest receivable and similar income			(100)	
		41,264	Pensions interest cost including Intra-Group Transaction			37,819	4
			Taxation and Non-Specific Grant Income				
		(40,659)	Police Grant			(40,659)	25
		(25,008)	DCLG Formula Funding			(25,008)	25
		(55,335)	Council Tax Precept			(60,398)	26
		(421)	Capital Grants and Contributions			(2,488)	25
		(83,424)	Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction			(11,187)	
		(29,043)	(Surplus)/Deficit on Provision of Services			25,718	
		(1,632)	(Surplus)/Deficit on Revaluation of Non-Current Assets			(2,319)	
		40	Remeasurement of the Net Defined Benefit Liability (asset)			(1,111)	31
		(1,592)	Other Comprehensive Income and Expenditure			(3,430)	
		(30,635)	Total Comprehensive Income and Expenditure			22,288	

*2017/18 Restated – please see Group CIES note.

Police and Crime Commissioner for Dorset

Group and PCC Balance Sheet

The Balance Sheet shows the value as at 31 March 2018 and 31 March 2019 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner. The net assets of the Group/Police and Crime Commissioner (assets and liabilities) are matched by the reserves held by the Group/Police and Crime Commissioner.

31 March 2018			31 March 2019		
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000	Notes
49,499	54,521	Property, Plant and Equipment	49,577	55,872	11
0	920	Intangible Assets	0	498	12
5,942	0	Intra-group assets	6,793	0	
55,441	55,441	Long Term Assets	56,370	56,370	
3,005	3,005	Short Term Investments	3,469	3,469	
6,096	6,096	Assets Held for Sale	3,005	3,005	15
0	121	Inventories	0	149	
13	1,527	Short Term Accumulated Absences - Intra-Group Debtor	0	0	19.5
0	0	Intra group Debtor	1,470	0	
2,226	15,522	Short Term Debtors	3,531	21,377	13
6,766	6,766	Cash and Cash Equivalents	2,052	2,052	14
18,106	33,037	Current Assets	13,527	30,052	
(824)	(17,072)	Short Term Creditors	(839)	(19,673)	16
0	(385)	Provisions	0	(287)	18
(13)	(1,527)	Short Term Accumulated Absences - Intra-Group Creditor	(2,597)	0	
(837)	(18,984)	Current Liabilities	(3,436)	(19,960)	
(509)	(509)	Provisions	(466)	(466)	18
(31,090)	(31,090)	Long Term Borrowing	(29,064)	(29,064)	
(3,169)	(1,502,926)	Pensions Liability	(3,015)	(1,524,250)	19
(3,216)	0	Intra group Creditor	0	0	
(1,499,757)	0	Pension Liabilities - Intra-Group Creditor	(1,521,235)	0	
(1,537,741)	(1,534,525)	Long Term Liabilities	(1,553,779)	(1,553,780)	
(1,465,031)	(1,465,031)	Net Assets / (Liabilities)	(1,487,319)	(1,487,319)	
9,993	9,993	Usable Reserves	9,137	9,137	
(1,475,024)	(1,475,024)	Unusable Reserves	(1,496,456)	(1,496,456)	19
(1,465,031)	(1,465,031)	Total Reserves	(1,487,319)	(1,487,319)	

The Balance Sheet as at 31 March 2018 has been restated to reflect the exclusion of seized cash from short term creditors and cash and cash equivalents in the PCC Group and PCC accounts. This change has had a nil impact on the Net Assets/Liabilities balance.

Alexis Garlick FCCA
Chief Finance Officer to the Police and Crime Commissioner
31 July 2019

Police and Crime Commissioner for Dorset

Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and the Police and Crime Commissioner during the reporting period. As there is no distinction between the Group and the Police and Crime Commissioner, there is no separate Statement for the Police and Crime Commissioner. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the way the Group has managed its cash outflows against the monies received by way of grant income and from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities consist of short and long term borrowing in addition to repayment of finance lease liabilities and other payments for financing activities and are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2017/18 Restated		2018/19	Notes
£'000		£'000	
54,381	Net (Surplus) or Deficit on the Provision of Services	36,905	
	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements		
(46,443)	(Increase)/Decrease in pensions liability	(33,622)	
(5,016)	Depreciation and amortisation	(4,812)	
(894)	(Increase)/Decrease in provisions	141	
56	Carrying amount of non current assets and non current assets held for sale, sold or derecognised	4,159	
(1,475)	Surplus/(Loss) on revaluation of non-current assets	(428)	
(876)	Movement in relevant assets/liabilities	5,896	
(268)	Net Cash (Inflows)/Outflows from Operating Activities	8,239	20
4,485	Investing Activities	(3,004)	21
0	Financing Activities	0	22
4,216	Net (Increase)/Decrease in Cash and Cash Equivalents	5,235	
(10,983)	Cash and Cash Equivalents at the beginning of the reporting period	(6,766)	
(6,766)	Cash and Cash Equivalents at the end of the reporting period	(1,531)	14

*The Cashflow Statement for 2017/18 has been restated to reflect the exclusion of seized cash from short term creditors and cash and cash equivalents in the PCC Group and PCC accounts. This change has had a nil impact on the Net Assets/Liabilities balance.

Notes to the Financial Statements



DORSET
POLICE & CRIME
COMMISSIONER

Note 1 Accounting Policies

1. General Principles

The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; and the Accounts and Audit Regulations 2015 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost modified by the revaluation for certain categories of non-current assets and financial instruments. The financial statements have been prepared with due regard to the pervasive accounting concepts of accruals, going concern and primacy of legislative requirements.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place and not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Accounting Policy Developments and Changes

Changes in accounting policies are only made when required by proper accounting practices or the change provides more relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting opening balance and comparative amounts for the prior period as if the new policy had always been applied. For 2018/19, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have been adopted and applied retrospectively.

4. Prior Period Adjustments, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. Events after the Balance Sheet Date

Events after the Balance Sheet date are material events, both favourable and unfavourable that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial affect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Note 1 Accounting Policies

6. Contingent Liabilities

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

7. Council Tax

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Group recognises its share of the Council Tax debtor and creditor balances and impairment allowances in its Balance Sheet. The Group also recognises:

- a creditor in its Balance Sheet for cash received from the Billing Authority in advance of the Police and Crime Commissioner receiving the cash from Council Tax debtors or;
- a debtor in its Balance Sheet for its attributable share of net cash collected from Council Tax debtors by the Billing Authority but not paid over to it at the Balance Sheet date.

8. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the Group has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reversed out the amounts charged so that there is no impact on the level of council tax.

9. Foreign Currency Translation

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

10. Government Grants and Contributions

Government grants and third party contributions are recognised as due to the Group when there is reasonable assurance that:

- the Group will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Group are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement of Reserves Statement. Where the grant has yet to be used to

Note 1 Accounting Policies

finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustments Account once they have been applied to fund capital expenditure.

11. Financial Instruments

11.1 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

11.2 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Group's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

11.3 Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable in the year.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

11.4 Expected Credit Loss Model

The Group recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The simplified approach model is used to recognise expected credit losses for lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

11.5 Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Note 1 Accounting Policies Continued

The fair value measurements of the financial assets are provided by the Group Treasury advisors.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

12. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short term investments that are readily convertible to known amounts of cash without penalty and with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

13. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

13.1 The Group as Lessee

13.1.1 Finance Leases

Property, plant and equipment held under a finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Group are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge debited to the Comprehensive Income and Expenditure Statement.

Property, plant and equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Group is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

13.1.2 Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

Note 1 Accounting Policies

13.2 The Group as Lessor

13.2.1 Operating Leases

Where the Group grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

14. Joint Operations

The Group participates in a number of partnership activities. These arrangements involve the Group carrying out activities relevant to its own functions jointly with others. The Group accounts only for its share of the jointly controlled assets and the liabilities and expenses that it incurs on its own behalf or jointly with others in respect to its interest in the partnerships and income that it receives in relation to the partnership activities.

15. Overheads

The cost of overheads and support services are charged to service segments in accordance with the Group's arrangements for accountability and financial performance.

16. Employee Benefits

16.1 Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the accrued leave is charged to revenue in the financial year in which the absence occurs.

16.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Police and Crime Commissioner to terminate an employee's employment before the normal retirement date. The amount is charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Police and Crime Commissioner is demonstrably committed to the termination of the employment of an employee. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards (this only applies to compulsory redundancies). In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

16.3 Post-Employment Benefits

Employees of the Group are members of four separate pension schemes:

- The Police Officer 1987 Scheme (PPS)
- The Police Officer 2006 Scheme (NPPS)
- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme, administered by Dorset County Council (CARE)

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Group.

Note 1 Accounting Policies

16.3.1 Police Officers' Pension Schemes

All Police Officers' Pension Schemes are accounted for as defined benefits schemes:

The liabilities of the Police Officers' Pension Schemes are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees. An estimate of the Employer's future cash flows is made using notional cash flows based on the estimated duration of all Police Schemes. These estimated cash flows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cash flows, discounted at this single rate, equates to the net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date which has been chosen to meet the requirements of IAS19.

16.3.2 The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

The liabilities of the Dorset County Council Pension Scheme attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method – as described for the Police Officer Pension Schemes above.

An estimate of the Employer's future cash flows is made using notional cash flows based on the estimated duration of the past service liability. These estimated cash flows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cash flows, discounted at this single rate, equates to the net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date which has been chosen to meet the requirements of IAS19.

The assets of the Dorset County Council pension fund attributable to the Group are included in the Balance Sheet at their fair value:

- | | | | |
|---|---------------------|---|-----------------------|
| • | quoted securities | - | current bid price |
| • | unquoted securities | - | professional estimate |
| • | unitised securities | - | current bid price |
| • | property securities | - | current bid price |
| • | property | - | market value |

16.3.3 Net Pensions Liability Analysed

The change in the net pension's liability for the Pension Schemes are analysed into the following components:

Service cost comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked. Current service cost includes interest on the current service cost which is excluded from net interest on the net defined liability.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Group - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period as a result of contribution and benefit payments.

Remeasurements comprising:

Note 1 Accounting Policies

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure (only applicable to the Local Government Pension Scheme).
- actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Benefits paid (only applicable to the Police Officer Pension Schemes):

- cash paid as to pensioners including injury pension payments.

Contributions paid (only applicable to the Local Government Pension Scheme):

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

16.3.4 Police Officers' Injury Benefits

The Group makes payment under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officers' pension schemes. The figures are included within the unfunded pension calculation, as the injury benefits may be financially significant with volatile actuarial gains and losses. These have been estimated by the independent actuary.

16.3.5 Impact on Reserves

For all of the Pension Schemes, statutory provisions require the General Fund Balance to be charged with the amount payable by the Group to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement of Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

16.4 Discretionary Benefits

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

17. Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Group 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 payments are eventually made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where the provision is no longer required or the estimated amount can be decreased, the provision is reversed or reduced and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as the income for the relevant service if it is virtually certain that the reimbursement will be received if the Group settles the obligation.

Note 1 Accounting Policies

Provision is made for termination payments due to staff resulting from restructuring when the Group has raised a valid expectation to the staff affected that it will carry out restructuring by starting to implement a particular restructuring plan or announcing its main features to those affected by it. Each element of the Force restructuring plan will be treated separately and provision made of the estimated termination payments as and when each element of the plan is announced.

18. Reserves

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirements and employee benefits and do not represent usable resources for the Group – these reserves are explained in the relevant policies.

19. Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment. Property, plant and equipment and intangible assets are accounted for in the Police and Crime Commissioner Accounts with the exception of certain operational assets, which are set out in the Scheme of Consent. Assets held by the Police and Crime Commissioner before 1 April 2014 were transferred to the Chief Constable on this date. These operational assets together with any additional operational assets since this date are offset on the Balance Sheet by a long term liability representing the requirement that the Chief Constable pays for these assets over their operational life. The long term liability will be written down in line with the depreciation policy as set out in the note.

The expenditure within the Comprehensive Income and Expenditure Statement of the Chief Constable includes a charge for use of vehicles, plant and equipment and intangible assets based on the fair value of the assets used by the Chief Constable to deliver a policing service. This “asset charge” is exactly equal to the depreciation recognised in the Police and Crime Commissioner’s Comprehensive Income and Expenditure Statement.

19.1 Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group for more than one year and the cost can be measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as it is incurred.

19.2 Measurement

Assets are initially measured at cost, comprising: purchase price and any costs attributable to bringing the asset into working condition. The Group does not capitalise borrowing costs incurred whilst the assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Note 1 Accounting Policies

Assets are then carried in the Balance Sheet using the following measurement bases:

- assets under construction - depreciated historical cost
- specialised assets - depreciated replacement cost (DRC)
- non-property assets - depreciated historical cost
- surplus assets - fair value, estimated at highest and best use from a market participant's perspective

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

19.3 Impairment

Assets are assessed at each year end as to whether there is any indication that an asset has significantly decreased in value because of factors such as obsolescence, environmental changes or declining market values. If there is an indication, then the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

19.4 Depreciation

Depreciation is provided for on all property, plant and equipment assets by spreading the cost over their useful working life. An exception is made for assets without a determinable finite useful life (i.e. land).

Depreciation is calculated on the following bases:

- Vehicles – are depreciated in equal annual instalments over the forecast useful life of the vehicle and the depreciation in the first year will be six months.
- Land and Buildings – the useful life of each building is assessed by the value and depreciated in equal annual instalments over the forecast useful life; the land value is not depreciated. Where an asset comprises two or more major components with substantially different useful lives, each component is accounted for separately.
- Enhancements/Adaptions to leasehold buildings – are depreciated in equal annual instalments over the life of the asset.

Note 1 Accounting Policies

- Information Technology – Depreciation is charged in equal annual instalments over the forecast useful life. The asset life of individual groups of assets has been assessed and each group is depreciated individually according to asset life.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

19.5 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts. Receipts are credited to the Usable Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not charged against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

19.6 Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale and their recoverable amount at the date of the decision not to sell.

19.7 Surplus Assets

Non-current assets which are surplus to service needs, but which do not meet the criteria required to be classified as Investment Property, or Assets Held for Sale are classified as Surplus Assets within Property, Plant and Equipment. Surplus assets can be categorised as either non-current assets or current assets, depending on their nature.

20. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset (e.g. software and intellectual property) to the Group.

Software that is integral to the operating of hardware is capitalised as part of the relevant item of property, plant and equipment.

Note 1 Accounting Policies

20.1 Measurement

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Group can be determined by reference to an active market. No intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost.

20.2 Amortisation

The depreciable amount of an intangible asset is amortised over its useful life and charged to the Comprehensive Income and Expenditure Statement.

20.3 Impairment

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement.

21. VAT

VAT payable is included as an expense only when it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

22. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average cost formula.

23. Long Term Contracts

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

24. Exceptional Items

When items of expenditure are outside the normal type of expenditure incurred by the Group they will be disclosed separately on the face of the Comprehensive Income and Expenditure Statement if they are material and separate disclosure would be made to aid the understanding of the Group's financial performance.

25. Charges to Revenue Non-Current Assets

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Group is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (calculated on a prudent basis determined by the Group in accordance with statutory guidance). This is known as the Minimum Revenue Provision. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Note 1 Accounting Policies

26. Private Finance Initiatives (PFI)

PFI are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Group at the end of the contracts for no additional charge, the Group carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – the interest cost on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increase in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

Note 2 Accounting Standards Issued, Not Adopted

The CIPFA code requires Local Authorities to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. Standards that fall into this category are:

- Annual Improvements to IFRS Standards 2014 – 2016 Cycle
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
- IFRIC 23 Uncertainty over Income Tax Treatments

All of these standards will be incorporated into the Code from 2019/20 and will be complied with. However, none are expected to have material impact for the Group and none warrant disclosure in these accounts.

Note 3 Critical Judgements in Applying Accounting Policies

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

- The PCC Group has had to make judgements about the allocation of expenditure between Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Service Reporting Code of Practice and the Police Reform and Social Responsibility Act.
- As required, a provision has been established in the Police and Crime Commissioner's Balance Sheet to reflect the continuing requirement on an elected policing body, as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the Chief Constable from the Police Fund for the payment of pensions and other employee benefits. Should the Police and Crime Commissioner be required to settle future pension liabilities, there is no long term expectation on the Home Office to provide this funding. Similarly the Chief Constable could not be expected to fund the liability as the Chief Constable (the current grant arrangements notwithstanding) has no assets, cash reserves, income receipts or other sources of funding. In our judgement, it is reasonable to expect that should the PCC Group be required to settle future pension liabilities (however unlikely this may be), then settlement would result in an outflow of resources from the Police and Crime Commissioner.
- Estimation of the pension element of the provision (set out above) is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cash flows.
- The contingent liability note describes liabilities with regard to potential claims against the Police and Crime Commissioner Group. Judgement has been applied in determining that for each of these actual or potential claims, either the outflow of resources is not probable or the obligation cannot be estimated with sufficient reliability. For this reason the appropriate accounting treatment is judged to be disclosure of a contingent liability rather than the making of a provision.
- There is a high degree of uncertainty about future levels of funding for the Police. The Police and Crime Commissioner has a risk assessed level of general balances which is reviewed on an annual basis as part of the Medium Term Financial Strategy process.

Note 4 The Police and Crime Commissioner as an Accounting Entity

The Police and Crime Commissioner is part of an accounting group along with the Chief Constable (referred to below as the PCC Group). The accounting recognition of the Group's assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

Police and Crime Commissioner for Dorset

Note 4 The Police and Crime Commissioner as an Accounting Entity

The Police and Crime Commissioner receives all government funding and income and the Chief Constable while fulfilling his responsibilities under the 2011 Act does not hold any cash or reserves. For the period 1 April 2018 to 31 March 2019, all contracts were in the name of the Police and Crime Commissioner. When Police and Crime Commissioner's resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies.

For accounting and regulatory purposes the Police and Crime Commissioner and the Chief Constable are classed as local authorities and are covered by the CIPFA Code of Practice for Local Authority Accounting 2018/19.

The financial consequences of the activity under the control of the Chief Constable are shown in the Chief Constable's single entity accounts which are published separately. As the Chief Constable does not hold reserves, the Chief Constable's Comprehensive Income and Expenditure Statement shows the gross cost of policing which is offset by intra-group adjustments to reflect the payments and accruals made by the Police and Crime Commissioner at the request of the Chief Constable. The result of these adjustments, is that the Chief Constable has a nil balance on his General Fund. The intra-group adjustments are mirrored in the Police and Crime Commissioner's Accounts.

All of the assets and liabilities and reserves of the PCC Group with two exceptions are recognised on the Police and Crime Commissioner's Balance Sheet. The exceptions are:

- Employment liabilities for officers and staff under the direction of the Chief Constable are recognised on the Chief Constable's Balance Sheet. The liability in the Chief Constable's Balance Sheet for these items is offset by a long term debtor reflecting the Police and Crime Commissioner's responsibility to provide funds from the Police Fund each year to enable the Chief Constable to administer police pensions and meet any liabilities in relation to accrued leave.
- Certain categories of operational non-current assets are shown on the Chief Constable's Balance Sheet. These assets are offset in the Balance Sheet by a long term creditor.

Note 5 Events after the Balance Sheet Date

There are no post balance sheet events that impact on the estimates and judgements used to prepare the accounts and hence no adjustments to the accounts were necessary.

Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items at the balance sheet date for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty

6.1 Property, Plant and Equipment

Uncertainties

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The economic climate over the last few years has created a challenging environment to maintain premises. The Group will need to ensure that it has sufficient budget for repairs and maintenance to maintain useful lives assigned to assets.

Effect if Actual Results Differ from Assumptions

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

6.2 Provisions

Uncertainties

A provision of £466k to cover the cost of self-insured public and employers' liability claims. The cost of these claims has been estimated by the Force Legal Team, the nature of these claims means that the amounts on settlement could fluctuate.

Effect if Actual Results Differ from Assumptions

A 10 percent increase in the cost of the outstanding claims would increase the charge to the Comprehensive Income and Expenditure Account by £46k.

6.3 Pensions Liability

Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied. The total value of pension liabilities as at 31 March 2019 is £1,524m.

Effect if Actual Results Differ from Assumptions

The effects on the net pension's liability of changes in individual assumptions are shown in the Defined Benefit Pension Schemes Note.

Police and Crime Commissioner for Dorset

Note 7 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants and council tax) by the Police and Crime Commissioner Group in comparison with those resources consumed or earned by the Police and Crime Commissioner Group in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18			2018/19		
Net Expenditure Chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000	£'000	£'000
65,038	85,994	151,032	Chief Constable	68,930	149,536
(1,205)	5,288	4,083	Office of the Police and Crime Commissioner	(14)	3,081
357	426	783	Commissioning and Partnership Working	786	1,219
64,190	91,708	155,898	Net Cost of Services	69,702	153,836
0	(18)	(18)	Other Operating Income & Expenditure		
(21,253)	0	(21,253)	Net (gain) / loss on disposal of non-current assets	0	16
			Pension Top Up Grant	(26,078)	(26,078)
			Financing & Investment Income & Expenditure		
1	0	1	Interest Payable	8	8
(88)	0	(88)	Interest and Investment Income	(100)	(100)
0	0	0	Gain/Loss on Financial Instruments	0	(43)
79,658	(38,394)	41,264	Pensions Interest Cost & Expected Return on Assets	81,994	37,819
(1,342)	1,342	0	Movements to/from reserves	2,737	0
2,954	(2,954)	0	MRP	3,077	0
0	0	0	REFCUS	(2,321)	0
			Taxation & Non-Specific Grant Income		
(40,659)	0	(40,659)	Home Office Grant	(40,659)	(40,659)
(17,090)	0	(17,090)	DCLG Formula Funding	(17,090)	(17,090)
(55,590)	255	(55,335)	Council Tax Precept	(59,847)	(60,398)
(7,918)	0	(7,918)	Council Tax Legacy Grants	(7,918)	(7,918)
(421)	0	(421)	Capital Grants	(2,488)	(2,488)
(61,748)	(39,769)	(101,517)	Total Other Income and Expenditure	(68,685)	(116,930)
2,442	51,939	54,381	Deficit for the year	1,017	36,905
(7,416)			Opening General Fund Balance as at 31 March 2018	(4,974)	
2,442			Deficit on General Fund Balance	1,017	
(4,974)			Closing General Fund Balance as at 31 March 2019	(3,957)	

Police and Crime Commissioner for Dorset

Note 7 Expenditure and Funding Analysis

Note to the Expenditure and Funding Analysis: Adjustments between Funding and Accounting Basis

2017/18 Total Adjustments	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	2018/19 Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
£'000		£'000	£'000	£'000	£'000
85,994	Chief Constable	3,326	76,196	1,083	80,605
5,288	Office for Police and Crime Commissioner	1,914	1,170	12	3,096
426	Commissioning and Partnership Working	0	433	0	433
91,708	Net Cost of Services	5,240	77,799	1,095	84,134
(39,769)	Other Income and Expenditure from the Funding analysis	(3,225)	(44,177)	(843)	(48,245)
51,939	Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	2,015	33,622	252	35,889

Police and Crime Commissioner for Dorset

Note 7 Expenditure and Funding Analysis

7.1 Adjustment for Capital Purposes – this column adds in the depreciation and impairment and revaluation gains and losses in the service line and for:

- **Other operating expenditure** - adjust for capital disposals with a transfer of income on disposals of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory changes for capital financing i.e. Minimum Revenue Provision and other revenue contribution and deducted for other income and expenditure as these are not chargeable under generally accepted accounting practice.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting policies. Revenue grants are adjusted for those receivable without conditions for which conditions were satisfied throughout the year. The taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the years without condition or for which conditions were satisfied in the year.

7.2 Net Change for the Pensions Adjustments - this Net Change is for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income.

- **For Services** – this represents the removal of the employer pension's contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

7.3 Other Differences – Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and the amounts payable/receivable to be recognised under statute:

- **For Financing and Investment Income and Expenditure** – the other difference column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- **Taxation and non-specific grant income and expenditure** - this charge represents the difference between what is chargeable under statutory regulations for council tax and that was projected to be received at the start of the year and the income recognised under generally accepted accounting policies in the code. This is a timing difference as any difference will be brought forward in future surplus or deficits on the Collection Fund.

7.4 Chief Constable Outturn

The Chief Constable reported outturn is the sum of the amount disclosed against the Chief Constable line and the amount shown against the Financing and Investment Income and Expenditure line. In the Statement of Accounts, the Financing and Investment Income and Expenditure line is under the control of the PCC and is excluded from the Chief Constable's CIES and Expenditure and Funding Analysis Statement but shown in the equivalent PCC statements.

Police and Crime Commissioner for Dorset

Note 8 Expenditure and Income Analysed by Nature

2017/18 £'000	Expenditure/Income	2018/19 £'000
	Expenditure	
136,316	Employee benefit expenses	132,597
31,957	Other Service expense	42,975
6,491	Depreciation, amortisation, impairment	5,240
1	Interest Payments	8
0	Loss on the disposal of assets	16
41,264	Pensions Interest cost and Expected return on assets	37,819
216,029	Total Expenditure	218,655
	Income	
(11,369)	Fees charges and other service income	(28,083)
(18)	Net Gain on disposal of non-current assets	0
0	Gain on financial instruments	(43)
(88)	Interest and investment income	(100)
(55,335)	Income from Council Tax	(60,398)
(94,838)	Government Grants and Contributions	(93,125)
(161,598)	Total Income	(181,750)
54,381	Deficit on the Provision of Services	36,905

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Police and Crime Commissioner in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

9.1 General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Group is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Group is required to recover) at the end of the financial year.

9.2 Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Police and Crime Commissioner for Dorset

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

Current Year	2018/19		Unusable Reserves
	Usable Reserves		
	General Balances £'000	Capital Receipts Reserve £'000	
Adjustments to Revenue Resources	£'000	£'000	£'000
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Pensions costs (transferred to (or from) the Pensions Reserve)	(33,622)		33,622
Financial instruments (transferred to the Financial Instruments Adjustments Account)	43		(43)
Council Tax (transfers to or from Collection Fund)	551		(551)
Holiday pay (transferred to the Accumulated Absences Reserve)	(1,095)		1,095
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	(11,662)		11,662
Total Adjustments to Revenue Resources	(45,785)	0	45,785
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	4,142	(4,142)	(0)
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(58)	58	0
Statutory provision for the repayment of debt (transfer from the CAA)	3,077		(3,077)
Total Adjustments between Revenue and Capital Resources	7,161	(4,084)	(3,077)
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure		4,172	(4,172)
Application of capital grants to finance capital expenditure	2,488		(2,488)
Total Adjustments to Capital Resources	2,488	4,172	(6,660)
Total Adjustments	(36,136)	88	36,048

Police and Crime Commissioner for Dorset

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

Comparative Year	2017/18		Unusable Reserves
	Usable Reserves		
	General Balances £'000	Capital Receipts Reserve £'000	
Adjustments to Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:.			
Pensions costs (transferred to (or from) the Pensions Reserve)	(46,443)		46,443
Council Tax (transfers to or from Collection Fund)	(255)		255
Holiday pay (transferred to the Accumulated Absences Reserve)	(380)		380
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	(6,473)		6,473
Total Adjustments to Revenue Resources	(53,551)	0	53,551
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve		(74)	74
Transfer of Grants from Revenue to the Capital Adjustment Account	421		(421)
Voluntary provision for the repayment of debt (transfer to the CAA)	120		(120)
Capital expenditure financed from revenue balances (transfer to the CAA)	2,954		(2,954)
Total Adjustments between Revenue and Capital Resources	3,495	(74)	(3,421)
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure			
Application of capital grants to finance capital expenditure			
Cash payments in relation to deferred capital receipts			
Total Adjustments to Capital Resources	0	0	0
Total Adjustments	(50,056)	(74)	50,130

Police and Crime Commissioner for Dorset

Note 10 Movement in Earmarked Reserves

This note sets out the amounts set aside from the Earmarked Reserves to provide financing for future expenditure plans and amounts posted from Earmarked Reserves to meet General Fund expenditure in the year.

	Balance as at 1 April 2017	Balance as at 1 April 2018	Transfer Out 2018/19	Transfer In 2018/19	Balance at 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Budget Management Fund	0	200	200	27	27
Capital Financing Reserve	1,826	203	203	665	665
Major Operations Reserve	1,200	738	0	0	738
Police and Crime Plan Reserve	0	857	0	206	1,063
Regional Collaboration Reserve	0	0	0	231	231
Workforce Change Reserve	2,665	1,810	477	0	1,333
Total	5,691	3,808	880	1,129	4,057

The purpose of the Funds and Reserves are set out below:

Budget Management Fund	To hold year end under-spends for carry-forward to the following year.
Capital Financing Reserve	To fund capital investment.
Major Operations Reserve	To meet the costs of major policing operations.
Police and Crime Plan	To fund planned Police and Crime Plan developments.
Regional Collaboration Reserve	To hold funds related to past underspends for future planned spending for regional collaborations.
Workforce Change Reserve	To fund one-off and transitional costs of change programmes.

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Note 11 Property, Plant and Equipment

These tables set out the property, plant and equipment for the PCC Group

PCC Group - Movements in 2018/19	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	Total
Cost or Valuation	£'000	£'000	£'000	£'000
At 1 April 2018	74,105	46,604	520	121,229
Additions	661	3,933	0	4,594
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,031	0	0	2,031
Derecognition-Disposals	(378)	(594)	(520)	(1,492)
Asset reclassification (to)/from Held for Sale	(505)	0	0	(505)
Other reclassification	(120)	0	120	0
At 31 March 2019	75,794	49,943	120	125,857
Accumulated Depreciation and Impairments				
At 1 April 2018	(25,112)	(41,583)	(14)	(66,709)
Depreciation Charge	(1,486)	(2,636)		(4,122)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(140)	0	0	(140)
Derecognition-Disposals	401	571	14	986
Asset reclassification (to)/from Held for Sale		0	0	0
Other reclassification	4	0	(4)	0
At 31 March 2019	(26,333)	(43,648)	(4)	(69,985)
Net Book Value				
At 31 March 2018	48,993	5,022	506	54,520
At 31 March 2019	49,461	6,295	116	55,872

PCC Group - Movements in 2017/18	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	Total
Cost or Valuation	£'000	£'000	£'000	£'000
At 1 April 17	65,231	45,115	6,485	116,831
Additions	1,271	2,486	0	3,757
Revaluation increases/(decreases) recognised in the Revaluation Reserve	603	0	101	704
Derecognition-Disposals	0	(997)		(997)
Asset reclassification (to)/from Held for Sale	934	0	0	934
Other reclassification	6,066	0	(6,066)	0
At 31 March 2018	74,105	46,604	520	121,229
Accumulated Depreciation and Impairments				
At 1 April 2017	(22,586)	(39,766)	(614)	(62,966)
Depreciation Charge	(1,442)	(2,757)	(7)	(4,206)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(547)	0	0	(547)
Derecognition-Disposals	0	940	0	940
Asset reclassification (to)/from Held for Sale	70	0	0	70
Other Classification	(607)	0	607	0
At 31 March 2018	(25,112)	(41,583)	(14)	(66,709)
Net Book Value				
At 31 March 2017	42,645	5,349	5,871	53,865
At 31 March 2018	48,993	5,022	506	54,520

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Note 11 Property, Plant and Equipment

These tables set out the property, plant and equipment for the PCC

PCC - Movements in 2018/19	Land & Buildings	Surplus Assets	Total
Cost or Valuation	£'000	£'000	£'000
At 1 April 2018	74,105	520	74,625
Additions	661	0	661
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,031	0	2,031
Derecognition-Disposals	(378)	(520)	(898)
Asset reclassification (to)/from Held for Sale	(505)	0	(505)
Other reclassification	(120)	120	0
At 31 March 2019	75,794	120	75,914
Accumulated Depreciation and Impairments			
At 1 April 2018	(25,112)	(14)	(25,126)
Depreciation Charge	(1,486)		(1,486)
Impairment recognised in the Surplus/Deficit on the Provision of Services	(140)	0	(140)
Derecognition-Disposals	401	14	415
Other reclassification	4	(4)	0
At 31 March 2019	(26,333)	(4)	(26,337)
Net Book Value			
At 31 March 2018	48,993	506	49,499
At 31 March 2019	49,461	116	49,577

PCC - Movements in 2017/18	Land & Buildings	Surplus Assets	Total
Cost or Valuation	£'000	£'000	£'000
At 1 April 2017	65,231	6,485	71,716
Additions	1,271	0	1,271
Revaluation increases/(decreases) recognised in the Revaluation Reserve	603	101	704
Derecognition-Disposals	0		0
Asset reclassification (to)/from Held for Sale	934	0	934
Other reclassification	6,066	(6,066)	0
At 31 March 2018	74,105	520	74,625
Accumulated Depreciation and Impairments			
At 1 April 2017	(22,586)	(614)	(23,200)
Depreciation Charge	(1,442)	(7)	(1,449)
Impairment recognised in the Surplus/Deficit on the Provision of Services	(547)	0	(547)
Asset reclassification (to)/from Held for Sale	70	0	70
Other reclassification	(607)	607	0
At 31 March 2018	(25,112)	(14)	(25,126)
Net Book Value			
At 31 March 2017	42,645	5,871	48,516
At 31 March 2018	48,993	506	49,499

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment

11.1 Recognition

Expenditure on an individual item or a project or programme of work is capitalised when the following de-minimus levels are met:-

- Land and buildings £25k
- All other assets £10k

11.2 Surplus Assets

One property has been classed as a Surplus Asset within 2018/19.

11.3 Depreciation

The following useful lives and approaches to depreciation have been used to calculate depreciation charges:

11.3.1 Land and Buildings

The asset lives for individual buildings are assessed by the valuer, asset lives are within the range 6–63 years.

11.3.2 Vehicles

Classes of vehicle are given specific asset lives these are within the range 3-15 years. Vehicles are depreciated in equal annual instalments over the forecast useful life of the vehicle and the depreciation in the first year will reflect six months.

11.3.3 Information Communication Technology (ICT)

Classes of ICT assets are given specific asset lives these are within the range 4-10 years. ICT assets are depreciated in equal annual instalments over the forecast useful life of the asset.

11.3.4 Plant and Equipment

Classes of plant and equipment assets are given specific asset lives these are within the range 4-10 years. These assets are depreciated in equal annual instalments over the forecast useful life of the asset.

All depreciation is calculated on a straight-line basis.

11.4 Significant Capital Commitments

As at 31 March 2019 the Police and Crime Commissioner had significant capital commitments of £1,215K in relation to vehicles and ICT. This relates to the following:-

Vehicles	£303K
PRISM	£912K

11.5 Revaluations

Land and buildings are revalued annually by a represented sample of 33% of properties which is reviewed and revalued. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors by Dorset County Council. A revaluation exercise was undertaken in 2018/19 with valuations and remaining useful lives provided as at 1 January 2018. Between revaluations, the external valuer undertakes an annual review to identify any significant impairments or any other significant change in the valuation of assets.

Police and Crime Commissioner for Dorset

Note 12 Intangible Assets

Intangible assets are recognised separately from the tangible asset with which they are associated with where the value of the intangible asset is more than 25% and greater than £100k of the main asset value.

2017/18 Non-Operational Assets £'000		2018/19 Non-Operational Assets £'000
	Balance at start of year	
2,363	Gross carrying amounts	2,491
(761)	Accumulated amortisation	(1,571)
1,602	Net carrying amount at start of year	920
128	Additions/Reclassification	268
(810)	Amortisation for the period	(690)
(682)	In year movement	(422)
	Comprising:	
2,491	Gross carrying amounts	2,759
(1,571)	Accumulated Amortisation	(2,261)
920	Net carrying amount at end of year	498

12.1 Amortisation

All intangible assets are given a finite life, based on assessments of the period that the software is expected to be of use to the Group.

12.2 Depreciation

The carrying amount of intangible assets is amortised on a straight-line basis.

Note 13 Debtors

31 March 2018			31 March 2019	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
773	1,883	Central government bodies	1,536	13,708
1,453	4,281	Other local authorities	1,995	1,173
0	9,358	Other entities and individuals	0	6,496
2,226	15,522	Total Debtors	3,531	21,377

Police and Crime Commissioner for Dorset

Note 14 Cash and Cash Equivalents

31 March 2018 Restated*			31 March 2019	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
50	50	Cash held by the PCC	91	91
75	75	Bank current accounts	626	626
6,641	6,641	Short-term deposits	1,335	1,335
6,766	6,766	Total Cash and Cash Equivalents	2,052	2,052
3,005	3,005	Short-term Investments	3,469	3,469
9,771	9,771	Total including Short Term Investments	5,521	5,521

As at 31st March 2019, the Group and the PCC held a total of £665k (2017/18 Restated: £162k) under the Proceeds of Crime Act 2002, representing cash seized by Police and retained as evidence in support of crimes or cash handed into the Police as found property awaiting claim by the owner or finder. The amount is not under the ownership of the Group or the PCC which acts as steward on behalf of various parties, and as such does not form part of the accounts of the Group or the PCC.

*The 31 March 2018 balance has been restated to reflect the exclusion of seized cash from short term creditors and cash and cash equivalents.

Note 15 Assets Held for Sale

2017/18		2018/19
£'000		£'000
7,100	Balance outstanding at start of year	6,096
396	Assets newly classified as held for sale	505
(1,400)	Assets sold	(3,596)
6,096	Balance outstanding at year end	3,005

Note 16 Creditors

31 March 2018 Restated*			31 March 2019	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
(781)	(1,031)	Central government bodies	(772)	(2,350)
0	(5,290)	Other local authorities	0	(3,824)
0	(17)	National Health Service (NHS)	0	(280)
(43)	(10,734)	Other entities and individuals	(67)	(13,219)
(824)	(17,072)	Total Creditors	(839)	(19,673)

*The 31 March 2018 balance has been restated to reflect the exclusion of seized cash from short term creditors in the CC accounts and cash and cash equivalents in the PCC Group and PCC accounts.

Note 17 Financial Instruments

A new standard IFRS 9 Financial Instruments comes into effect from 1 April 2018 and replaces IAS 39 Financial Instruments. The CIPFA Code requires IFRS 9 to be adopted retrospectively but no restatement of 2017/18 accounts is required and any adjustments arising from the new standard are accounted for at 1 April 2018.

The effects of the transition are shown below:-

17.1 Reclassification and measurement of financial assets at 1 April 2018

This note shows the effect of reclassification of financial assets shown as short term investments and a financial asset included within cash and cash equivalents at 31 March 2018 and the remeasurements of the carrying amounts then required.

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments

	Carrying amount brought forward at 1 April £'000	Amortised cost £'000	Fair value through other comprehensive income £'000	Fair value through profit or loss £'000	Impact on General Fund Balance £'000	Impact on Financial Instruments Revaluation Reserve Fund £'000
Previous classifications						
Loans and receivables	8,574	5,974	0	2,600	0	0
Available for sale	0	0	0	0	0	0
Reclassified amounts at 1 April 2018	8,574	5,974	0	2,600	0	0
Re-measurements at 1 April 2018		(3)	0	0	3	0
Re-measured carrying amounts at 1 April 2018		5,970	0	2,600	3	0

17.2 Effect of reclassification and re-measurement on the Balance Sheet

The note shows how the new balances at 1 April 2018 for financial assets are incorporated into the Balance Sheet.

New classification at 1 April 2018	Amortised cost £'000	Fair value through other comprehensive income £'000	Fair value through profit and loss £'000	Total Balance Sheet carrying amount £'000
Re-measured carrying amounts at 1 April 2018	5,970	0	2,600	8,570
Short Term Investments	3,003	0	0	0
Cash and Cash Equivalents	2,967	0	2,600	5,567

17.3 Reclassification and re-measurement of impairment losses at 1 April 2018

This note shows the adjustments made to impairment loss allowances as a result of the reclassification of financial assets and the change from an incurred losses model to an expected losses model for calculations.

Loss allowances for new classifications at 1 April 2018	Impairment allowance brought forward at 1 April £'000	Amortised cost £'000	Fair value through other comprehensive income £'000
Previous calculations			
Loans and receivables	0	0	0
Available for sale	0	0	0
Reclassified amounts at 1 April 2018	0	0	0
Re-measurement from incurred losses to expected losses basis at 1 April 2018		0	
Impairment loss allowance at 1 April 2018		(3)	

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Note 17 Financial Instruments

17.4 Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

	Long Term		Current	
	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000
Investments				
Loans and receivables	0	0	3,005	0
Financial assets at fair value through profit and loss	0	0	0	3,469
Total Investments	0	0	3,005	3,469
Cash and Cash Equivalents				
Amortised Cost	0	0	6,928	2,717
Total Cash and Cash Equivalents	0	0	6,928	2,717
Debtors (Trade Receivables)				
Amortised Cost	0	0	9,359	6,496
Total included in Debtors	0	0	9,359	6,496
Long-Term Liabilities				
Financial liabilities at amortised cost	(1,205)	(1,086)	0	0
PFI	(29,885)	(27,978)	0	0
Total Long-Term Liabilities	(31,090)	(29,064)	0	0
Creditors (Trade Payables)				
Amortised cost	0	0	(10,734)	(13,219)
Total Creditors	0	0	(10,734)	(13,219)

17.4.1 Borrowing

The other long term liabilities relates to two schemes under the government's Private Finance Initiatives (PFI). The first was for the replacement of the Western Division HQ and certain section stations. Occupation of the facilities and payments commenced in 2001 and will continue for 30 years. The second relates to the provision of a new facility at Poole as part of a joint PFI between Dorset Police and Dorset Fire and Rescue Services. Occupation was in 2009 and payments will continue for 25 years. Government grants are received annually towards the costs of these schemes.

17.4.2 Financial assets

Financial assets at fair value through Profit and Loss consist of deposits with external fund managers. These are valued by reference to quoted market price.

17.4.3 Cash and cash equivalents

Cash and cash equivalents consist of the bank current account, on call accounts and money market funds all of which are repayable at 24 hours' notice without penalty.

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments

17.5 Income, Expense, Gains and Losses

	2017/18 Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure £'000	2018/19 £'000
Net (gains)/losses on:		
Financial assets measured at fair value through profit and loss	0	(43)
Financial assets measured at amortised	0	1
Financial liabilities		
Total net (gains)/losses	0	(43)
Interest revenue		
Financial assets measured at amortised	(88)	(100)
Total Interest revenue	(88)	(100)
Interest expense		
Financial liabilities at amortised cost	1	1
Total Interest expense	1	1

17.6 Fair Value of Financial Assets and Financial Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flow that will take place over the remaining term of the instruments, using the following assumptions:

- The fair value balances for financial assets as at 31 March 2019 have been calculated using interest rates in force as at 31 March 2018 and 2019.
- The long-term borrowing as at 31 March 2018 and 31 March 2019 have been calculated by reference to the premature repayment set of rates in force as at the respective dates.
- The fair value of trade or other receivables is taken to be the invoiced or the billed amount.

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Note 17 Financial Instruments

Financial Assets	31 March 2018 Carrying Amount £'000	31 March 2018 Fair Value £'000	31 March 2019 Carrying Amount £'000	31 March 2019 Fair Value £'000
Short Term Investments held at amortised cost	3,005	3,005	0	0
Short Term Investments at Fair Value Through Profit & Loss	0	0	0	3,469
Cash & Cash Equivalent Held at Amortised Cost	6,926	6,926	2,717	2,717
Debtors	9,356	9,356	6,560	6,560
	<u>19,287</u>	<u>19,287</u>	<u>9,277</u>	<u>12,746</u>
Financial Liabilities	31 March 2018 Carrying Amount £'000	31 March 2018 Fair Value £'000	31 March 2019 Carrying Amount £'000	31 March 2019 Fair Value £'000
Creditors	(10,734)	(10,734)	(13,314)	(13,314)
PFI and Finance lease liabilities	(31,090)	(31,090)	(29,064)	(29,064)
	<u>(41,824)</u>	<u>(41,824)</u>	<u>(42,378)</u>	<u>(42,378)</u>

Police and Crime Commissioner for Dorset

Note 18 Provisions

	Insurance £'000	Remuneration £'000	Other £'000	Total £'000
2018/19				
Current Liabilities				
Balance as at 1 April 2018	0	0	(385)	(385)
Amounts used	0	0	98	98
Balance at 31 March 2019	0	0	(287)	(287)
Long Term Liabilities				
Balance as at 1 April 2018	(509)	0	0	(509)
Amounts used	43	0	0	43
Transfer from long term liabilities				
Balance at 31 March 2019	(466)	0	0	(466)
Total Provisions Balance	(466)	0	(287)	(753)
2017/18				
Current Liabilities				
Balance as at 1 April 2017	0	(55)	0	(55)
Additional provisions made	0	0	(407)	(407)
Amounts used	0	55	22	77
Transfer from Long Term Liabilities				
Balance at 31 March 2018	0	0	(385)	(385)
Long Term Liabilities				
Balance as at 1 April 2017	(390)	0	0	(390)
Additional provisions made	(119)	0	0	(119)
Balance at 31 March 2018	(509)	0	0	(509)
Total Provisions Balance	(509)	0	(385)	(894)

18.1 Insurance Provision

The Police and Crime Commissioner is uninsured for the first £0.1m of each public and employers liability claim up to a total stop loss of £0.8m for claims. The insurance provision is to cover any claims from 2018/19 and previous years. The majority of payments from the provision are expected to be made over the next five years. An assessment of liabilities as at 31 March 2019 has been undertaken and the provision has been increased to a level estimated to be sufficient to meet all the forecast obligations.

18.2 Other Provision - Contractual pay claims

The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2019/20.

Police and Crime Commissioner for Dorset

Note 19 Unusable Reserves

31 March 2018			31 March 2019
£'000	Note		£'000
19,820	19.1	Revaluation Reserve	20,477
8,936	19.2	Capital Adjustment Account	8,673
(1,502,926)	19.3	Pensions Reserve	(1,524,250)
672	19.4	Collection Fund Adjustment Account	1,223
(1,527)	19.5	Accumulated Absences Account	(2,622)
0	19.6	Pooled Investment Funds Account	43
(1,475,025)		Total Unusable Reserves	(1,496,456)

19.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Police and Crime Commissioner arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance into the balance on the Capital Adjustment Account.

2017/18			2018/19	
£'000	£'000	Revaluation Reserve	£'000	£'000
	18,242	Balance at 1 April		19,820
1,632		Upward/(Downward) revaluation of assets and impairment losses not posted to the Surplus/Deficit on the Provision of Services	2,319	
(54)		Difference between fair value depreciation and historical cost depreciation	(44)	
0		Amount written off to the Capital Adjustment Account	(1,618)	
	19,820	Balance at 31 March		20,477

19.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Police and Crime Commissioner as finance for the costs of acquisition and enhancement. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Police and Crime Commissioner for Dorset

Note 19 Unusable Reserves

2017/18 £'000		2018/19 £'000
9,194	Capital Adjustment Account	
	Balance at 1 April	8,936
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(5,509)	• Charges for depreciation and impairment of non-current assets	(3,432)
(928)	• Revaluation losses on Property, Plant and Equipment	(288)
0	• Amortisation of intangible assets	(1,476)
0	• Revenue expenditure funded from capital under statute	(2,321)
(57)	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,101)
(6,494)		(11,618)
0	Adjusting amounts written out of the Revaluation Reserve	1,618
(6,494)	Net written out amount of the cost of non-current assets consumed in the year	(10,000)
	Capital Financing applied in the year:	
2,740	Use of the Capital Receipts Reserve to finance new capital expenditure	4,172
422	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,488
2,954	Statutory provision for the financing of capital investment charged against the General Fund balances	2,957
120	Reduction in Deferred Liability	120
6,236		9,737
8,936	Balance at 31 March	8,673

19.3 Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Police and Crime Commissioner accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Police and Crime Commissioner makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Police and Crime Commissioner has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Police and Crime Commissioner for Dorset

Note 19 Unusable Reserves

PCC Group £'000	Pension Reserve	PCC Group £'000
(1,539,867)	Balance at 1 April	(1,502,928)
83,384	Re-measurements of the net defined benefit liability/(asset)	12,298
(84,838)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(77,799)
38,394	Employer's pensions contributions and direct payments to pensioners payable in the year	44,177
(1,502,928)	Balance at 31 March	(1,524,250)

19.4 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2017/18 £'000	Collection Fund Adjustment Account	2018/19 £'000
927	Balance at 1 April	672
(255)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	551
672	Balance at 31 March	1,223

19.5 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Police and Crime Commissioner for Dorset

Note 19 Unusable Reserves

2017/18				2018/19			
PCC	PCC Group			PCC	PCC Group		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
4	(1,146)	Accumulated Absences Account		(13)	(1,527)	Balance at 1 April	
(4)	1,146	Settlement or cancellation of accrual made at the end of the preceding year		13	1,527		
(13)	(1,527)	Amounts accrued at the end of the current year		(25)	(2,622)		
(17)	(381)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(12)	(1,095)		
(13)	(1,527)	Balance at 31 March		(25)	(2,622)		

19.6 Pooled Investment Fund Adjustment Account Reserve

The Pooled Investment Fund Adjustment Account Reserve contains the gains and losses made by the Police and Crime Commissioner arising from changes in the value of investments in pooled funds.

2017/18	Pooled Investment Fund Adjustment Account	2018/19
£'000		£'000
0	Balance at 1 April	0
0	Upward revaluation of investments	43
0	Downward revaluation of investments	0
0		43
0	Gains/Losses on de-recognition of investment written out to the Financing and Investment Income and Expenditure	0
0	Balance at 31 March	43

Note 20 Cash Flow Statement – Operating Activities

2017/18		2018/19
£'000		£'000
(181)	Net cash receipts/(payments) from operating activities excluding interest receipts and payments	8,332
(88)	Interest received	(100)
1	Interest paid	7
(268)	Net cash flows from operating activities	8,239

*The 31 March 2018 balance has been restated to reflect the exclusion of seized cash from short term creditors in the CC accounts and cash and cash equivalents in the PCC Group and PCC accounts.

Police and Crime Commissioner for Dorset

Note 21 Cash Flow Statement – Investing Activities

2017/18		2018/19
£'000		£'000
2,063	Purchase of property, plant and equipment, investment property and intangible assets	3,723
2,495	Net movement in short-term and long term investments	(3,106)
(74)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,143)
4,484	Net cash flows from investing activities	(3,525)

Note 22 Cash Flow Statement – Financing Activities

2017/18		2018/19
£'000		£'000
(1,820)	Other receipts from financial activities	(2,026)
1,820	Cash payments to reduce on balance sheet liability	2,026
0	Net cash flows from financing activities	0

Note 23 External Audit Costs

The Police and Crime Commissioner has incurred the following costs in relation to the audit of the Statement of Accounts:

2017/18			2018/19	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
29	44	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	23	34
29	44		23	34

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration

24.1 Remuneration

This note shows the officer remuneration costs for the Office of the Police and Crime Commissioner and for the Chief Constable. The Police and Crime Commissioner (PCC) is an elected official and is excluded from this note and shown within the Office of the Police and Crime Commissioner Cost note.

	Year	Note	Salary, Fees and Allowances	Bonuses	Subsistence and Expenses Allowances	Benefits in Kind	Total Remuneration excl Pension Contributions	Employer's Pension Contributions	Compensation for loss of Employment	Total Remuneration incl Pension Contributions
Office of the Police & Crime Commissioner			£	£	£	£	£	£	£	£
<u>Salary £50,000 to £149,999 per year</u>										
OPCC Chief Executive	2018/19		94,058	0	0	0	94,058	12,421	0	106,479
OPCC Chief Executive from 18/09/17 to 31/03/18	2017/18	2	45,569	0	0	0	45,569	6,038	0	51,607
Chief Finance Officer	2018/19	3	64,527	0	0	0	64,527	8,183	0	72,710
Chief Finance Officer from 10/07/17 to 31/03/18	2017/18	3	30,484	0	0	0	30,484	4,039	0	34,523
<u>Chief Constable</u>										
<u>Salary £150,000 plus per year</u>										
Chief Constable - Deborah Simpson from 01/04/18 to 06/04/18	2018/19		2,596	0	0	0	2,596	0	0	2,596
Chief Constable - James Vaughan from 07/04/18 to 31/03/19	2018/19		163,914	0	0	0	163,914	37,053	0	200,967
Chief Constable - Deborah Simpson	2017/18		155,124	0	0	6,782	161,906	0	0	161,906
<u>Salary £50,000 to £149,999 per year</u>										
Deputy Chief Constable from 01/04/18 to 06/04/18	2018/19		2,106	0	0	0	2,106	465	0	2,571
Deputy Chief Constable from 07/04/18 to 31/03/19	2018/19		126,059	0	0	3,765	129,824	28,227	0	158,051

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration

	Year	Note	Salary, Fees and Allowances £	Bonuses £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employer's Pension Contributions £	Compensation for loss of Employment £	Total Remuneration incl Pension Contributions £
Deputy Chief Constable	2017/18		121,017	0	0	2,286	123,303	27,807	0	151,110
Assistant Chief Constable	2018/19		113,309	0	0	14,958	128,267	24,845	0	153,112
Assistant Chief Constable from 01/04/17 to 31/10/17	2017/18		62,610	0	0	2,791	65,401	12,000	0	77,401
Assistant Chief Constable from 16/10/17 to 31/03/18	2017/18		47,433	0	0	1,338	48,771	10,962	0	59,733
Assistant Chief Constable from 01/04/18 to 06/04/18	2018/19	4	1,912	0	0	0	1,912	449	0	2,361
Assistant Chief Constable	2017/18	4	114,276	0	0	4,986	119,262	26,811	0	146,073
Assistant Chief Officer	2018/19		107,008	0	0	5,114	112,122	15,356	0	127,478
Assistant Chief Officer	2017/18		105,251	0	0	3,500	108,751	13,946	0	122,697
Director of Human Resources	2018/19	5	107,008	0	0	5,138	112,146	15,356	0	127,502
Director of Human Resources	2017/18	5	105,251	0	0	3,600	108,851	13,946	0	122,797
Chief Superintendent - Territorial Policing from 01/04/18 to 26/05/18	2018/19		14,029	0	0	0	14,029	3,175	0	17,204
Chief Superintendent - Territorial Policing from 27/05/18 to 31/03/19	2018/19		74,803	0	0	3,916	78,719	17,786	0	96,505
Chief Superintendent - Territorial Policing	2017/18		88,753	0	0	1,688	90,441	20,633	0	111,074

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration

	Year	Note	Salary, Fees and Allowances £	Bonuses £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employer's Pension Contributions £	Compensation for loss of Employment £	Total Remuneration incl Pension Contributions £
Chief Superintendent - Crime & Criminal Justice from 01/04/18 to 26/05/18	2018/19		13,425	0	0	0	13,425	3,175	0	16,600
Chief Superintendent - Crime & Criminal Justice from 27/05/18 to 31/03/19	2018/19		76,255	0	0	4,031	80,286	17,786	0	98,072
Chief Superintendent - Crime & Criminal Justice from 11/12/18 to 31/03/19	2018/19		25,747	0	0	0	25,747	5,212		30,959
Chief Superintendent - Crime & Criminal Justice	2017/18		84,771	0	0	2,394	87,165	20,321	0	107,486
Chief Superintendent - Seconded to College of Policing from 01/04/18 to 28/02/19	2018/19		85,276	0	198	0	85,474	19,199	0	104,673
Chief Superintendent - Seconded to College of Policing	2017/18		91,850	0	216	0	92,066	20,633	0	112,699
Chief Superintendent - Project from 01/04/17 to 07/09/17	2018/19		0	0	0	0	0	0	0	0
Chief Superintendent - Project from 01/04/17 to 07/09/17	2017/18		38,193	0	0	0	38,193	8,950	0	47,143
Chief Superintendent - Project from 01/04/18 to 26/05/18	2018/19		13,707	0	0	0	13,707	3,175	0	16,882

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration

	Year	Note	Salary, Fees and Allowances £	Bonuses £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employer's Pension Contributions £	Compensation for loss of Employment £	Total Remuneration incl Pension Contributions £
Chief Superintendent - Project from 01/11/17 to 31/03/18	2017/18		37,203	0	0	0	37,203	8,633	0	45,836
Chief Superintendent - Corporate Development	2018/19		88,826	0	0	0	88,826	20,541	0	109,367
Chief Superintendent - Corporate Development from 29/07/17 to 31/03/18	2017/18		56,807	0	0	2,204	59,011	13,234	0	72,245
Chief Superintendent - Secondment to College of Policing	2018/19		87,069	0	216	0	87,285	20,371	0	107,656
Chief Superintendent - Secondment to College of Policing 03/07/17 to 31/03/18	2017/18		62,670	0	161	620	63,451	14,593	0	78,044
Chief Superintendent - Project from 27/05/18 to 31/03/19	2018/19		78,035	0	0	0	78,035	17,786	0	95,821

Note 24 Officers' Remuneration

24.1 Notes

1. The PCC received the benefit of a provided car in the first part of 2017/18. In September 2017 this was replaced by an allowance, however this was not paid until the 2018/19 year.
2. In 2017/18 an Interim Chief Executive was supplied by an agency at a cost of £16,925 before a permanent appointment on 18/09/17.
3. In 2017/18 the Treasurer of the Police and Crime Commissioner was employed by Dorset County Council and the PCC purchased this service from the County Council at a cost of £11,136. A Chief Finance Officer is now directly employed with effect from 10/07/17. In 2018/19 the post was part time, equivalent to 4 days per week.
4. This is a regional Assistant Chief Constable post but the Assistant Chief Constable was employed by Dorset Police until 06/04/18. Dorset Police fund 11.76% of this post.
5. The Director of Human Resources post is shared between Devon & Cornwall Police and Dorset Police. The contract of employment is with Dorset Police and for this reason the remuneration disclosure is made in the Statement of Accounts of Dorset Police. Devon & Cornwall Police refund Dorset 60% of the costs of the post.
6. The Deputy Chief Constable for Dorset Police is working across Dorset Police & Devon and Cornwall Police. His employment and associated costs are disclosed within this Statement of Accounts as his employing force.

24.2 Group Termination Costs

The total termination costs (exit costs) shown in the table below are the payments made to individuals plus payments to recompense the pension fund for the strain payments that have been calculated on an actuarial basis in 2017/18 and 2018/19. They relate to staff employed by the Group. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of cost with Devon and Cornwall Police under the Strategic Alliance Agreement, these adjustments are set out below the table.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £'000	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 - £20,000	0	0	6	6	6	6	57	50
£20,001 - £40,000	0	0	3	6	3	6	100	165
£40,001 - £60,000	1	0	3	2	4	2	210	93
Total included in bandings and in CIES	1	0	12	14	13	14	367	308
Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement								
Redundancy cost recharged from Devon and Cornwall Police as part of Strategic Alliance agreement							21	1
Redundancy cost recharged to Devon and Cornwall Police as part of Strategic Alliance agreement							(178)	(53)
Exit Costs charged to the Comprehensive Income and Expenditure Statement							210	256

24.3 Remuneration Bands

These figures presented below do not include the remuneration of the senior employees and relevant police officers as they have been disclosed separately but do include other police staff and police officers remuneration. The legislative requirement is to include only police officers above the rank of superintendent. All those earning about £50,000 are disclosed below.

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration

The remuneration includes exit costs as set out in the table for-going.

Employees that have transferred between Forces as part of the Strategic Alliance have been recorded at their year-end Force, with their total remuneration throughout the year disclosed.

24.4 Remuneration Bands

<u>2017/18</u>		<u>2018/19</u>
Number of employees	Remuneration Band	Number of employees
97	£50,000 - £54,999	119
58	£55,000 - £59,999	58
13	£60,000 - £64,999	23
5	£65,000 - £69,999	5
2	£70,000 - £74,999	4
3	£75,000 - £79,999	2
3	£80,000 - £84,999	5
0	£85,000 - £89,999	0
1	£90,000 - £94,999	0
0	£95,000 - £99,999	1
1	£100,000 - £104,999	0
183	Total	217

These figures do not include the remuneration of the senior employees and relevant police officers who have been disclosed separately above.

- The banding figures include both police staff and police officers remuneration.
- Remuneration includes exit costs as set out in the table above.
- The above table does not include staff paid below £50,000. These staff make up approximately 94% of the workforce.
- Employees that have transferred between the forces as part of the Strategic Alliance have been recorded at their Year-End Force, with their total remuneration throughout the year disclosed.

Police and Crime Commissioner for Dorset

Note 25 Grant Income

The Police and Crime Commissioner credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

2017/18 £'000		2018/19 £'000
	Credited to Taxation and Non Specific Grant Income	
(40,659)	Police Grant	(40,659)
(25,008)	DCLG Formula Funding	(25,008)
0	Capital Grants and Contributions - Police Transformation Fund - Transforming Forensics	(2,058)
(421)	Capital Grants and Contributions - Other	(430)
(66,088)	Total	(68,155)
	Credited to Services	
0	Police Transformation Fund - Transforming Forensics	(7,371)
(5,238)	PFI Grant	(5,238)
(1,118)	Other Local Grants	(859)
(835)	PCC Specific Grants - Victims Support	(835)
(192)	Criminal Record Bureau Grant	(226)
(63)	Pre 90 Loan Charges Grant	(65)
(62)	PCC Specific Grants - Domestic Violence	(62)
(50)	Police Transformation Fund	(50)
(7,558)	Total	(14,706)
	Credited to Other Operating Income and Expenditure	
(21,253)	Pensions Top Up Grant	(26,078)

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations

The Police and Crime Commissioner is required to disclose material transactions with related parties, including central government, other local authorities, members, senior officers and their close families.

26.1 Related Party Transactions

26.1.1 Central Government

The United Kingdom Government has effective control over the general operations of the Police and Crime Commissioner – it is responsible for providing the statutory framework, within which the Police and Crime Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Police and Crime Commissioner has with other parties (e.g. council tax bills). Grants received from government departments are set out in the Grant Income Note. Outstanding balances are set out in the Debtors and Creditors Notes.

26.1.2 Members

The Chief Executive of the Office of the Police and Crime Commissioner has written to all members explaining the need for disclosure. Independent Officers' interests are also publicly reported on the Police and Crime Commissioner's website.

There are no disclosures required.

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations

26.1.3 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure.

There are no disclosures required.

26.1.4 Other Public Bodies

Most of the revenue to pay for the costs of policing comes from government grants co-ordinated nationally. District councils, borough councils and unitary authorities collect the balance by charging their council tax payers a police precept. With effect from 1st April 2019, the county of Dorset has created two Unitary Councils, which will replace the eight Borough and District councils listed below.

31 March 2018			31 March 2019
£'000	Billing Authority	Note	£'000
12,122	Bournemouth		13,051
3,868	Christchurch		4,159
7,288	East Dorset		7,852
5,098	North Dorset		5,458
11,111	Poole		11,967
3,772	Purbeck		3,977
8,202	West Dorset		8,858
4,129	Weymouth & Portland		4,525
	Movement in the Collection Fund Adjustment Account	19.4	551
(255)			
55,335			60,398

The Police and Crime Commissioner purchases the pension administration services from Dorset County Council. Transactions within the pension fund are shown in the Defined Benefit Pension Schemes Note. Outstanding balances with other public bodies are shown in the Debtors and Creditors Notes.

26.2 Commissioning and Partnerships

There are a number of partnerships in which the Police and Crime Commissioner participates. These are arrangements where the Police and Crime Commissioner carries out activities relevant to its own functions jointly with others. For a number of the partnerships a formal partnership agreement is in place. The Police and Crime Commissioner accounts only for its share of the jointly controlled assets, liabilities and expenses that it incurs in relation to partnership activities. The main commissioning and partnership working is shown in the table.

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaboration

2017/18			2018/19		
Expenditure £'000	Income £'000	Notes	Expenditure £'000	Income £'000	
					OPCC Commissioning and Partnerships
580	0	1	890	0	Commissioner's Safety Fund
137	0	2	282	0	Local Innovation Fund
49	0	3	0	0	One Off Fund
948	(948)	4	951	(947)	Victims Services
53	(53)	5	38	(38)	Other Local Grants
17	0		44	0	Pension Costs
1,784	(1,001)		2,205	(985)	

Full details of the Police and Crime Commissioner's future plans and intentions with regard to commissioning and partnerships can be found in the Commissioning Intentions Plan and the Police and Crime Plan on the OPCC website. The funding mechanisms for partnerships are complex, and the table above shows expenditure that has passed through the Police and Crime Commissioner's accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2019.

26.2.1 Commissioner's Safety Fund

This fund covers numerous community based projects and the key initiatives covered in the above expenditure include:

The Maple Project - Domestic Abuse Advisors, employed by Dorset Police. This service ensures that women, men and children whose lives are affected by domestic abuse receive a high level of support and protection and perpetrators are held accountable for their actions and behaviour - *also part funded by the Victims Services budget.*

Drug Intervention Programme - Provision of appropriate support to people within the criminal justice system with substance misuse issues.

SSCT - Safe Schools & Communities Team - SSCT provide targeted interventions to young people and the wider community, helping to reduce and prevent crime and ASB - core contributor to the SSCT.

Combined Dorset YOS - Supporting the YOS to provide interventions that reduce and prevent offending/reoffending by children & young people within the criminal justice system - *core contributor to the Youth Offending Service for pan Dorset.*

Restorative Justice Service - Providing a pan-Dorset Restorative Justice (RJ) and restorative mediation capability for victims of crime and anti-social behaviour - *also part funded by the Victims Services budget.*

ISVA Post - Part of the contribution towards an additional ISVA role.

Crest Analytics - Enabling the analysis of local data from different datasets, in order to increase effectiveness across multi-agency criminal justice organisations.

Circles South-West - To provide Circles of Support to known perpetrators of sexual offences, to reduce offending behaviours and therefore prevent further sexual abuse. Circles are delivered to adults convicted of serious sexual offences who have been assessed as high or very high risk of re-offending and/or serious harm.

Street Sex Case Manager - Helping to reduce the impact on the local community and to help individual sex workers wishing to live offence free lives.

Learning Disability Advisors - Providing targeted support to victims of crime with learning difficulties, including providing advice regarding the criminal justice process.

Police Consultation Groups - Enabling Dorset Police to consult with appropriate and experienced organisations representing harder to reach communities.

National Chaplaincy - Contribution towards a National Chaplaincy programme.

Electronic Tagging scheme - Lease of electronic tags to be issued to offenders as a part of their bail conditions.

Weymouth CSAS - Accrediting council staff to use certain police and council powers reduce anti-social behaviour, street drinking, rough sleeping & begging in Weymouth, primarily in the Melcombe Regis area of the town.

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations

26.2.1 Commissioner's Safety Fund

Firearms Licensing Officers - To employ 2 temporary Firearms Licensing Officers to assist with backlog and workload.

Stop / Search Disproportionality Review - Consultant to carry out a review of Stop & Search processes in Dorset due to disproportionality of individuals subjected to this procedure.

AED for Poole Marine Section - Purchase of a new Automated External Defibrillator in Poole Marine Section due to damage/wear to previous device.

National Rural Crime Survey - National Domestic Abuse Research.

Targeted Enforcement and Community Safety Analyst - Funding for one partnership analyst to enable an evidence based approach to enforcement activities and support the strategic and tactical management of ASB, crime and disorder in Bournemouth.

Winter Shelter Scheme – Weymouth - Partnership funding to provide overnight accommodation for rough sleepers in Weymouth during the winter months.

Unconscious Bias Training - Venue hire and refreshments costs.

26.2.2 Local Innovation Fund

This fund covers numerous community based projects and the key initiatives covered in the above expenditure include:

Victims Bureau - funding towards the running costs of a team dedicated to supporting victims of crime Enabling direct contact by Dorset Police with victims of crime, including providing updates on progress of relevant cases through the Criminal Justice System.

Boscombe Community Safety Accreditation Scheme - Enabling accreditation of Bournemouth Council employed staff in order to enhance the delivery of community safety interventions within Boscombe.

Hampton Trust - Early intervention program designed to give perpetrators of low level domestic offending the opportunity to understand the wider context of domestic abuse, the impact on their victims, and reduce reoffending and victim harm.

Footprints - Provision of an experienced female support worker to support female offenders across Dorset to facilitate a bespoke service plan to reduce re-offending. Footprints will mentor, provide support, and ensure the female is safeguarded and has access to services.

Exeter City Futures - Facilitation of a 12 week immersion project with 6 companies to develop software & hardware to reduce the time the roads are closed and reduce officer time at RTCs by 50%.

Safewise Reorganisation - Funding for the reorganisation of Safewise and delivery of preventative training in Road Safety, D&A, Cyber Crime, etc.

Force Wellbeing Fund - PCC funding to Dorset Police to deliver additional wellbeing activities for Officers and Staff to reduce sickness levels and increase morale.

26.2.3 One off Fund

The One off Funding stream was removed in 2018/19. Previously supported projects re-directed to other funding streams.

Victims Services, CSA and Police Transformation Funding - This fund covers numerous community based projects and the key initiatives covered in the above expenditure include:

The Maple Project - Domestic Abuse Advisors, employed by Dorset Police. This service ensures that women, men and children whose lives are affected by domestic abuse receive a high level of support and protection and perpetrators are held accountable for their actions and behaviour - *also part funded by the Commissioner's Safety Fund budget.*

The Shores (SARC) - Provision of a Sexual Assault Referral Centre (SARC) Manager and Forensic Medical Examiners for victims of sexual assault - Commissioned in partnership with NHS England.

Restorative Justice - Providing a pan-Dorset Restorative Justice (RJ) and restorative mediation capability for victims of crime and anti-social behaviour - *also part funded by the Commissioner's Safety Fund budget.*

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations

26.2.4 Victims Services, CSA and Police Transformation Funding

Independent Sexual Violence Advisors (ISVA) - Sub-contract of the SARC - Provision of ISVAs to provide targeted support to victims of sexual violence, including providing advice regarding the criminal justice process.

Victims Services - Providing emotional and practical support to victims of crime in Dorset.

Dorset Rape Crisis Counselling Services - Providing immediate and ongoing support to victims and survivors of sexual violence, including longer-term specialist support.

26.2.5 Other Local Grants (SDF)

Safer Dorset Fund is a Community Grant Scheme which offers the ability for Charities and CIC's to apply for small grants, up to £3,000, to carry out projects which benefit Dorset's communities and in-line with the Police and Crime Plan objectives.

26.3 Collaborations

The Police and Crime Commissioner's Group are signed up to a number of joint operations. This involves joint working with specified Police Forces as part of a collaborative agreement. Part of the joint arrangement is to share control and have rights to net assets. Only significant partnerships where gross expenditure is £100k are disclosed. The table below shows the regional activity.

2017/18			2018/19
Expenditure £'000	Notes	Joint Operation	Expenditure £'000
874	1	South West Regional Special Branch	882
3,273	2	South West Regional Forensics Services	3,227
193	3	South West Procurement Services	196
889	4	South West Regional Organised Crime Unit (ROCU)	1,093
112	5	South West Collaboration Programme	145
5,341			5,543

26.3.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Dorset Police and Wiltshire Police. Each Force has a committed number of staff who are based within their own Force area, but work on behalf of the four Forces. The force cost for the year was £882k. The total cost of £3,691k is split on a percentage basis, with Dorset Police contributing 23.9%, Avon and Somerset contributing 28.4%, Devon and Cornwall contributing 28.9% and Wiltshire Police contributing 18.8%.

26.3.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Devon and Cornwall Police as the lead Force. There are bases in all four Forces, with each force employing a number of staff. The Force cost for the year was £3,227k. Most of the £17,587k total cost is split on a percentage basis, with Dorset contributing 18.7%, Avon and Somerset contributing 36.6%, Devon and Cornwall contributing 30.5% and Wiltshire Police contributing 14.2%.

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations

26.3.3 South West Procurement Services

South West Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police and Devon and Cornwall Police as the host Force. Staff are based across the region, with them all employed by Devon & Cornwall Police. The Force cost for the year was £196k. The total cost of £1,003k was split on a percentage basis with Dorset Police contributing 19.5%, Wiltshire Police contributing 17.2%, Gloucestershire Police contributing 17.0% and Devon and Cornwall Police contributing £46.3%.

26.3.4 South West Regional Organised Crime Unit (ROCU)

ROCU is a partnership with Devon & Cornwall Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Two additional units were added part way through 2018/19 hence the increase in contribution. Staff are employed by each partnering Police Force and based within one of two hubs (North & South). The Force cost for the year was £1,093k. The total cost of £9,298k is split on a percentage basis with Dorset Police contributing 11.76%, Devon and Cornwall contributing 33.3%, Wiltshire Police contributing 11.68%, Gloucestershire Police contributing 10.83

26.3.5 South West Collaboration Programme

The South West Police Collaboration Programme is a partnership with Devon and Cornwall, Gloucestershire Police and Wiltshire Police with Avon and Somerset as the lead force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects. Costs are shared with the Forces that are involved in each project. The Force cost for the year was £145k. Most of the £1,276k total cost is split on a percentage basis with Dorset Police contributing 11.76%, Devon & Cornwall Police contributing 33.3%, Wiltshire Police contributing 11.68%, Gloucestershire Police contributing 10.83% and Avon & Somerset contributing 32.43%.

Note 27 Contingent Liabilities

27.1 Transitional Provisions in the Police Pension Regulations 2015

The Chief Constable of Dorset Police, along with other Chief Constables and the Home Office, currently has 59 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 and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. The Government is seeking permission to appeal this decision. It is envisaged that if this is unsuccessful, the Court will require steps to be taken to compensate employees who were transferred to the new schemes potentially including Police Pension Scheme members. This would lead to an increase in Police Pension Scheme liabilities and our actuaries (The Government Actuary Department) using specific assumptions have estimated the potential increase in scheme liabilities as a result of the judgment to be approximately 5.4% of national pension scheme liabilities as at March 2018. This estimate is based on one potential remedy and depending on the outcome of the appeal, the remedy calculation and its applicability to the Police Pension Scheme will need to be revisited in the light of further direction from the courts.

The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

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

Police and Crime Commissioner for Dorset

Note 27 Contingent Liabilities

27.2 2018 Pay Award

The Police Federation of England and Wales (PFEW) has lodged a judicial review into the lawfulness of the Government's decision to not follow the recommendations of the Police Remuneration Review Body (PRRB) in respect of the 2018 police officer pay award. A hearing is expected in the summer of 2019. Should the hearing find in favour of the PFEW, there is a potential for the 2018 pay award to be re-considered, and the subsequent potential for additional costs to be incurred. In the event that the police officer pay award is re-considered, the police staff pay award would also be re-considered with the potential for further additional costs.

Within its four-year financial planning model, the Police and Crime Commissioner approves an annual capital programme to provide and maintain buildings, vehicles and other equipment for the Force. The report below shows what was spent and how the spending was financed.

Note 28 Capital Expenditure and Financing

2017/18			2018/19	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
35,132	35,132	Opening Capital Financing Requirement	32,781	32,781
		Capital Investment:		
547	547	Land and buildings	661	661
0	1,072	Vehicles and Other Transport	0	992
0	1,415	Equipment and ICT	0	2,940
0	128	Intangible Assets	0	268
0	0	Revenue Expenditure Funded from Capital under Statute	263	2,321
547	3,162		924	7,182
		Less Sources of Finance:		
(421)	(421)	Government Grants and Contributions	(402)	(2,488)
(126)	(2,741)	Capital Receipts	0	(4,172)
(530)	(530)	Minimum Revenue Provision	(530)	(530)
(1,821)	(1,821)	PFI/Loan Charge repayments	(2,547)	(2,547)
(2,898)	(5,513)		(3,479)	(9,737)
32,781	32,781	Closing Capital Financing Requirement	30,225	30,225
		Explanations of Movement In Year		
(2,351)	(2,351)	Increase / (Decrease) in underlying need to borrow	(2,556)	(2,556)
(2,351)	(2,351)		(2,556)	(2,556)

Police and Crime Commissioner for Dorset

Note 29 Office of the Police & Crime Commissioner Costs

2017/18		2018/19
£'000	Office of the Police and Crime Commissioner	£'000
152	Police and Crime Commissioner	138
637	Statutory and other OPCC staff	727
238	Other costs	171
1,027	Sub-total	1,036
131	Pension costs	119
0	Accumulated Absences	12
2,925	Depreciation	1,914
4,083	Total	3,081

The accumulated absence figure for the OPCC is being shown separately this year for the first time, therefore there is no comparative figure included. In 2017/18 these costs were included within officers' remuneration.

Disclosed below are the PCC remuneration costs which are included within the above table.

2017/18		2018/19
£'000	Police and Crime Commissioner	£'000
70,000	Salary, Fees and Allowances	82,742
3,685	Benefit in Kind	0
73,685	Total excl. pension contributions	82,742
9,275	Employer's Pension	10,229
82,960	Total	92,971

Note 30 Operating Leases

The Police and Crime Commissioner leases some properties used to provide operational services. The total future minimum lease payments under non-cancellable leases in future years are:

31 March 2018		31 March 2019
£'000		£'000
117	Not later than one year	90
243	Later than one year and not later than five years	202
167	Later than five years	160
527		452

With the exception of dilapidation clauses, there are no significant terms attached to the Police and Crime Commissioners property leases which lead to potential future assets or liabilities for the Police and Crime Commissioner over and above those disclosed above.

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Police and Crime Commissioner Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments. This needs to be disclosed at the time that the employees earn their future entitlement. The Police and Crime Commissioner Group operates four pension schemes, three for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their final pensionable pay and length of service. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary. The police officer pension's disclosures below apply to the Group Accounts only, this is because all of the police officers are under the control of the Chief Constable and for this reason there are no charges to the Police and Crime Commissioner single entity accounts other than the intra- group transfers.

31.1 Police Officer Schemes

31.1.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Dorset County Council – this is a funded defined benefit career average scheme, meaning that the Police and Crime Commissioner and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets. The police officer pension schemes are unfunded defined benefit final salary schemes administered by the Chief Constable for Dorset, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Pensions are financed from the Group's and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Group's and the employee contributions are paid into a separate Police Officers' Pension Fund Account.

Police Pension Fund Regulations require Police and Crime Commissioner's to transfer a sum not exceeding the amount that the Police Pensions Fund is in deficit at 31 March from the Police and Crime Commissioners General Fund in to the Police Pensions Fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Police and Crime Commissioner, which then must repay the amount to central government. The Group makes payments under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officer pension scheme, the independent actuary has estimated the costs and they are included within Police Officers scheme disclosure.

31.1.2 Reconciliation of Present Value of the Scheme of Liabilities (Defined Benefit Obligation)

Reconciliation of present value of the scheme liabilities:

2017/18 £'000		2018/19 £'000
(1,423,684)	Opening balance at 1 April	(1,391,324)
(30,369)	Current service cost	(27,309)
(38,069)	Interest cost	(34,984)
(6,291)	Contributions from scheme participants	(6,215)
	Remeasurement (gains) and losses:	
0	• Actuarial gains/(losses) arising from changes in demographic assumptions	75,950
66,802	• Actuarial gains/(losses) arising from changes in financial assumptions	(67,804)
0	• Experience gains/(losses) on defined benefit obligation	0
0	(Gains)/losses on curtailment (where relevant)	0
0	Liabilities assumed on entity combinations	0
39,249	Benefits paid	44,034
1,038	Injury pension payments	1,188
(1,391,324)	Closing balance at 31 March	(1,406,464)

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes

31.1.3 Transactions relating to Retirement Benefits

The Group recognises the cost of retirement benefits for police officers in the reported cost of services when they are earned by police officers rather than when the benefits are eventually paid as pensions. However the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made for the police officer schemes in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Previously, the 1987 scheme and 2006 scheme have been reported separately in the accounts. With the introduction of the 2015 scheme, it has been decided to combine all three schemes.

2017/18 £'000	Comprehensive Income and Expenditure Account	2018/19 £'000
	Cost of Services	
30,369	Current service cost	27,309
	Financing and Investment Income and Expenditure	
38,069	Net interest expense	34,984
68,438	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	62,293
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
0	• Actuarial (gains) and losses arising on changes in demographic assumptions	(75,950)
(66,802)	• Actuarial (gains) and losses arising on changes in financial assumptions	67,804
0	• Other	0
1,636	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements	54,147
	Movement In Reserves Statement	
68,438	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	62,293
	Actual amounts charged against the General Fund Balance for pensions in the year:	
12,743	Employers' contributions payable to scheme	12,930
21,253	Home Office Top Up Grant	26,077

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes

31.1.4 Impact on the Police and Crime Commissioner's Cashflow

The liabilities show the underlying commitments that arise from the fact that Police and Crime Commissioner has to pay retirement benefits over a long-term period. The total liability of £1,406m has a substantial impact on the net worth of the Group as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Police and Crime Commissioner remains healthy:

- scheme deficits are met by the Home Office
- finance is only required to be raised to cover police pensions when the pensions are actually paid, not when they are earned

The total contributions expected to be made to the Police Pension Fund Account by the Police and Crime Commissioner in the year to 31 March 2020 is £14.4m.

31.1.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The Police Officer Pension Scheme liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

2017/18	Mortality Assumptions:	2018/19
	Longevity at 65 for current pensioners:	
22.3	Men	21.3
24.8	Women	23.7
	Longevity at 65 for future pensioners:	
24.5	Men	23.0
27.2	Women	25.5
	Financial Assumptions:	
2.3%	Rate of Inflation	2.4%
3.8%	Rate of increase in salaries	3.9%
2.3%	Rate of increase in pensions	2.4%
2.6%	Rate for discounting scheme liabilities	2.4%

It is assumed that members do not transfer any of their lump sum for pension and that active members will retire when they are first able to do so without reduction.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. Changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	56,168	(53,950)
Rate of increase in salaries (increase or decrease by 0.1%)	2,180	(2,170)
Rate of increase in pensions (increase or decrease by 0.1%)	26,593	(26,023)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(28,166)	28,802

31.2 Police Staff Scheme

31.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Dorset County Council – this is a funded defined benefit final salary scheme, meaning that the Police and Crime Commissioner and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets.

In addition to the above scheme there are arrangements for the award of discretionary post-employment benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. As these benefits are unfunded cash has to be generated to meet actual pension payments as they fall due.

31.2.2 Participation in Pension Schemes

The Group recognises the cost of retirement benefits for police staff in the reported cost of services when they are earned by police staff rather than when the benefits are eventually paid as pensions. However the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made for the police staff scheme in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes

2017/18		Comprehensive Income and Expenditure Account	2018/19	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
		Cost of Services		
		Service cost comprising:		
369	13,000	• Current service cost	274	12,496
3	93	• Past service cost	1	42
3	111	• Administration Expenses	3	133
		Financing and Investment Income and Expenditure		
91	3,195	Net interest expense	62	2,835
466	16,399	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	340	15,506
		Other Post-Employment Benefits Charged to Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
(101)	(3,565)	• Return on plan assets (excluding the amount included in the net interest expense)	(71)	(3,236)
0	0	• Actuarial (gains) and losses arising on changes in demographic assumptions	(378)	(17,256)
(370)	(13,018)	• Actuarial (gains) and losses arising on changes in financial assumptions	359	16,341
511	0	Apportionment Adjustment	(1,020)	0
506	(184)	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(771)	11,355

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes

2017/18		Movement in Reserves Statement	2018/19	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(466)	(16,399)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(340)	(15,506)
Funded Liabilities			Funded Liabilities	
PCC £'000	PCC Group £'000	Actual amount charged against the General Fund Balance for pensions in the year:	PCC £'000	PCC Group £'000
125	4,383	Employers' contributions payable to scheme	113	5,154
Unfunded Liabilities			Unfunded Liabilities	
PCC £'000	PCC Group £'000	Actual amount charged against the General Fund Balance for pensions in the year:	PCC £'000	PCC Group £'000
0	16	Retirement benefits payable to pensioners	0	16

31.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

31 March 2018			31 March 2019	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(7,885)	(277,645)	Present value of the defined benefit obligation	(5,585)	(293,566)
4,716	166,043	Fair value of plan assets	3,302	175,779
(3,169)	(111,602)	Net liability arising from defined benefit obligation	(2,283)	(117,786)

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes

31.2.4 Reconciliation of the Movements in the Fair Value of Scheme (Plan)

31 March 2018			31 March 2019		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
3,755	156,470	Opening fair value of scheme assets	4,716	166,043	
125	4,405	Interest income	95	4,347	
		Re-measurement gain/(loss):			
101	3,565	• The return on plan assets, excluding the amount included in the net interest expense	71	3,236	
688	0	Apportionment Adjustment	(1,628)	0	
(2)	(110)	Administration expenses	(2)	(132)	
125	4,397	Contributions from employer	113	5,169	
60	2,112	Contributions from employees into the scheme	48	2,181	
(136)	(4,796)	Benefits paid	(111)	(5,065)	
4,716	166,043	Closing fair value of scheme assets	3,302	175,779	

31.2.5 Reconciliation of present Value of the Scheme of Liabilities (Defined Benefit Obligation)

31 March 2018			31 March 2019		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
(6,544)	(272,653)	Opening balance at 1 April	(7,885)	(277,645)	
(369)	(13,000)	Current service cost	(274)	(12,496)	
(216)	(7,600)	Interest cost	(157)	(7,182)	
(60)	(2,112)	Contributions from scheme participants	(48)	(2,181)	
		Re-measurement gain/(loss):			
0	0	• Actuarial gains/(losses) arising from changes in demographic assumptions	378	17,256	
371	13,018	• Actuarial gains/(losses) arising from changes in financial assumptions	(358)	(16,340)	
0	0	• Experience gain/(loss) on defined benefit obligation	0	0	
(1,200)	0	Apportionment Adjustment	2,648	0	
(3)	(94)	Past service cost including gains/(losses) on curtailments	(1)	(43)	
136	4,796	Benefits paid	111	5,065	
(7,885)	(277,645)	Closing balance at 31 March	(5,585)	(293,566)	

The Police and Crime Commissioner's Group contribution to the Local Government Pension Scheme for the accounting period to 31 March 2020 is estimated to be £5,682K.

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes

31.2.6 Local Government Pension Scheme assets comprised

31 March 2018			31 March 2019	
PCC £'000	PCC Group £'000	Fair Value of Scheme assets	PCC £'000	PCC Group £'000
Cash and cash equivalents				
2,549	89,750	UK Equities	1,953	89,189
285	10,039	Diversified Growth Fund	229	10,446
617	21,740	Gilts	499	22,806
330	11,638	Other Bonds	273	12,464
475	16,737	Property	420	19,186
170	5,993	Infrastructure	177	8,082
66	2,332	Cash	116	5,278
222	7,814	Multi Asset Credit	182	8,328
4,715	166,043	Total	3,850	175,779

31.2.7 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2016. The next valuation is scheduled for 31 March 2019.

The significant assumptions used by the actuary have been:

2017/18		2018/19
Long-term expected rate of return on assets in the scheme:		
2.6%	Equity investments	2.45%
2.6%	Bonds	2.45%
2.6%	Other	2.45%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
24.0	Men	22.9
26.1	Women	24.8
Longevity at 65 for future pensioners:		
26.2	Men	24.6
28.4	Women	26.6
Financial Assumptions:		
2.3%	Rate of inflation	2.4%
3.8%	Rate of increase in salaries	3.9%
2.3%	Rate of increase in pensions	2.4%
2.6%	Rate for discounting scheme liabilities	2.45%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes

unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

31.2.8 Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
PCC		
Mortality age rating assumption (increase or decrease in 1 year)	227	(219)
Rate of increase in salaries (increase or decrease by 0.1%)	20	(22)
Rate of increase in pensions (increase or decrease by 0.1%)	127	(136)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(144)	162
PCC Group		
Mortality age rating assumption (increase or decrease in 1 year)	10,343	(9,981)
Rate of increase in salaries (increase or decrease by 0.1%)	933	(925)
Rate of increase in pensions (increase or decrease by 0.1%)	5,811	(5,673)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(6,589)	6,747

31.2.9 Other Assumptions

It is assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age;
- It is assumed that members opted-in to the 50:50 section at the previous valuation date will continue in this section.

31.2.10 Impact on the Police and Crime Commissioner's Cash Flows

The objectives of the scheme, as administered by Dorset Council, are to keep employer's contributions at as constant a rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The next triennial valuation will be as at 31 March 2019.

Changes to the LGPS came into effect from 1 April 2014 and any benefits accrued from this date will be based on career average revalued salary, with various protections in place for those members in the scheme before the changes take effect.

Dorset Council publishes annual details of the Fund's performance. They can be contacted at Dorset Council, County Hall, Dorchester, Dorset, DT1 1XJ.

Note 32 Private Finance Initiative

The Group holds contracts for the provision of two schemes under the Government's Private Finance Initiative (PFI). The first is for the replacement of the Western Division Headquarters and certain section stations, signed in March 2000. Occupation of the facilities and payments commenced in 2001/02 and continue for 30 years.

The second contract was signed in July 2007 and relates to the provision of a new facility in Poole as part of a joint PFI scheme between Dorset Police and Dorset Fire and Rescue Services. Occupation of the Wimborne Road site was on 17 December 2009 and will continue for 25 years.

Police and Crime Commissioner for Dorset

Note 32 Private Finance Initiative

Payments made and PFI Grants receivable to support the schemes are as follows:

Value of Assets under PFI Contract

The value of assets held under PFI contracts and their movements during the year is set out in Note 11. The movement in the value of liabilities resulting from the contract is as follows:

2017/18		2018/19	
£'000	Assets	£'000	
13,859	Opening Balance	13,592	
724	Additions/Development/Lifecycle	521	
(769)	Revaluations	(193)	
(222)	Depreciation	(226)	
13,592	Closing Balance	13,694	

Payments

An agreed payment (or unitary charge) is made each year which comprises both fixed and variable elements. Payments remaining to be made under the service concession contract at 31 March 2019 are as follows:

2017/18					2018/19			
Payment for Services	Reimbursement of Capital Exp	Interest	Total		Payment for Services	Reimbursement of Capital Exp	Interest	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
3,923	2,427	1,659	8,009	Payable within 1 year	3,752	2,515	1,539	7,806
15,591	10,434	5,872	31,897	Payable within 2 to 5 years	16,165	10,603	5,564	32,332
21,938	13,553	5,093	40,584	Payable within 6 to 10 years	21,961	13,252	4,562	39,775
20,405	11,430	2,428	34,263	Payable within 11 to 15 years	18,853	10,995	1,902	31,750
4,744	3,345	225	8,314	Payable within 16 to 20 years	1,946	1,397	52	3,395
66,601	41,189	15,277	123,067	Total	62,677	38,762	13,619	115,058

Police and Crime Commissioner for Dorset

Note 32 Private Finance Initiative

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

	2017/18	2018/19
	£'000	£'000
Balance outstanding at start of year	(31,585)	(29,884)
Payments during the year	2,425	2,427
Capital Expenditure incurred in the year	(724)	(521)
Balance outstanding at year-end	(29,884)	(27,978)

Pension Fund Accounting Statements



DORSET
POLICE & CRIME
COMMISSIONER

Police and Crime Commissioner for Dorset

Police Officers' Pension Fund Statement

The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. During the year all payments and receipts are made to and from the Police and Crime Commissioner Group Police Fund. The statement shows income and expenditure for the Police Pension Scheme, this expenditure is not consolidated into the Police and Crime Commissioner Group Accounts.

31 March 2018 £'000		31 March 2019 £'000
	Contributions Receivable	
(11,172)	Employers (normal)	(11,066)
(6,291)	Employees (normal)	(6,215)
(533)	Ill Health capital charge	(676)
	Transfers In	
(241)	Individual transfers from other schemes	(117)
	Benefits payable	
32,670	Pensions	34,450
6,820	Commutations & lump sum retirement benefits	9,672
	Payment to and on account of leavers	
0	Individual transfers to other schemes	29
21,253	Net amount paid during the year	26,077
(21,253)	Transfer from Police Fund*	(26,077)
0	Net amount payable / receivable for the year	0
*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office as follows:		
20,218	Received in year	18,964
1,035	Debtor	7,113
21,253		26,077

The Police Officer Pension Fund is unfunded and has no investment assets. Short term assets or liabilities are not material and have not been disclosed for this reason. Police Officer Pension Fund which is administered by the Chief Constable has been set up for the specific purpose of administering the collection of contributions, the payment of pensions and the refund to central government for the balance outstanding for each year. The fund does not hold any investment assets nor does it reflect the liabilities of both Schemes to pay present and future pensioners.

The main benefits payable are police officer pensions, lump sums that represent the commutation of pensions and other lump sum payments. The Chief Constable paid a contribution equal to 24.2% of police officer pay for 2018/19. (GAD valuation calculated this contribution to now be 21.3% but Home Office regulations state that the Chief Constable should maintain contributions at 24.2%). As this contribution was insufficient to meet the net costs of benefits after employees' contributions, the account was balanced to nil at the year-end by the Home Office top up grant.

The above accounting statement complies with the accounting policies where applicable. Recoverable overpayments have been estimated by Kier according to scheme regulations.

Further information can be found in the Defined Benefits Pension Schemes Note.

This Financial Statement does not take account of liabilities to pay pensions and other benefits after the 31 March 2019.

**Annual Governance
Statement 2018 / 2019**

for

**the Police & Crime Commissioner
for Dorset**



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The Annual Governance Statement

This Annual Governance Statement is written on behalf of the Dorset Police & Crime Commissioner in line with CIPFA standards. It sets out the position as at 31st March 2019 including plans for the financial year 2019/2020.

The Dorset Office of the Police & Crime Commissioner (OPCC) is responsible for ensuring the oversight of the Force on behalf of the Commissioner. The OPCC is also responsible for ensuring that public money is used effectively and that proper governance arrangements are in place.

Governance refers to the arrangements put in place to ensure that outcomes for stakeholders are achieved as defined and intended.

To deliver good governance the Dorset Police & Crime Commissioner and the Dorset Police Chief Constable must work together to achieve strategic objectives, while at all times working in the public's best interest. Acting in the public interest implies a primary consideration of the benefits to society.

1. Acknowledgement of responsibility for ensuring there is a sound system of governance

1.1 The Law and Regulations

The Police & Crime Commissioner and Chief Constable are the two separate legal entities who govern both jointly and separately to ensure the organisation is working effectively while being accountable to the public.

They are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is used efficiently and effectively. In discharging this overall responsibility they must put in place proper arrangements for the governance of their affairs, facilitating the effective exercise of functions including arrangements for managing risk.

Their legal responsibilities are clearly defined within the statutory framework that comprises the following:

[Equalities Act 2010](#)

[Police Reform and Social Responsibility Act 2011](#)

[Policing Protocol Order 2011](#)

[Revised Financial Management Code of Practice for the Police and Fire & Rescue Services 2018](#)

[Strategic Policing Requirement 2015](#)

[The Accounts and Audit Regulations 2015 \(Local Government, England and Wales\)](#)

In addition, the scheme of governance and delegation details the principles of decision making and good governance which upholds the principles of the Policing Protocol Order which has the overall objective of ensuring an effective and constructive working relationship between the Police & Crime Commissioner and the Chief Constable. This supports the main objective of enhancing policing for local communities.

¹ Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales 2016 edition

1.2 Responsibilities

The governance framework sets out the systems, processes, culture and values by which the affairs of the Police & Crime Commissioner and Chief Constable should be managed. It monitors the achievement of strategic objectives in relation to the delivery of appropriate services whilst ensuring value for money for the public.

There are three main bodies which make up local police governance:

The Chief Constable,

The Police & Crime Commissioner, and

The Police & Crime Panel:

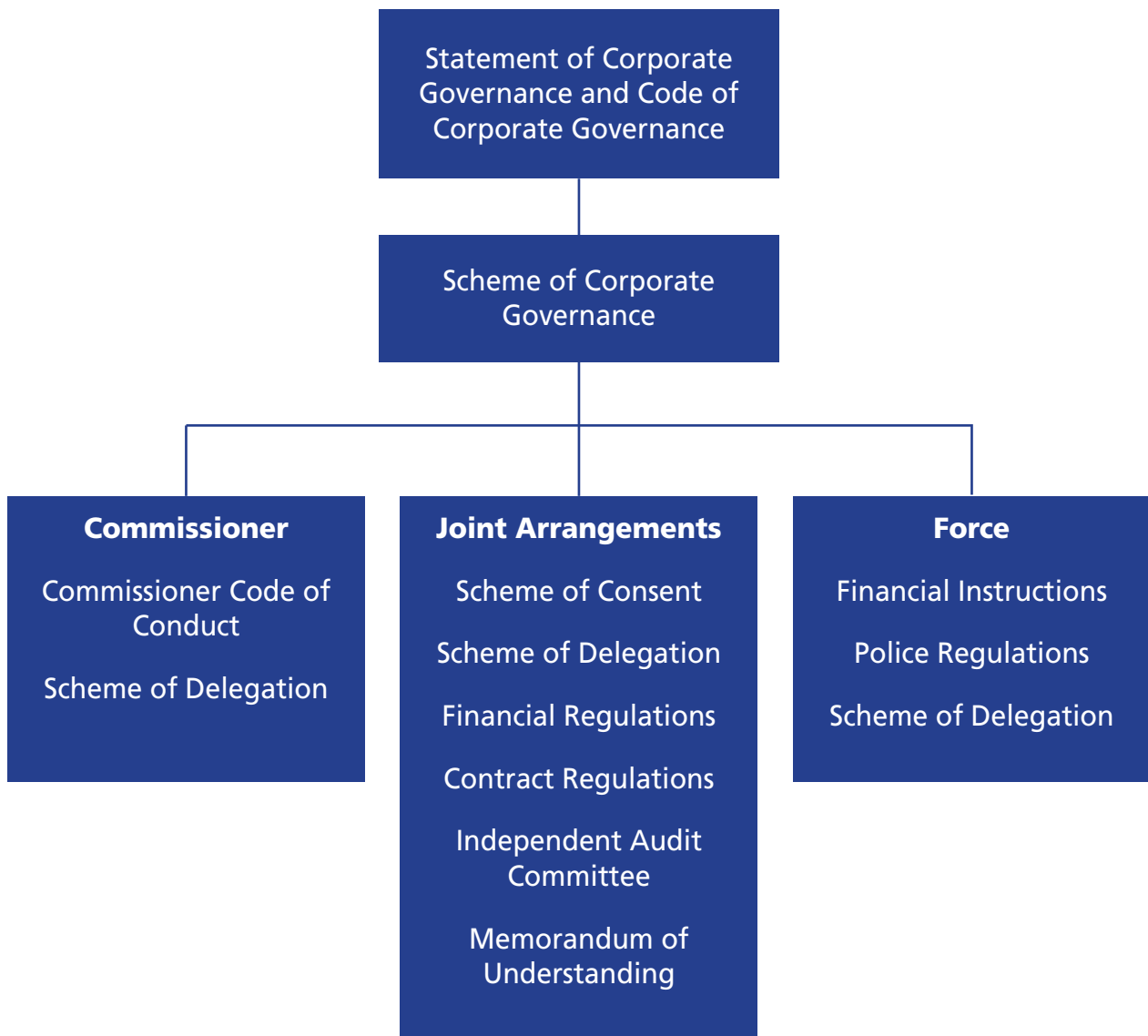
- The Chief Constable is accountable in law for the exercise of police powers and for keeping our communities safe and secure. They have statutory responsibility for the delivery of an efficient and effective police service and the management of resources and expenditure. They are operationally independent, free from political interference and required by statute to appoint a Chief Financial Officer to oversee the proper administration of financial affairs.
- The Police & Crime Commissioner is elected by the public on a mandate to deliver the Police & Crime Plan. The role of the Police & Crime Commissioner is to represent the voice of the people and hold the Chief Constable to account. They have the power to appoint or dismiss the Chief Constable, set the police budget, and have responsibility for the total delivery of the police service.
- The Police & Crime Panel is a scrutiny body composed of locally elected councillors along with some independent lay members. It exists to examine the actions and decisions of the Police & Crime Commissioner, to promote openness in the transaction of police business and also to support the Police & Crime Commissioner in the effective exercise of their functions.

1.3 The Corporate Governance Framework

To support the delivery of their legal responsibilities the Chief Constable and the Police & Crime Commissioner have established a corporate governance framework.

The Joint Corporate Governance Framework consists of the following:

- [The Statement of Corporate Governance](#)
- [Code of Corporate Governance](#)
- [Scheme of Corporate Governance](#)
- [Financial Regulations and Instructions](#)
- [Contract Standing Orders](#)
- [Scheme of Consent](#)
- [Scheme of Delegation](#)
- [Single Governance Policy](#)
- [Policies and Procedures](#)



2. Reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment

2.1 Hierarchy and financial accountability structure

The hierarchy and financial accountability structure chart is available at Appendix A².

Parliament

Parliament decides on the amount of central funding provided to each Force based on the findings of the Spending Review which assesses the requirements of each Force area.

College of Policing (CoP)

The CoP is responsible for setting technical and professional standards and identifying and disseminating best practice.

National Audit Office (NAO)

The NAO scrutinises public spending for parliament to help the government in its drive to improve public services nationally and locally.

Home Office (HO)

The Home Office is responsible for providing direct funding to local police bodies, ensuring an effective police oversight and accountability framework is in place. They set the Strategic Policing Requirement that ensures Civil Contingency arrangements are in place nationally.

The Home Secretary is the Head of the Home Office and is responsible for internal affairs, immigration and citizenship for the United Kingdom. This includes policing for England and Wales and matters of national security. The Home Secretary is a member of the British Cabinet.

Association of Police & Crime Commissioners (APCC)

This is a national body that supports the Police & Crime Commissioners, provides leadership and influences change.

National Police Chiefs Council (NPCC)

This is a professional forum for Chief Officers to share ideas and best practice and co-ordinate resources in areas such as finance and resourcing.

Her Majesty's Inspectorate of Constabulary & the Fire and Rescue Service (HMICFRS)

This is the body responsible for the inspection of Police Forces' effectiveness, efficiency and legitimacy. The inspection regime has recently been expanded to include the Fire and Rescue Service.

² National Audit Office Financial sustainability of police forces in England and Wales 2018 report

HMICFRS acts in the public interest to independently assess the effectiveness and efficiency of police forces and fire & rescue services. This allows the public to compare the performance of their police force against others and is used to drive improvement to the services provided to the public.

Police Reform and Transformation Board

This board is responsible for overseeing and supporting the reform of policing and making sure that reform and transformation is coherent.

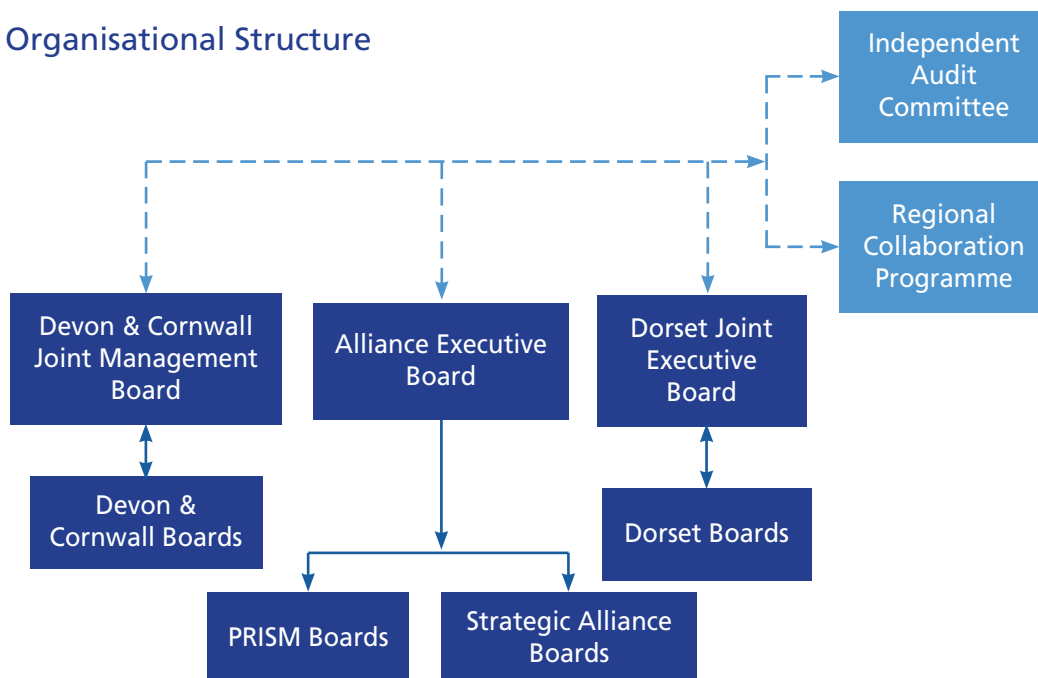
2.2 Force Organisational Structure

A number of executive boards and committees consider strategic information that informs the decision making required to meet organisational priorities across the Force and the OPCC. Each board has a set membership and terms of reference that define its purpose and agenda.

Strategic decisions are available for public scrutiny with decisions often informed by public consultation.

Since March 2015 the Strategic Alliance programme has brought together support departments across Dorset Police and Devon & Cornwall Police in the delivery of shared services. This has produced substantial cost savings and increased efficiencies across both Forces. Over the past year strategic changes to the arrangements between the Dorset Police and Devon & Cornwall Police alliance have required a review of the organisational structures. This ensured robust governance arrangements remained in place. These changes are described in detail below.

2.2.1 Organisational Structure



To enable the effective delivery of operational policing in Dorset the above organisational structure was created to support the effective flow of strategic information for the consideration of the executive teams. This executive level board structure has been supported by a number of strategic operational and departmental boards that facilitated executive decision-making.

Due to the changing interdependencies between departments, governance arrangements have needed to be flexible in order to support effective decision making.

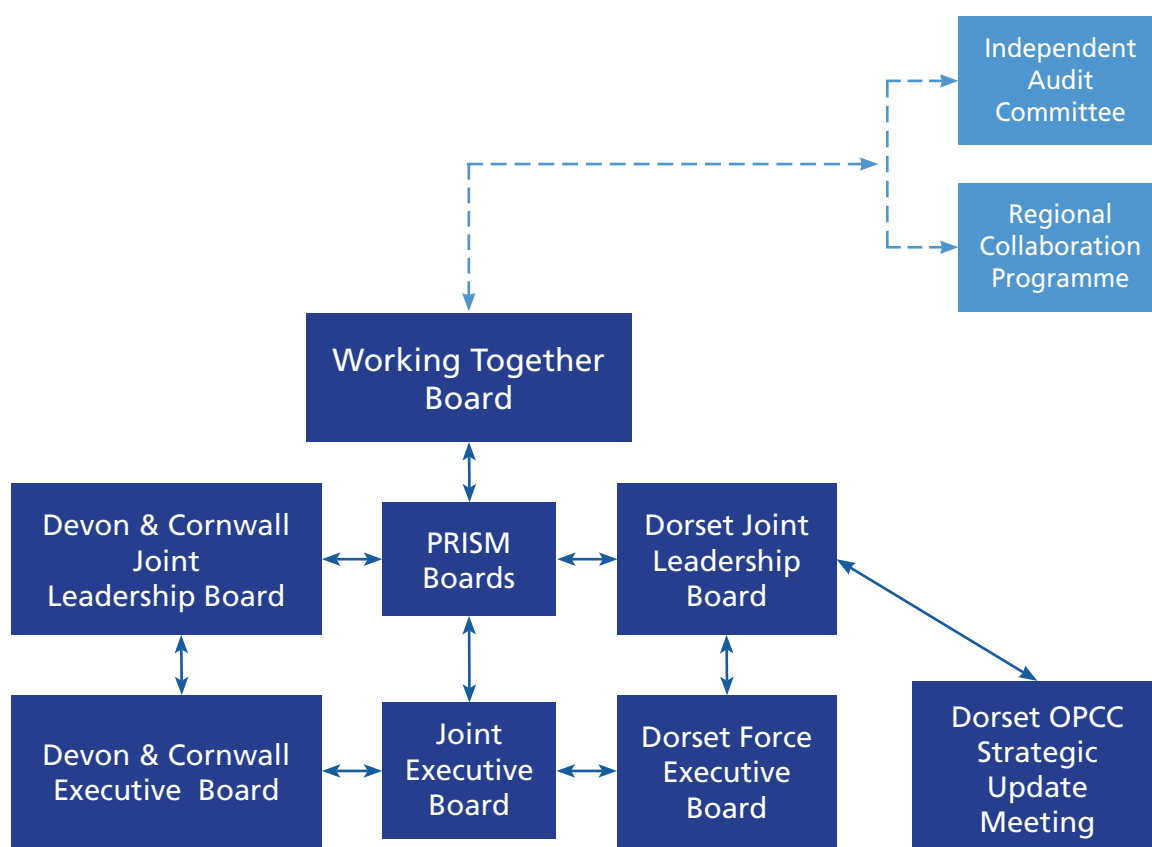
This is particularly notable in relation to the proposed merger between Dorset Police and Devon & Cornwall Police. The convergence work was governed by a separate governance framework, reporting back through the Alliance Convergence Board.

Following the decision in October 2018 not to proceed with the proposed merger between Dorset Police and Devon & Cornwall Police both Chief Constables confirmed their commitment to the Strategic Alliance. However with the Alliance programme nearing completion the few departments still to be aligned have been absorbed into the PRISM (Transformational Change) Programme.

This change in arrangements required a review of governance arrangements which will be considered in 2019 for implementation.

2.2.2 Proposed Structure

It should be noted that this is the proposed structure moving forwards that is in the early stages of consideration.



Working Together Board

The Working Together Board is attended by the Chief Constable, Deputy Chief Constable, the Police & Crime Commissioner and the Chief Executive of both Dorset and Devon & Cornwall to scrutinise and consider strategic information on issues that require joint decision. In their roles as Section 151 Officers both Chief Finance Officers and the OPCC Treasurers of both Forces attend when required.

Dorset Joint Leadership Board

The Dorset Joint Leadership Board is attended by the Dorset Chief Constable and the Police & Crime Commissioner to consider strategic information and provide solutions to current issues specific to the Force.

PRISM (Transformational Change) Board

The PRISM Board is attended and jointly chaired by both Force Deputy Chief Constables who consider strategic information and review progress and risks in order to provide solutions to issues specific to the programme.

Joint Executive Board

The Joint Executive Board is attended by both Chief Constables, their executive teams and senior managers to consider strategic information and current issues which jointly affect both Forces and that require solution.

Dorset Force Executive Board

The Dorset Force Executive Board is attended by the Chief Constable for Dorset, his executive team and senior managers to consider strategic information and current issues for Dorset that require solution by the force.

Dorset Office of the Police & Crime Commissioner (OPCC) Senior Management Team

The OPCC Senior Management Team holds weekly Strategic Update Meetings to discuss key strategic and OPCC operational matters. The Force and OPCC Joint Leadership Board (JLB) also meets weekly, with a 'decision-making' JLB scheduled monthly.

Other Strategic Boards

There are a range of joint and separate Boards supporting the overall governance framework, including a joint Dorset and Devon & Cornwall led Business Board, People Board and Risk & Assurance Board. In Dorset, for example, a Force specific Strategic Performance Board and Resource Control Board inform the executive and OPCC in the support of effective decision making.

Strategic Support

Supporting the executive boards are a number of departments and operational areas that report on their responsibilities for the performance of specific functions. The details of these are recorded under Appendix B.

2.3 OPCC Executive Structure

OPCC Executive Structure Chart

The Police & Crime Commissioner is supported by the OPCC in the delivery of his statutory responsibilities which include developing and delivering his strategic objectives through the Police & Crime Plan, fulfilling statutory duties and responsibilities such as the public sector equality duty, as well as holding the Chief Constable to account for the delivery of an efficient and effective policing service in Dorset. The OPCC is supported by the Chief Constable and the Force Executive in the governance of their affairs and the execution of their duties.

Police & Crime Commissioner (PCC)

The Police & Crime Commissioners hold a statutory responsibility for the development and delivery of strategic objectives set within a Police & Crime Plan. They hold the Chief Constable to account for the delivery of these strategic objectives in line with the delivery of an efficient and effective police service. They are responsible for hiring the Chief Constable, and setting the annual police precept.

The Police & Crime Commissioner for Dorset is supported by a Senior Management Team (SMT) for the OPCC, which is recorded below:



The Police & Crime Commissioner has a statutory duty under the Local Government Act 1999 to secure continuous improvement in the way in which functions are exercised. They have responsibility under the requirements of public sector equality duties to eliminate discrimination, advance equality of opportunity and to foster good relations during the delivery of their functions.

Chief Executive and Monitoring Officer (CEO)

The Chief Executive holds statutory responsibility to advise the Police & Crime Commissioner on the Force's operational performance that supports the delivery of the Police & Crime Plan. They ensure the OPCC is managed effectively and are responsible for the commissioning and delivery of contracted services. The Chief Executive is also the Monitoring Officer and is responsible for the provision of effective legal advice that ensures the Police & Crime Commissioner and the Force remain compliant with laws and regulations.

Chief Finance Officer (Treasurer)

The Chief Finance Officer holds statutory responsibility for the integrity of financial controls and the effective provision of resources. This includes financial planning and long term treasury management.

Director of Operations

The Director of Operations is responsible for ensuring all OPCC functions are delivered against the Police & Crime Commissioner's vision, strategy and priorities. He provides operational management to all the OPCC's functions; ensuring the effective day-to-day provision of a wide range of OPCC services.

2.4 Transformational Change

2.4.1 The Strategic Alliance

In March 2015 an agreement was signed between Dorset Police and Devon & Cornwall Police and their respective Police & Crime Commissioners formally entering into a Strategic Alliance. The four entities of the Strategic Alliance support a commitment to work together as a single team to support the delivery of an effective police service.

Some governance remains outside of the Strategic Alliance structure. The law requires separate Police & Crime Commissioners, Chief Constables and Police & Crime Panels. Both Chief Constables therefore remain operationally independent and accountable to their respective Police & Crime Commissioners.

As a transformational programme the Strategic Alliance project team is accountable to the four legal entities for the delivery of the programme objectives. Since its inception the alliance has been successful in its aim of aligning support functions and delivering shared services where possible. This has increased efficiencies and supported cost savings across the two Forces. As the programme nears conclusion it has been incorporated into the PRISM (Transformational Change) Programme.

2.4.2 PRISM (Transformational Change) Programme

The Police Response Investigation and Safeguarding Model PRISM (Transformational Change) Programme aims to redesign operational policing and service delivery across the Strategic Alliance.

Changing demands and reducing resources have required the organisation to transform rather than reform all aspects of service delivery.

The joint PRISM transformational portfolio has been created to support all change activity across the Strategic Alliance transforming both Forces' current and future capacity to meet demand and to deliver improved service quality.

2.4.3 Regional Collaboration Programme

Dorset Police also collaborates regionally with the other four South West Forces (Avon & Somerset, Devon & Cornwall, Gloucestershire and Wiltshire). This successful collaboration not only involves operational policing units such as the Regional Organised Crime Unit, but also support functions such as procurement.

The regional collaboration is governed by the South West Police Collaboration Strategic Board, with standing members including the Police & Crime Commissioners, Chief Constables and Chief Executives from each Force area.

2.5 Independent Audit Committee

The Independent Audit Committee is a key component of corporate governance for Dorset Police and Devon & Cornwall Police and their respective OPCC's. Their purpose is to provide independent advice, assurance and recommendations to the Executive on the adequacy of internal controls, financial management, and governance and risk management frameworks. To this end the committee is enabled and required to have oversight of, and provide independent review of the effectiveness of all governance, risk management and control frameworks, financial reporting and the annual governance processes, including internal and external audit.

The six members of this committee are independent of both the Police and the Police & Crime Commissioner and are appointed from across Dorset, Devon and Cornwall for their blend of experience, knowledge and skills.

2.6 Independent Assurance and Scrutiny

2.6.1 Internal Audit

The Independent Audit Committee is informed by the work of the appointed internal auditors, currently the South West Audit Partnership (SWAP). They deliver an annually agreed risk-based internal audit plan across Dorset Police and Devon & Cornwall Police Forces and OPCC's. The audit reports provide assurance on working practices across all four legal entities.

2.6.2 External Audit

The external audit function is delivered by an independent body appointed to provide oversight of the annual financial accounts.

The external auditors are appointed by an independent body, the Public Sector Auditor Appointments (PSAA), which also reviews the quality of their work. The external auditors for the financial year 2018/19 are Grant Thornton who provide independent financial and consultancy services worldwide.

The external auditors for the financial year 2017/18 were KPMG who issued an unqualified opinion on the Dorset Police & Crime Commissioner's and Chief Constable's financial statements. This provides key external stakeholders, including the public, with assurance that the financial statements give a true and fair view of the financial position of the Police & Crime Commissioner and the Force. They also issued an unqualified conclusion on the Police & Crime Commissioner's and Chief Constable's arrangements to secure value for money for 2017/18, which means that during the year the Police & Crime Commissioner and Chief Constable had appropriate arrangements for securing economy, efficiency and effectiveness in the use of resources. The audit is conducted in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

2.6.3 Ethics and Appeals Committee

The Ethics and Appeals Committee (EAC) provides the Police & Crime Commissioner and Chief Constable with independent assurance and advice on ethics and integrity matters. Wider ethical issues are considered by the Joint Ethics Committee which covers Dorset and Devon & Cornwall Police Forces.

2.6.4 Scrutiny Panels

The Police & Crime Commissioner has established a suite of independent scrutiny mechanisms.

The best known of these is the Independent Custody Visitor (ICV) Scheme which provides an independent check on the welfare of people who are detained in custody. There are currently between 18 and 24 volunteer ICVs. The ICV Panel meets on a quarterly basis. The ICVs receive regular training from both Dorset Police and the OPCC on topics/material provided by the Independent Custody Visiting Association (ICVA).

Independent Custody Visiting is a national initiative, supported by the ICVA, whereby specifically trained members of the public make random and unannounced visits to custody suites to check on the welfare of detainees and the conditions they are being held in.

The Police & Crime Commissioner also operates scrutiny panels for Customer Service Improvement, Out of Court Disposals (OoCD), Use of Force, and Stop and Search activity by the Force.

The Customer Service Improvement Panel considers all forms of public contact with the police including website, social media, and front line officers. The Panel also has agreed service levels for the 101 telephone service.

Out of Court Disposal (OoCD) is a method used to allow the police to deal efficiently and effectively with less serious and often first time offending that can be proportionately and more appropriately handled without going to court. The OoCD Panel considers the appropriateness of the disposal as a remedy for the offence by review of a dip sample of cases.

The Use of Force Scrutiny Panel scrutinises the use of force by Dorset Police.

This was previously a joint Panel with Devon and Cornwall Police & Crime Commissioner looking at use of force by both Forces. At the Panel meeting held in May 2018, it had become apparent that the differing governance structures of the Forces made it particularly challenging to offer an efficient and effective scrutiny process.

Both Police & Crime Commissioners wished to continue with the independent scrutiny process and, after careful consideration, decided to operate as separate panels for Dorset, Devon and Cornwall.

The Dorset Use of Force Scrutiny Panel has continued to operate independently, meeting on a quarterly basis.

The Police & Crime Commissioner has recently established a Stop and Search Scrutiny Panel to scrutinise the use of stop and search powers by Dorset Police and identify areas of concern or good practice.

Consideration is currently being given in conjunction with the Force as to how best to approach scrutiny of hate crime.

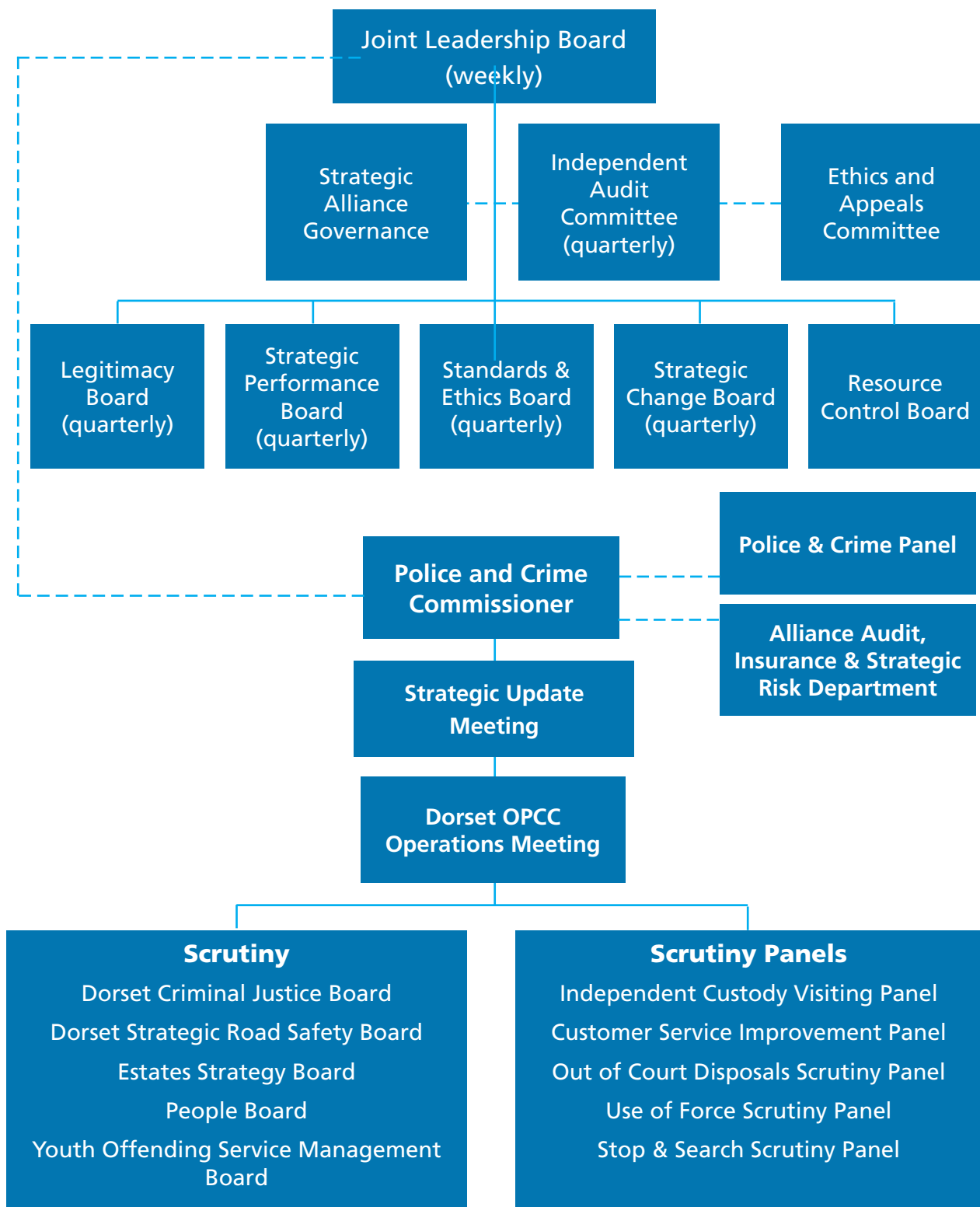
2.6.5 Strategic Board Structure

The Senior Management Team meets weekly to discuss key strategic and OPCC operational matters. The Force and OPCC Joint Leadership Board (JLB) also meets weekly, with a 'decision-making' JLB scheduled monthly.

As part of the Single Governance Model for the Force and OPCC, the Chief Officer team govern the Force through a series of strategic meetings. Each board has a set membership and terms of reference that defines its purpose and agenda. The Police & Crime Commissioner or a representative attends all strategic-level boards, some of which are also jointly chaired by the Police & Crime Commissioner and relevant Chief Officer.

A separate governance structure is also in place for oversight of the Strategic Alliance Programme, including a Programme Board and Delivery Group. The Police & Crime Commissioner and/or representatives from the OPCC sit on each of these meetings.

The hierarchy board meeting structure is provided below:



2.6.6 Police & Crime Panel

The Police & Crime Panel supports and challenges the Police & Crime Commissioner on strategic actions and decisions and ensures that relevant information is made available to the public so that they can effectively hold the Police & Crime Commissioner to account.

3. The opinion on the level of assurance that the governance arrangements provide

3.1. Governance arrangements against the seven principles

Each year the Force and OPCC review current governance arrangements against delivery of service. The assessment framework below is from the CIPFA guidance document 'delivering good governance: guidance for policing bodies in England and Wales (2016 edition)'.

The assessment of arrangements against the seven principles of good governance considered the effectiveness of a range of evidence across the Force and OPCC from strategies, policies and procedures to independent reviews, audits and inspections. The review also took into account the views of senior management and professional leads.

3.2. Self- assessment and methodology

The following summarises the corporate governance framework self-assessment review for the OPCC against each of the seven principles of good governance.

The attached table provides the assurance definitions.



Assurance Definitions	
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	The areas reviewed were inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

4. An agreed action plan

4.1. Actions 2018/19

No significant governance issues have been identified in 2018/19. However, for completeness the following table provides an action plan to address the minor issues identified.

Principle	Action to be delivered in 2019/20
Defining outcomes in terms of sustainable economic, social and environmental benefits.	The decision not to proceed with the proposed merger between Dorset Police and Devon & Cornwall Police has required a review of governance and reporting arrangements that support effective planning and decision making. The proposed governance structure is being considered and implemented as agreed but has not yet had time to embed or be reviewed for effectiveness.
Developing the Force's capacity including the capability of its leadership and the individuals within it.	Over the eight years of austerity the reduction in central funding and precept has forced a reduction in Force capacity. Robust financial planning and the transformational change programmes like the Strategic Alliance with Devon & Cornwall Police and the PRISM programme have increased efficiencies and improved the capacity of the Force. There have been significant investments in talent, leadership and wellness to enhance both capacity and capability. The Force continues to review its financial position while planning for an effective Force for the future.

5. Reference to how issues raised in the previous year's AGS have been resolved

5.1. Dorset OPCC 2017/18 progress update

No significant issues were identified during 2017/18. For completeness the following table provides an update on the minor issues addressed.

Reference	Risk / Challenges 2017 / 18	
G. Transparency & Accountability	The complexity of current governance arrangements following the creation of the alliance and the development of PRISM has led to a potential lack of clarity regarding the board structure and roles and responsibilities that support decision making. This can in turn lead to delays in ensuring the correct information reaches the right forum for timely decision making.	On-going: The decision not to proceed with the proposed merger between Dorset Police and Devon & Cornwall Police has required a review of governance and reporting arrangements that support effective planning and decision making. The revised governance structure is in place but has not yet had time to embed or be reviewed for effectiveness.
	As part of the continued work to ensure appropriate transparency of decision making to the public under Freedom of Information and Data Protection criteria, particularly in relation to Alliance decisions, the implications are being considered of the General Data Protection Regulation (GDPR) which is due to come into effect in May 2018.	<p>A programme of measures has been implemented, designed to ensure compliance with the provisions of the new Data Protection Act 2018 and GDPR. These include:</p> <ul style="list-style-type: none"> • The Memorandum of Understanding between the Force and OPCC for Service Provision was refreshed and signed in July 2018. • The Memorandum of Understanding between the Force and OPCC for Information Sharing was refreshed and signed in January 2019. • OPCC staff have completed the NCALT Information Management (GDPR) training and additional departmental training is planned. • Dorset OPCC Privacy Notice has been reviewed to provide greater detail under GDPR. • Force legal advice has been obtained to confirm that in cases where the public, contact the OPCC, consent is not always needed to share information with the Force e.g. to comply with the law or to carry out our official function.

Reference	Risk / Challenges 2017 / 18	
F. Risks and Performance	The Force is challenged to deliver against a background of finite resources available to meet increased public demand.	In the context of the Strategic Alliance, the Police & Crime Commissioner continues to scrutinise and monitor Force performance and delivery against plan objectives.
F. Managing risks and performance through robust internal control and strong public financial management	Effective financial management.	The Police & Crime Commissioner has continued to monitor the implementation of the agreed enhanced budget monitoring procedures against the objective of ensuring that financial reporting is not only accurate and timely but also transparently comprehensive, consistent and comparable.
	Commitment to reform.	The Police & Crime Commissioner has continued to monitor progress towards improving productivity and efficiency to deliver a better, more transparent service to the public in accordance with the Government's stated priorities.

6. The Conclusion

6.1 Strategic Objectives

This statement is written on behalf of the Dorset Police & Crime Commissioner in line with CIPFA Standards. The Office of the Police & Crime Commissioner is responsible for ensuring that public money is used effectively and that there are proper governance arrangements in place.

The overall strategic plan for policing in Dorset is set out in the Police & Crime Commissioner's Police & Crime Plan. This plan is fully consulted with the Chief Constable and outlines four broad policing priorities:

- Protecting people at risk of harm
- Working with our communities
- Supporting victims, witnesses and reducing offending
- Transforming for the future

6.2 Overall Opinion and Signature

Opinion

Based upon the above review of the governance framework in accordance with the assurance definitions listed in section 3.2, the overall assurance opinion is **substantial**.

The Force and OPCC have all the elements of good governance, which are working well; however, in recognition of the decision not to proceed with the potential merger between Dorset and Devon & Cornwall Police and their respective OPCC's, there remains a continued need for transformational change and therefore a requirement for ongoing work in order to maintain and improve the effectiveness of corporate governance. During the eight years of austerity Dorset Police has continued to deliver a high standard of policing with limited resources through robust governance and financial arrangements.

The Force and OPCC are committed to a process of continual improvement of governance. The OPCC will work with our Strategic Alliance partners in Devon and Cornwall, to deliver these arrangements and we are satisfied that measures will be put in place to address the weaknesses identified in the review of effectiveness. We will monitor improvement as part of our next annual review.

Based upon the above review of the governance framework in accordance with the assurance definitions listed, the overall assurance opinion is substantial.

The Police & Crime Commissioner has all the elements of good governance, which are working well; however, in recognition of the Strategic Alliance and transitional change arising from this, there remains a need for ongoing work in order to maintain the effectiveness of the system.

The Police & Crime Commissioner is committed to a process of continual improvement of governance and, as part of the next annual review, will monitor the implementation of:

- Ongoing Data Protection and GDPR compliance;
- Force performance and delivery against plan objectives;
- The agreed enhanced budget monitoring procedures; and
- The continued programme of transparency.

Signed:

Dated:

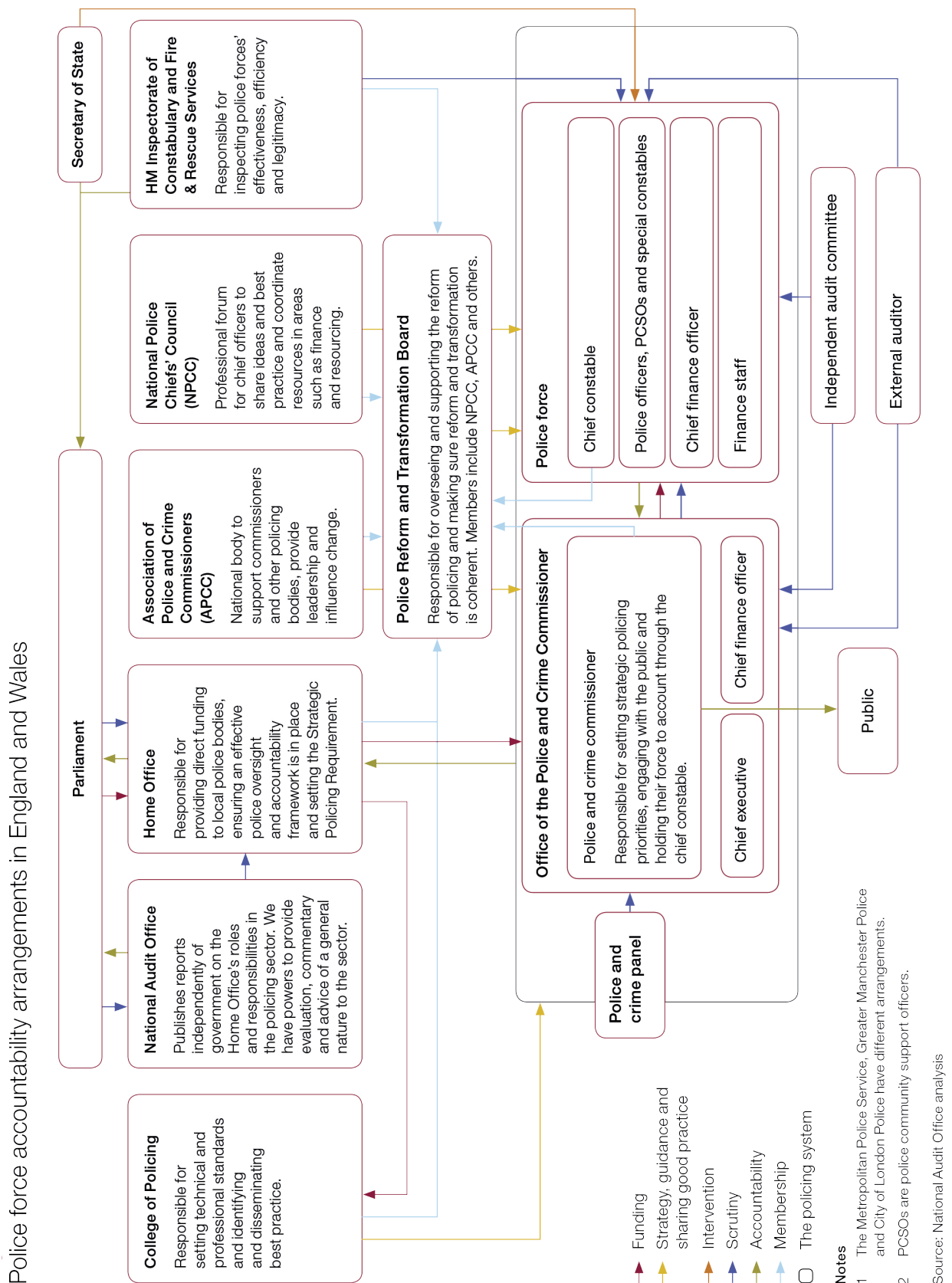
Martyn Underhill
Police & Crime Commissioner

Simon Bullock
Chief Executive & Monitoring Officer

Appendix A

Nation Audit Office (NAO) Police force accountability arrangements in England and Wales

Flow chart from the NAO Financial sustainability of police forces in England and Wales 2018 report.



Appendix B: Links to Supporting Information

Office of the Police and Crime Commissioner for Dorset Links

- [Police and Crime Plan](#)
- [Contact Us](#)
 - [About Us](#)
 - [Police & Crime Commissioner - Martyn Underhill](#)
 - [Our Structure](#)
 - [Meet the OPCC Team](#)
 - [Police & Crime Panel](#)
 - [Community Volunteers](#)
- [The Police & Crime Plan](#)
- [Get Involved](#)
- [News and Blog](#)
- [Events](#)
- [Working in Partnership](#)
- [Transparency](#)
- [2017/18 Annual Engagement Report](#)
- [What we Spend and How We Spend It](#)

Dorset Police Links

- [Do it Online](#)
 - [Make a Complaint](#)
- [News and Information](#)
 - [About Dorset Police](#)
 - [Our Priorities](#)
 - [Departments and Sections](#)
 - [Policies](#)
 - [Crime Statistics](#)
 - [Reports and Publications](#)
 - [People, Confidence and Equality](#)
 - [Accessing Information](#)
 - [Facts about the Force](#)
 - [Your Dorset Your Police Your View](#)
 - [Strategic Alliance](#)
 - [Dorset Police People](#)
- [Contact us](#)

Independent Police Complaints Commission: Dorset information

- [Investigations and Commissioner's Reports](#)
- [News Releases](#)
- [Performance Data](#)
- [Recommendations for Dorset Police](#)

Her Majesty's Inspectorate of Constabulary (HMIC)

- [Dorset Police Profile](#)
- [PEEL: assessment 2016 - Dorset Police](#)
- [PEEL: assessment 2017 - Dorset Police](#)

Dorset Departments

Crime and Criminal Justice

- Major Crime
- Serious and Organised Crime
- Public Protection
- Intelligence
- Criminal Justice
- Custody
- Special Branch

Territorial Policing

The delivery of local policing initiatives:

- Safer Neighbourhood Teams
- Special Constabulary
- Rural Crime Teams
- Victims Bureau

Contact Management

- Call Handling and Police Deployment
- Performance & Analysis
- Performance and Demand
- Internal and External Inspections
- Data Submission
- Data Recording and Accuracy managed by the Force Crime Registrar

Professional Standards

- Complaints and Misconduct and the Disclosure and Barring Service for Devon & Cornwall (DBS)

Prevention

- Crime Reduction
- Reduced Offending
- Reduced Victimisation
- Licensing
- Problem Solving
- Volunteering
- Alcohol Licensing
- Firearms licensing

Strategic Alliance Departments

Professional Standards (Alliance phased implementation)

- Complaints
- Confidential Reporting
- Vetting

Operational Support Command

- Roads Policing
- Dogs
- ANPR
- Operational Planning

Information Management

- Information Assurance
- Freedom of Information and Data Protection
- Records Management
- Disclosure and Data Sharing

Finance

- Financial Planning
- Accountancy
- Budget Management
- Payroll
- Purchasing
- Exchequer

Legal Services

- Legal Advice and Representation

People Services

- Workforce Planning
- Recruitment
- Training
- Absence Management
- Contracts
- Employment Legislation

Business Change

- PRISM
- Local, Regional and National Change Programmes

Fleet

- Fleet Safety and Compliance
- Vehicle Capacity and Capability

ICT

- ICT Systems Support through Design
- Development
- Implementation
- Repair and Maintenance

Audit, Insurance and Risk

- Business Management providing organisational and public assurance

Communication and Engagement

- Internal Communications and Public Engagement including social media

Estates

- Building Repairs and Maintenance
- Management of capital assets that meet future operational requirements

Appendix C: Review of Effectiveness

Below is a summary of the evidence captured under each category of the statement.

A. Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Substantial assurance provided

The Dorset Police Professional Standards department reports quarterly to the Dorset Standards and Ethics Board to consider Force standards of behaviour. This Board is jointly chaired by the Police & Crime Commissioner and Chief Constable and is designed to provide strategic governance for the maintenance and development of standards of ethical and professional conduct and behaviour for the Force. This includes transparency, integrity and accountability including an oversight of complaints handling and reports of misconduct. Professional Standards maintain registers for the receipt of gifts and hospitality and business interests, and manage the Notifiable Association Policy. Details of gifts and hospitality, OPCC expenditure and spend over £500 are published on the OPCC web site.

The Dorset Ethics and Appeals Committee provide independent support to the Police & Crime Commissioner and Chief Constable through challenge and scrutiny in the delivery of the Policing Service. The Commissioner and Chief Constable can request the committee to review any aspect of professional and ethical conduct and behaviour. This includes crime data quality, independent custody visiting arrangements and complaints handling.

There is a joint Devon & Cornwall and Dorset Ethics Committee that meets quarterly to consider ethical issues for solution across both Forces. This is chaired by the Alliance Head of Legal Services and Reputation with representation from both Police Forces and their respective OPCC.

Compliance to laws, regulations, policies and procedures can be evidenced by the low level of liability claims and legal challenge against the Force. The joint Legal Services department provides support and advice on legal matters and represents the Force at court when appropriate. Most allegations of police misconduct are investigated internally by the Professional Standards department with the oversight of the Independent Office for Police Conduct (IOPC). More serious allegations of misconduct or criminal offences are referred to the IOPC for independent review.

Health and safety practices are regularly reviewed to ensure that procedures are completed that support compliance with law and regulations.

The Chief Finance Officer for Dorset Police discharges their duty under the Police Reform and Social Responsibilities Act 2011 for proper financial administration through a series of executive level meetings held jointly between the Force and OPCC. These meetings are designed to safeguard lawfulness and propriety in expenditure, and to ensure the legality of the actions and decisions made by the Chief Constable and Police & Crime Commissioner.

The Dorset OPCC Chief Executive works with the Treasurer to secure the most efficient use of public funds that serve to enhance policing for local communities. The principles

A. Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Substantial assurance provided

of goodwill, professionalism, openness and trust underpin the relationship and all parties do their utmost to make the relationship work.

The Dorset Joint Leadership Board is the monthly hierarchy decision making forum attended by the Chief Constable, Police & Crime Commissioner, Chief Executive and Treasurer. Any significant decisions made are published on the OPCC website.

Decisions relating to the Alliance, PRISM and business change are taken to the Working Together Board for consideration by both Chief Constables and Police & Crime Commissioners for Dorset Police and Devon & Cornwall Police as part of the Strategic Alliance working arrangements.

B. Ensuring openness and comprehensive stakeholder engagement.

Substantial assurance provided

The OPCC for Dorset supports an active campaign of engagement with the public through surveys, face to face meetings and through the use of social media and digital forums. The Commissioner provides regular blogs to the public on local issues, messages via twitter and Facebook and produces regular newsletters available electronically or in hard copy on request. The public can subscribe to Dorset Alert which is a free service that provides updates on current crime and items of interest. The Police & Crime Commissioner's website contains details of local and regional events and provides information on how to make direct contact with the Police & Crime Commissioner including requests for information.

The OPCC publication scheme available on the website ensures compliance with the statutory requirements of the Specified Information Order 2011 and Amendment Order 2012. The scheme commits the Police & Crime Commissioner to the publication of information about their daily business as part of normal business. All mandatory information including pecuniary interests, the financial accounts, details of gifts and hospitality, conflicts of interest and association declarations are easily available. In the support of transparency, papers from executive meetings, decision logs, performance data, inspection reports and crime statistics are all available. The scheme is based on the publication model approved by the Information Commissioner's Office which is an independent body that holds the public agencies to account for the provision of statutory information.

Under the terms of the Crime & Disorder Act 1998 the Office of the Police & Crime Commissioner has a statutory duty to work with local partners to provide a joined approach to the reduction of crime. Three Community Safety Partnerships have been established for the communities in Bournemouth, Poole and Dorset. The OPCC works with Dorset Police and their partner agencies, the probation service, local authorities, fire and rescue service and primary care trusts to formulate strategies and plans that tackle crime, disorder and drug misuse in the local area. These mandatory partnerships are funded and monitored by the OPCC with all information on progress and improvements available on the website.

B. Ensuring openness and comprehensive stakeholder engagement.

Substantial assurance provided

The Force and OPCC work closely with many other multi-agency partnerships to share information that drives strategic planning for the benefit of the public. This includes the Dorset Criminal Justice Board which brings together the key agencies to improve the criminal justice system in Dorset, including the monitoring of restorative justice arrangements. The Police & Crime Commissioner is a member of the Dorset Combined Youth Offending Service Partnership Board which works with young people to prevent them committing crime and aims to reduce re-offending by young people. The Pan Dorset Sexual Violence Strategy Group and the Pan Dorset Domestic Abuse Strategy Group are supported by the OPCC and dedicated to improving services for the vulnerable. Various Dorset Watch Schemes are supported that meet the needs of local people and businesses.

Consultation through public surveys is undertaken and is used by the Force and OPCC to assess victim satisfaction and public confidence. The Office for National Statistics analyses crime data to produce the Crime Survey for England and Wales which evaluates Force performance and service delivery across the two countries. This local and regional information is evaluated as part of the Force capacity and demand analysis that informs executive planning, monitoring and decision making.

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

Reasonable assurance provided

The objectives of the Police & Crime Plan are communicated to the public on the OPCC website. The achievement of objectives are evaluated and reported through performance analysis and public satisfaction surveys. The plan is designed to bring long term benefits to the residents of Dorset, to reduce crime, improve standards of living and make local communities safer.

A business plan for a proposed merger between Dorset Police and Devon & Cornwall Police was developed and communicated to the Home Office and the public during 2018/19. Following extensive public consultation, overall support was gained. However, it was decided by the Devon & Cornwall Police & Crime Commissioner that the merger should not be pursued at this time.

The annual Force Strategic Assessment evaluates overall Force capacity and capability through demand and performance analysis. This enables the development of sustainable long term plans that deliver the objectives of the Police & Crime Plan. The plan is designed to bring long term benefits to the residents of Dorset to improve standards of living and make local communities safer.

Force Management Statements are completed annually by senior managers within the Force to identify potential future demand. This supports financially sustainable workforce design and establishment plans for the delivery of current and long term policing priorities.

Management arrangements for the Safer Dorset Fund are reported on the OPCC website and set out the funds allocated and key objectives of the specialist services commissioned

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

Reasonable assurance provided

by the OPCC. This does not include statutory partners who are managed and reported on separately. The fund is allocated in two ways, the Community Grant Scheme has been established as a funding source for voluntary and community sector organisations to deliver projects that meet one or more of the Police & Crime Plan priorities. Grants of between £100 and £3,000 are available, and applicants must evidence how they will contribute to making Dorset a safer place and increase public reassurance. The main priority of the Community Grant is to provide funding to enable innovative projects to get started or to 'pilot' initiatives that make a positive difference to Dorset's communities. The Priority Commissioning Scheme has been established to commission projects in areas of need where gaps in service provision have been identified by partner agencies, which meet the 2017/2021 Police & Crime Plan priorities. The OPCC commissioning team work together with partner agencies to identify potential gaps in service provision, work to find sustainable solutions and commission appropriate organisations or partners to provide services in the identified areas.

The PRISM (Transformational Change) Programme evaluates and prioritises major projects to support smooth implementation and the speedy achievement of benefits. The Strategic Alliance programme with Devon & Cornwall Police was designed to deliver shared service across both Forces. This has reached a successful conclusion with the few outstanding business cases incorporated into the PRISM Programme for implementation. A flexible approach to governance has been adopted and a new meeting structure has been established to ensure effective decision-making.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

Substantial assurance provided

The Force and OPCC support the delivery of good governance through a framework supported by the organisational meeting structure. Each board has a clearly defined purpose matched to the responsibilities of the members. The speed of change has required a flexible approach to the governance framework and meeting structure. The Executives of both the Force and OPCC have a clear understanding of their statutory roles and responsibilities and work closely together to achieve their objectives. The new organisational structure is expected to support effective assessment on the delivery of plans, both Force and OPCC specific and those designed for adoption across the Alliance.

The OPCC is also responsible for the commissioning of specialist services which will secure or contribute to a reduction in crime and disorder in the community. The Safer Dorset Fund Community Grant has been established as a funding source for voluntary and community sector organisations to deliver projects that meet one or more of the Police & Crime Plan priorities. Applicants must evidence how they will contribute to making Dorset a safer place and increase public reassurance. Existing projects are considered but the main priority of the Community Grant is to provide funding to enable innovative projects to get started or to 'pilot' initiatives that make a positive difference

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

Substantial assurance provided

to Dorset's communities. Applications undergo an initial review to ensure they meet the criteria and are then considered by a panel of senior officers within the OPCC, before being presented to the Police & Crime Commissioner for a final decision. Arrangements for monitoring the outcomes of activities often take place using a multi-agency approach overseen by a number of key partnerships, in order to evaluate success and inform future commissioning decisions.

The Deputy Chief Constable and the Police & Crime Commissioner jointly chair the Dorset Strategic Performance Board to consider overall Force performance against service delivery. Commanders, senior managers and business leads are held to account for their performance in comparison to strategic objectives and national, regional and most similar Force benchmarking. Progress on Her Majesty's Inspectorate of Constabulary (and the Fire and Rescue Service) reports and recommendations are reviewed and lessons learnt are shared to improve performance and maximise the use of resources.

E. Developing the Forces capacity including the capability of its leadership and the individuals within .

Reasonable assurance provided

The early years of austerity saw the reduction in central funding and precept received by the organisation and caused an initial reduction in police officer numbers. In the past year the Police & Crime Commissioner has sought to maintain funding levels to the force to create stability in police officer numbers. The consultation with the public on the level of precept resulted in a £12 increase in 2018/19.

The Corporate Development department analyse demand and performance data to assess Force capacity and capability. These are recorded in the Force Strategic Assessment & Control Strategy which determines the operational priorities for the organisation. This information is used to assess operational requirements and develop the workforce design. The Strategic Workforce Planning framework links establishment controls, organisational design and effective financial planning. The Force financial strategies support the provision of a sustainable workforce taking into account the requirements for recruitment, training and succession planning.

Force Management Statements are an annual self-assessment introduced by the HMICFRS as part of a three-year plan to provide information on future demand and resources, with the aim to improve financial planning and decision making. The first statement was produced as a pilot in 2018 with the development of a full statement on the efficiency and effectiveness of the Force expected in 2020. The statement provides an explanation of the demand expected over the next four years and how the force will change and improve its workforce and assets to meet this demand. This includes organisational design that matches future capability to potential demand alongside sustainable financial planning.

The future capacity and capability of the force relies on the decisions that are financially sound and based on accurate, relevant information. To support this all roles have job

E. Developing the Forces capacity including the capability of its leadership and the individuals within.

Reasonable assurance provided

descriptions that clearly define their responsibilities, with appraisals completed annually to assess individual performance and to identify any personal development training requirements. Organisational design is managed through a workforce supply and demand process that balances future requirements for skills and leadership with workforce availability. This matches the current and future organisational structures with training and recruitment plans to ensure that effective succession planning is in evidence, getting the right skills, in the right place at the right time.

At a time of reducing resources, staff health and well-being is an Executive priority, with internal and external support available to all staff in the maintenance of their physical and mental health. The Alliance Health and Well-being Strategy is centred on a well-being framework that balances the organisational responsibility for creating good working conditions with individual responsibility to promote and safeguard well-being and fitness at work. The mental well-being plan seeks to promote, protect and support people at work by addressing mental health awareness, promoting open conversations about mental health, good working conditions, effective people management and monitoring health and well-being.

The Alliance Organisational Development Strategy sets out the strategic objectives designed to build on organisational culture and support enhanced leadership capabilities in the two forces. The Leadership skills audit conducted in 2018 has informed the prioritisation of leadership development and supports the Talent Development initiative. Despite the current financial context, the Forces have recognised the importance of continued investment in this area to meet current and future needs for talent, well-being and health.

Changes to process and procedures are communicated to all officers and staff through the internal communications system. This ensures staff remain aware of their responsibilities in support of legal and financial regulations.

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

Substantial assurance provided

A joint Risk and Assurance Board has been established to ensure that risk arrangements remain effective and to support improvement across the Alliance. The Dorset force and OPCC maintain separate risk registers that are used to improve accountability and decision making. Risk reports are provided to the OPCC executive and senior management team on a regular basis to ensure they are aware of any strategic risks in order that mitigating action can be taken and controls introduced.

The OPCC Chief Executive is the Senior Information Risk Owner (SIRO) with responsibility for information management and data quality for the Office of the Police & Crime Commissioner. The Alliance Head of Legal Services, Reputation and Risk is the (SIRO) across both Forces.

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

Substantial assurance provided

There are effective counter fraud and corruption procedures in place across both organisations with cohesive working arrangements between Professional Standards, Audit, Finance and Legal Services. Regular reports are provided to the executive on the effectiveness of arrangements with independent scrutiny provided by the internal auditors on any weaknesses identified, including regular review of the controls in place to prevent financial error or fraud.

Dorset Police completes the mandatory National Fraud Initiative set by the Cabinet Office. No incidents of fraud were detected from the data matches created from the 2017/18 submission.

The Dorset OPCC Chief Finance Officer is the Police & Crime Commissioner's Section 151 Officer under the terms of the Local Government Act 1972. The respective responsibilities of the Chief Finance Officers for the Police & Crime Commissioner and the Force are explained in the 'CIPFA Statement on the Role of the Chief Financial Officers in Policing'. Various financial strategies are developed to resource the delivery of strategic objectives in the immediate and longer term. This ensures public money is safeguarded and used appropriately, economically, efficiently and effectively. All financial strategies are reported to the Independent Audit Committee for their consideration and are available to the public via the OPCC website.

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

Substantial assurance provided

The OPCC in Dorset has established a series of scrutiny panels to help the Police & Crime Commissioner hold the Force to account by independent scrutiny of a random selection of cases based on a theme chosen by the panel. The panels are designed to evidence good working practices and identify areas for improvement. Reports are submitted to the Dorset Joint Leadership Board and then to the Police & Crime Panel for consideration. Details of the Dorset scrutiny panels are provided earlier in the statement.

The Police & Crime Panel scrutinises the Police & Crime Commissioner's decisions and the achievement of the Police & Crime Plan. The Police & Crime Commissioner is responsible for demonstrating robust financial management and providing the public with full value for money. The Dorset Police & Crime Panel supports and challenges the Police & Crime Commissioner in the execution of these duties. As a direct result of the announcement by the Secretary of State in February 2018, regarding a change to the future structure of Local Government in Dorset, the Police & Crime Panel needs to change its composition to meet its statutory requirements from April 2019. The current nine councils across Dorset will be dissolved at the end of March 2019 and two new organisations known as Dorset Council and Bournemouth, Poole and Christchurch Council will come into effect. To meet statutory requirements, the new Dorset Police & Crime Panel must consist of a minimum of ten members plus two independent co-opted members. To preserve geographical representation, membership will consist of five members of Bournemouth, Poole and Christchurch Council and five members of Dorset Council plus two independents. The

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

Substantial assurance provided

panel membership must also provide political balance and conduct its business on a non-political basis. The panel meets on a regular basis to scrutinise the actions and decisions of the Police & Crime Commissioner, assess progress on the Police & Crime Plan objectives, to review the proposed council tax precept, and consider any non-criminal complaints against the Police & Crime Commissioner. The Panel is also instrumental in the appointment of the Chief Constable and the Executive.

The internal audit function is undertaken by an independent audit partnership (South West Audit Partnership) to provide objective scrutiny and assurance on the controls in place to prevent error, fraud or corruption. The Audit Charter is reviewed annually to ensure it meets the requirements of the Force and Police & Crime Commissioner and supports the needs of the auditors. The Force and Police & Crime Commissioner must provide adequate resources and open access to any information required by the auditors to complete the annual programme of audits. The schedule includes reviews of financial management and key financial controls, the efficient and effective use of resources and the achievement of operational and programme objectives. The annual plan is agreed by the Independent Audit Committee which operates across the Alliance and which considers recommendations and reports from the auditors.

The statutory Financial Management Code of Practice (FMCP) requires that an Audit Committee is established which is independent of both the Police Force and the Police & Crime Commissioner. The Independent Audit Committee (IAC) is a key component of corporate governance for Dorset and Devon & Cornwall Police and their respective Police & Crime Commissioners. The purpose of the IAC is to provide independent advice, assurance and recommendations on the governance and risk management frameworks. They achieve this through objective challenge and scrutiny of policy, strategy and decision making. This provides independent assurance to the public on the efficiency and effectiveness of key financial controls and fiscal management and reporting. The six members of the IAC have been recruited from the local community for their extensive knowledge and experience in the fields of finance, audit and management. As part of their responsibilities they consider the Treasury and Investment Strategy, the Reserves Strategy, the Capital Strategy and the Medium Term Financial Strategy to ensure the ongoing financial security of the Force.

The Police & Crime Commissioner and Chief Constable publish certified copies of the annual accounts. The external auditors are responsible for the independent scrutiny of financial arrangements and audit the accounts prior to their publication. They provide an annual independent opinion on how the Force provides value for money. They also provide assurance to the public that the accounts provide a true and fair view. The external auditors are appointed by an independent body known as the Public Sector Audit Appointments who review the quality of the auditors' work. Last year the external auditors provided 'unqualified' assurance on the value for money provided by Dorset Police and their financial management. To have achieved this, the OPCC and the Force have evidenced effective use of resources and financial planning.

Glossary



DORSET
POLICE & CRIME
COMMISSIONER

Police and Crime Commissioner for Dorset

Glossary

Accounting Period	The period of time covered by the accounts, usually a full year, which for the Office of the Police and Crime Commissioner runs from 1 April to 31 March.
Accrual	Amounts included in the final accounts to cover income and expenditure relating to the accounting period but neither paid nor received by 31 March. (For example, goods delivered in March but not invoiced by suppliers until April.)
Actuarial Gains and Losses	Changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
Actuarial Valuation	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
Agency Services	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.
Amortised Cost	This method applies to both financial assets and liabilities. It is a method of determining the Balance Sheet carrying amount and periodic charges or credits to the Income and Expenditure Account of a financial instrument from the expected cash flows. This approach sees through the contractual terms (for example discounts and premiums) to measure the real cost that a Police and Crime Commissioner bears each year from entering into a financial liability. The Office of the Police and Crime Commissioner does not currently have any complex financial instruments where the contractual terms vary significantly from the real cost. For this reason the amortised cost of financial instruments is close to contractual cost.
Appropriation	Charges to the revenue account that build up funds and reserves in the balance sheet.
Asset	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
Bid Price	A valuation of financial assets based on the highest price a buyer is willing to offer.
Budget	The Police and Crime Commissioner's plan for providing resources to meet its service obligations. The Office of the Police and Crime Commissioner sets an annual budget within a four year financial strategy.
Capital Expenditure	The cost of buying or building significant assets (e.g. land and buildings) which have a long-term value to the Office of the Police and Crime Commissioner. (<i>Also referred to as capital spending or capital payments</i>).
Capital Grants	Grants received by the Office of the Police and Crime Commissioner that can only be used to pay for capital projects.
Capital Receipts	Income from the sale of capital assets (land, buildings, etc.). In the public sector, there are generally strict rules on what the receipts can be spent on.
Carrying Amount	This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.
Cash Flow Statement	This statement summarises the inflows and outflows of cash.
CIPFA	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
Collection Fund	District and unitary councils pay all receipts from local taxpayers into a "collection fund". They then pay county, police, fire, district, unitary and parish council precepts from the fund.
Contingency	A reserve set aside to meet unexpected costs. For example, the Force always has major operations every year, but can never tell how many will happen or how much each will cost.
Contingent Liability	A possible cost of past events where the amount to be paid is not certain, or when the payment may not actually be made. (For example, where a court case is still undecided.)

Police and Crime Commissioner for Dorset

Council Tax	A tax based on the value of property, which is administered by District and Unitary authorities.
Creditors	Amounts owed by the Police and Crime Commissioner for work done, goods received or services received, but for which payment has not been made by the end of the accounting period.
Current Assets and Liabilities	Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.
Current Service Cost	The increase in the benefits earned by employees in the current period based on their pay and length of service. This is charged to the net cost of services.
Curtailments	Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency or redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.
DCLG	Department for Communities and Local Government. This was renamed MHCLG (Ministry of Housing, Communities and Local Government) in January 2018 as part of a cabinet reshuffle.
Debtors	Amounts due to the Police and Crime Commissioner but unpaid by the end of the accounting period.
Deferred Charges	Costs built up when preparing for a capital project that does not eventually create or buy a fixed asset. Deferred charges are written out of the accounts in the year they are incurred.
Defined Benefit Scheme	A pension scheme which defines the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
Depreciation	The accounting principle that spreads the cost of a fixed asset over its useful working life.
Discretionary Benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Police and Crime Commissioner's discretionary powers.
Earmarked Reserves	These reserves represent monies set aside to be used for a specific purpose.
Exit Costs	These are costs of packages for which the Police and Crime Commissioner is demonstrably committed to. The cost of the package includes the termination benefits, all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.
Expected Return on Assets	The average rate of return expected over the remaining life of the pension scheme from the actual investments held by the scheme. Fees charged by investment managers are taken out. The net income is credited to net operating expenditure.
Experience Gains and Losses (IAS 19 Pensions disclosure)	This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.
Fair Value	This is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. In most cases, this amount will be the transaction price, e.g. the amount of a loan made.

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Fixed Assets	Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.
FVOCI	Classification of Financial asset. FVOCI stands for, Fair Value through other Comprehensive Income.
FVPL	Classification of Financial asset. FVPL stands for, Fair Value through profit or loss.
International Financial Reporting Standards (IFRS)	Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.
Home Office Grant	A central government grant paid by the Home Office to Police and Crime Commissioner's in support of their day to day expenditure.
Impairment	A loss in the value of a fixed asset, caused by physical damage (such as a major fire) or a significant reduction in market value.
Intangible Asset	An identifiable asset that has no physical substance can be measured reliably and is used for a period of more than one year.
Interest Cost	The expected increase during the period in the present value of the scheme liabilities because members of the scheme are one year closer to retirement. This is charged to net operating expenditure.
LAAP	Local Authority Accounting Panel sets accounting rules for the public sector.
Loans and Receivables	These occur when money, goods or services are provided to a debtor and payment or repayment will be by fixed determinable payments. Such arrangements are not normally tradable.
Medium Term Financial Strategy	Often referred to as MTFS, it is the financial plan and management of funding, spending and savings over a four year period.
Mid-Price	A valuation of financial assets based on the mid-point between bid and offered prices.
Minimum Revenue Provision	The minimum amount of the Police and Crime Commissioner's outstanding financing commitments that must be charged to the General Fund each year.
Non Distributed Costs (NDC)	For the Police and Crime Commissioner these are principally past service costs relating to pensions benefits earned in prior periods.
Non-Operational Assets	Fixed assets that are not used to deliver direct services. For example, police houses, or assets that are still being built or are no longer used and about to be sold.
Past Service Cost	The increase in the benefits earned by employees from their service in previous years arising because of improved retirement benefits. These costs are paid directly by the employer and are charged to the net cost of services.
Pension Commutation	Commutation is where part of the entitlement to a pension for life is exchanged for a lump sum payable on retirement. This requires a calculation of the current value of the entitlement given up. The calculation is done using actuarial advice. The advice is set out in tables containing 'factors'. The level of the factors depends on age and life expectancy.
Pension Scheme (Defined Benefit)	A pension scheme that pays benefits to members based on the rules of the scheme and not on the value of the pension fund. Benefits are usually based on pay and length of service.
Pension Scheme (Funded)	Each year both employers and members pay standard contributions that are invested in a separate pension fund. Benefits to contributors and their dependants are paid out of investments held in the fund.
Pension Scheme (unfunded)	Members pay a standard contribution each year. The employer then pays the cash difference between members' annual contributions and the annual cost of benefits to contributors and their dependants.

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Precept	A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.
Present value (or Net Present Value)	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.
Principal	The amount of a loan that was actually borrowed, before interest is added.
Provisions	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
Related Parties	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.
Reserves	Amounts set aside to meet the cost of specific future expenditure. The Police and Crime Commissioner plans its reserves as part of a four year strategy.
Revaluation Reserve	The Reserve records the accumulated gains on the fixed assets held by the Police and Crime Commissioner arising from increases in value. It is debited with the part of the depreciation charge for the asset relating to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.
Revenue Support Grant (RSG)	A general central government grant paid to the Police and Crime Commissioner, as well as the Home Office Grant, to support its day to day expenditure.
Running Costs	Costs from the use of premises, transport and equipment, and other general expenditure needed to provide a service.
Specific Grants	Grants (usually from the Home Office) that can only be spent on named services and projects.
Statement of Standard Accounting Practice	Guidance issued by the Financial Reporting Council (FRC) on how to use and apply accounting standards.
Termination Benefits	These are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits excluding any voluntary early retirements.
Third Party Payments	Payments made to outside contractors and other bodies who provide specialist or support services to the Police and Crime Commissioner.