

Chief Constable for Dorset

Statement of Accounts for the year ended 31 March 2019

Unaudited



Chief Constable for Dorset
Officers of the Chief Constable

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 |
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Chief Constable for Dorset
Annual Financial Report 2018/19

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Accompanying Reports

Dorset Police



Chief Finance Officer's Narrative Report

NARRATIVE REPORT by JOHN JONES, CHIEF FINANCIAL OFFICER

1. INTRODUCTION

- 1.1. Welcome to the Chief Constable's Statement of Accounts for 2018/19. The statement of accounts reports the income and expenditure on service provision for the year and the value of the Chief Constable's assets and liabilities at the end of the financial year. This is done in accordance with proper accounting practices as defined in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2. The primary function of the Chief Constable is to provide an efficient and effective police service in Dorset, ensuring that the county remains one of the safest in the country in which to live. The Chief Constable has a number of operational priorities which are based on today's risks, and on what the local communities and the Police and Crime Commissioner have raised as areas of concern. Each year these priorities are reviewed and throughout the year the Chief Constable works with the Police and Crime Commissioner to ensure the Force is focused on them. The current priorities are:
- Protecting people at risk of harm
 - Working with our communities
 - Supporting victims, witnesses and reducing reoffending
 - Transforming for the future
- 1.3. The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. These accounts are the Chief Constable's single entity accounts. The single entity accounts for the Police and Crime Commissioner and the accounts for the Group are presented together in a separate booklet.
- 1.4. The aim of this narrative report is to provide an easily understandable explanation of the Chief Constable's financial and non-financial performance in 2018/19 and its position at the end of the year.

2. THE STATEMENT OF ACCOUNTS

- 2.1. A brief explanation of the purpose of each of the four primary statements is provided below:
- **Movement in Reserves Statement** - for the Chief Constable (page 17), shows the changes in the Chief Constable's financial resources over the year
 - **Comprehensive Income and Expenditure Statement** - for the Chief Constable (page 18) show the gains and losses that contributed to the changes in resources
 - **Balance Sheet as at 31 March 2019** (page 19), shows how the resources available to the Chief Constable are held in the form of assets and liabilities
 - **Cash Flow Statement** (page 20), shows how the movement in resources has been reflected in cash flows
- 2.2. The notes to the accounts include the accounting policies and gives further information on the entries within the main statements as well as supplementary information. These are further supplemented by a glossary of terms.

Chief Constable for Dorset

3. RESOURCES AVAILABLE IN 2018/19

Setting the Financial Strategy for 2018/19 and Beyond

- 3.1. The Police and Crime Commissioner for Dorset allocates the significant proportion of the available annual funding to the Chief Constable. In 2018/19, the allocation to the Chief Constable was £123.4m out of the total Police and Crime Commissioner funding of £125.5m.
- 3.2. The Chief Constable works with the Commissioner in agreeing a Medium Term Financial Strategy (MTFS), identifying budget requirement for the following year and for the subsequent three years.
- 3.3. A significant factor for the Commissioner in setting the 2018/19 budget was the expectation of continuing real terms reductions in central government funding over the period of the MTFS. This was due to no anticipated increase in grant received, against expected inflationary increases in costs. The budget was therefore designed to drive out continued efficiencies, primarily through the work with Devon and Cornwall Police on the Strategic Alliance. These efficiencies largely fall within the allocation to the Chief Constable. The Police and Crime Commissioner's decision to increase the Council Tax by 6.17%, with the programme of efficiencies, enabled the Force to address the following key areas:

Protecting people at risk of harm

- Paedophile On-line Investigation Team: increased number of officers who proactively look 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 support 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 PCSOs who have become Police Community Support Investigators focussing on volume crime and assisting with neighbourhood tasking's. Dorset Police now has 29 PCSIs making a significant contribution to making Dorset safer.

Working with our 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

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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 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 July 2018 and has bought a fresh approach by moving from enforcement to harm reduction and engagement.

Supporting victims, witnesses and reducing reoffending

- 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 GBH.

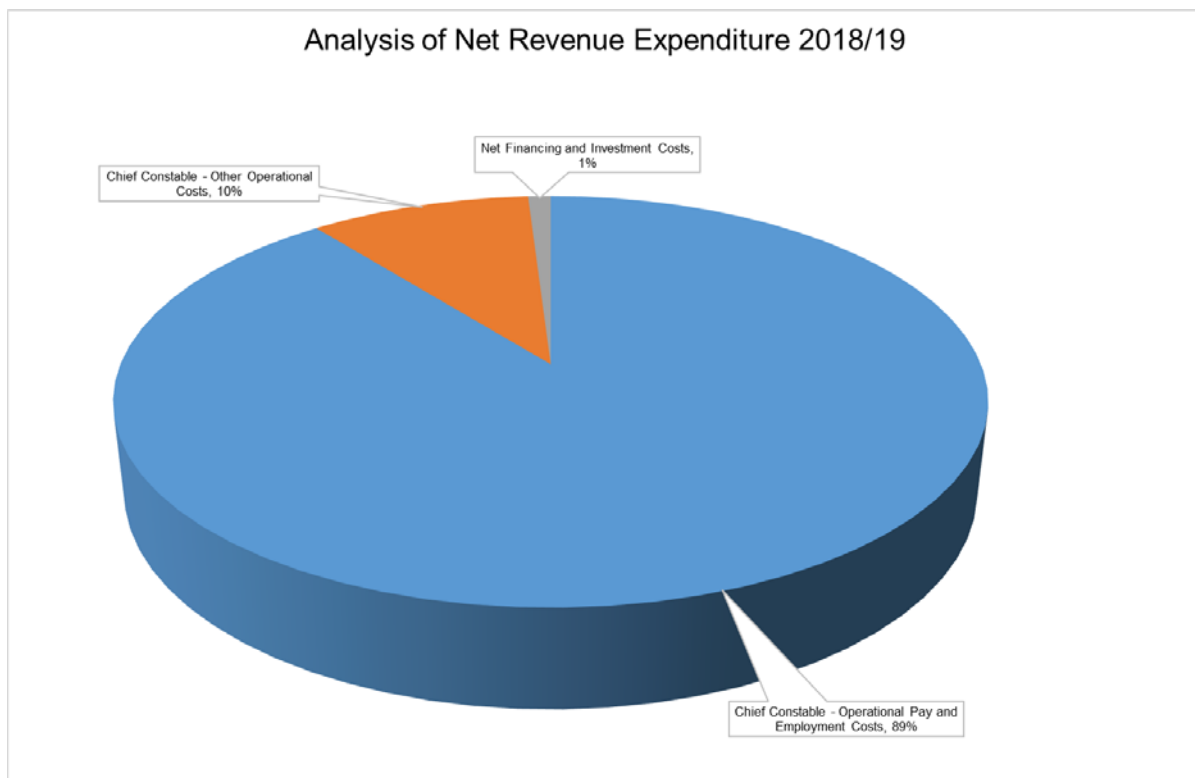
Transforming for the future

- 'PRISM' Programme: In keeping with the APCC/NPCC 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 in custody for inspector reviews and Superintendent extensions where appropriate.
- 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.

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Actual Expenditure 2018/19

- 3.4. The Chief Constable spent £123.5m against the budget allocation of £123.4m, resulting in an overspend of £0.1m.
- 3.5. The principle underlying causes of the outturn variation relate to:
- 3.6. 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.
- 3.7. 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.
- 3.8. The most significant variations 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 during the year. This include vacancies deliberately held open in a number of areas pending restructures, including areas going live under the Strategic Alliance with Devon and Cornwall Police.
- 3.9. Income budgets exceeded the level anticipated, due largely to recovery of costs from officers deployed to other Forces, events, and notional policing requirements, and additional grant income for specific projects.
- 3.10. The below chart shows a breakdown of actual net revenue expenditure for 2018/19 by category of spend



Chief Constable for Dorset

Capital Programme

- 3.11. The table below shows the Chief Constable's capital expenditure, and funding, during 2018/19. The majority of the assets of the Chief Constable, most significantly its buildings, are owned by the Police and Crime Commissioner. However certain items of equipment and ICT are considered to be under the ownership and control of the Chief Constable. Capital expenditure in this respect consists of an ongoing programme of rationalisation, replacement and enhancement of assets, all with an expected life of more than one year, and with a value in excess of £10,000. There were no individual acquisitions or disposals that are material in 2018/19.

| | |
|---|-------------------------|
| Equipment and ICT | £000's <u>£4,200</u> |
| <u>Funded by</u> Advance from Police and Crime Commissioner | <u>(£4,200)</u> |

- 3.12. ICT and capital equipment across the Force area is replaced when necessary to ensure that officers and staff have the most appropriate access to technology and equipment to support them in their roles. The ICT and equipment expenditure also covered the provision and replacement of Taser equipment, and the purchase of ICT hardware to support new system implementation.

Workforce Resources

- 3.13. Workforce costs make up 85% of the annual expenditure of Dorset Police. 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) |
|-------------------|-----------------|-------------------|
| <u>1,242</u> | Police Officers | <u>1,201</u> |
| 1,191 | Police Staff | 1,249 |
| <u>2,433</u> | | <u>2,450</u> |

4. PERFORMANCE INDICATORS

External Indicators

- 4.1. The principal independent financial indicators available to Chief Constable and Police and Crime Commissioner are as follows:
- HMICFRS PEEL Report – Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review 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**.
 - Auditors Value for Money Opinion – External auditors last provided a Value for Money conclusion for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2018. This audit concluded that the Police and Crime Commissioner and

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Chief Constable have made proper arrangements to ensure they took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

- 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

4.2. During the year, the Force dealt with the following level 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 |

5. FUTURE FINANCIAL OUTLOOK

5.1. Dorset Police formally updates its MTFS annually during the budget setting process. The 2018/19 MTFS reflected an improved outlook when compared with the 2017/18 forecasts, but still further savings will be required to balance the budget in the last two years of the four year period.

5.2. The 2019/20 MTFS includes the following areas of development:

- 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 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 the Strategic Alliance with Devon & Cornwall Police, including realisation of cashable savings. The Alliance increases operational capacity and capability, while delivering efficiencies in support service delivery.

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- Revenue funding of 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

6. MANAGING FINANCIAL RISKS

- 6.1. The Police and Crime Commissioner and the Chief Constable have an effective joint process for managing risk and the details are provided in the Annual Governance Statement included within these Accounts.

7. GOVERNANCE ARRANGEMENTS

- 7.1. The Annual Governance Statement is included at the end of this document. The joint Annual Governance Statement describes the internal control environment for the Police and Crime Commissioner and the Chief Constable. It also comments on its effectiveness and identifies issues that require further work. Reliance is placed on the annual assurance review undertaken by the Chief Constable when drawing up the joint Annual Governance Statement.

John Jones

Chief Financial Officer

31 July 2019

Further Information

This publication provides a review of the financial performance of the Chief Constable for 2018/19. It may be read in conjunction with the single entity accounts of the Police and Crime Commissioner, and the Group Accounts within the same document, and the Police and Crime Plan. Further information on these publications can be obtained by writing to the Chief Financial Officer to the Chief Constable, Dorset Police Headquarters, Winfrith, Dorset, DT2 8DZ.

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Independent Auditor's Report to the Chief Constable for Dorset

These Financial Statements have not yet been audited. The audited accounts will be presented to the Independent Audit Committee in July, in accordance with the required statutory timescales.

Chief Constable for Dorset

Statement of Responsibilities

The Chief Constable's Responsibilities

The Chief Constable is required to:

- Make arrangements for the proper administration of the financial affairs of Dorset Police 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 Chief Constable;
- Manage the affairs of Dorset Police 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.

James Vaughan
Chief Constable
31 July 2019

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Chief Constable'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 Chief Constable for Dorset at the accounting date and of the income and expenditure for the year ended 31 March 2019.

John Jones
Chief Finance Officer to the Chief Constable
31 July 2019

Financial Statements

Dorset Police



Chief Constable for Dorset

Movement in Reserves Statement

This statement only shows the pension related transactions from the start of the year to the end of the year for 2017/18 and 2018/19 as all reserves are managed by the Police and Crime Commissioner. The financial consequences of the operational activities undertaken by the Chief Constable is shown in the Comprehensive Income and Expenditure Statement.

| Current Year | Notes | General Fund Balance £'000 | Earmarked Reserves £'000 | Capital Receipts Reserve £'000 | Total Usable Reserves £'000 | Unusable Reserves £'000 | Total Reserves £'000 |
|---|-------|-------------------------------|-----------------------------|-----------------------------------|--------------------------------|----------------------------|-------------------------|
| Balance at 31 March 2018 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Movement in Reserves | | | | | | | |
| (Surplus) or Deficit on the Provision of Services | 17 | 11,187 | 0 | 0 | 11,187 | 0 | 11,187 |
| Re-measurement of the net defined benefit liability (asset) | | (11,187) | 0 | 0 | (11,187) | 0 | (11,187) |
| Total Comprehensive Income and Expenditure | | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 | 0 | 0 |

| Comparative Year Restated | Notes | General Fund Balance £'000 | Earmarked Reserves £'000 | Capital Receipts Reserve £'000 | Total Usable Reserves £'000 | Unusable Reserves £'000 | Total Reserves £'000 |
|---|-------|-------------------------------|-----------------------------|-----------------------------------|--------------------------------|----------------------------|-------------------------|
| Balance at 31 March 2017 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Movement in Reserves | | | | | | | |
| (Surplus) or Deficit on the Provision of Services | 17 | 83,424 | 0 | 0 | 83,424 | 0 | 83,424 |
| Re-measurement of the net defined benefit liability (asset) | | (83,424) | 0 | 0 | (83,424) | 0 | (83,424) |
| Total Comprehensive Income and Expenditure | | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at 31 March 2018 | | 0 | 0 | 0 | 0 | 0 | 0 |

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

Chief Constable for Dorset

Comprehensive Income and Expenditure Statement

This statement reflects the Police and Crime Commissioner's financial resources consumed by the Chief Constable for 2017/18 and 2018/19. In practice all the respective costs are paid for by the Police and Crime Commissioner. This Statement includes intra-group transactions resulting in a nil balance for Total Comprehensive Income and Expenditure.

| 2017/18 Restated * | | | | 2018/19 | | | Notes |
|--------------------|-----------------|------------------|---|-------------------|-----------------|------------------|-------|
| Gross Expenditure | Gross Income | Net Expenditure | | Gross Expenditure | Gross Income | Net Expenditure | |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 | |
| 168,897 | (17,865) | 151,032 | Chief Constable | 174,575 | (25,040) | 149,535 | 8 |
| 168,897 | (17,865) | 151,032 | Cost of Services | 174,575 | (25,040) | 149,535 | |
| 0 | (21,253) | (21,253) | Pensions Top Up Grant | 0 | (26,078) | (26,078) | |
| (168,897) | (39,118) | (129,779) | Intra-Group Transaction | (174,575) | 51,118 | (123,457) | |
| 0 | 0 | 0 | Cost of Services Net of Pensions Top Up Grant | 0 | 0 | 0 | |
| | | | Financing and Investment Income and Expenditure | | | | |
| | | 40,208 | Pensions Interest Cost | | | 37,040 | 19 |
| | | (40,208) | Pensions Interest Cost - Intra-Group Transaction | | | (37,040) | |
| | | 83,424 | Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction | | | 11,187 | 19 |
| | | 83,424 | (Surplus)/Deficit on Provision of Services | | | 11,187 | |
| | | (83,424) | Re-measurement of the net defined benefit liability (asset) | | | (11,187) | |
| | | 0 | Other Comprehensive Income and Expenditure | | | 0 | |
| | | 0 | Total Comprehensive Income and Expenditure | | | 0 | |

*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.

Chief Constable for Dorset

Balance Sheet

The Chief Constable owns some operational non-current assets and these are included on the Balance Sheet. The Chief Constable does not hold reserves but he does have current and long term liabilities which relate to employee benefits. The intra-group transaction entries on the Balance Sheet represents the Police and Crime Commissioner's responsibility to provide funds to the Chief Constable over the long term.

| 31 March 2018 Restated* £'000 | | Note | 31 March 2019 £'000 |
|-------------------------------------|--|------|------------------------|
| 5,022 | Vehicles, Plant and Equipment | 9 | 6,295 |
| 920 | Intangible Assets | | 498 |
| 1,499,757 | Pensions Intra-Group Debtor | 17 | 1,521,235 |
| 1,505,699 | Long Term Assets | | 1,528,027 |
| 1,514 | Short Term Accumulated Absences - Intra-Group Debtor | 13 | 2,597 |
| 13,296 | Debtors and Payments in advance | 10 | 17,846 |
| 121 | Inventories | | 149 |
| 14,931 | Current Assets | | 20,592 |
| (1,514) | Short Term Accumulated Absences | 13 | (2,597) |
| (385) | Short Term Provisions | 12 | (287) |
| (16,248) | Creditors | 11 | (16,235) |
| (18,147) | Current Liabilities | | (19,119) |
| (1,499,757) | Pension Liabilities - Intra-Group Transaction | 17 | (1,521,235) |
| (2,726) | Intra - Group creditor | | (8,266) |
| (1,502,483) | Long Term Liabilities | | (1,529,500) |
| 0 | Net Assets / (Liabilities) | | 0 |

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

John Jones
Chief Finance Officer to the Chief Constable
31 July 2019

Chief Constable for Dorset

Cash Flow Statement

The surplus or deficit on the provision of services represents the transfer of funds from the Police and Crime Commissioner to cover the actuarial gains/losses arising from the pension's valuation shown against the increase/decrease in pension's liability line.

| 2017/18 Restated £'000 | | 2018/19 £'000 |
|---------------------------------------|--|--------------------------|
| 83,424 | Net (Surplus) or Deficit on the Provision of Services | 11,187 |
| | Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements | |
| (83,424) | (Increase)/Decrease in pensions liability | (11,187) |
| 0 | Net Cash (Inflows)/Outflows from Operating Activities | 0 |
| 0 | Cash and Cash Equivalents at the end of the reporting period | 0 |

* 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.

Notes to the Financial Statements

Dorset Police



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 when cash payments are made or received.

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 Chief Constable'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, there are no accounting policy changes to the Chief Constable accounts.

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 effect.

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

6. Contingent Liabilities

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

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. Joint Operations

The Chief Constable participates in a number of partnership activities. These arrangements involve the Chief Constable carrying out activities relevant to their own functions, jointly with others. The Chief Constable accounts only for their share of the jointly controlled assets and the liabilities and expenses that they incur, on their own behalf or jointly with others in respect to their interest in the partnerships and income that they receive in relation to the partnership activities.

Note 1 Accounting Policies

8. Overheads

The cost of overheads and support services are charged to each area that falls under the Chief Constable for accountability and financial performance.

9. Employee Benefits

9.1 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 Chief Constable. 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.

9.2 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 Chief Constable 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.

9.3 Post-Employment Benefits

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

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

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

9.3.1 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 cashflows is made using notional cashflows based on the estimated duration of all Police Schemes. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

Note 1 Accounting Policies

This is consistent with the approach used at the previous accounting date which has been chosen to meet the requirements of IAS19.

9.3.2 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 Chief Constable 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 cashflows is made using notional cashflows based on the estimated duration of the past service liability. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (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 Chief Constable 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 |

9.3.3 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 Chief Constable - 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:

- 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):

Note 1 Accounting Policies

- 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.

9.3.4 Police Officers' Injury Benefits

The Chief Constable 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.

9.3.5 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 Chief Constable 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.

9.4 Discretionary Benefits

The Chief Constable 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.

10. Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Chief Constable becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation taking into account the relevant risks and uncertainties.

When 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 Chief Constable settles the obligation.

Provision is made for termination payments due to staff resulting from restructuring when the Chief Constable 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.

Note 1 Accounting Policies

11. 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. The accounting policies of the Group in relation to depreciation are set out within the Financial Statements of the Police and Crime Commissioner.

11.1 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 Chief Constable 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.

11.2 Measurement

Assets are initially measured at cost, comprising: purchase price and any costs attributable to bringing the asset into working condition.

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.

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

11.3 Depreciation

Depreciation is provided for on all ICT and equipment assets by spreading the cost over their useful working life. An exception is made for assets without a determinable finite useful life and assets that are not yet available for use (i.e. asset under construction).

Depreciation is calculated on the following bases:

11.3.1 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.

11.3.2 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.

Note 1 Accounting Policies

11.4 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).

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.

12. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Chief Constable 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 or Intellectual Property) to the Chief Constable.

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

12.1 Measurement

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

12.2 Amortisation

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

13. 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.

14. Exceptional Items

When items of expenditure are outside the normal type of expenditure incurred by the Chief Constable 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 Chief Constable's financial performance.

15. 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.

Chief Constable for Dorset

Note 1 Accounting Policies

The Chief Constable is not required to raise council tax to cover depreciation 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 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.

16. Cost and Intra-Group Recognition

In practice, all income is received by the Police and Crime Commissioner and all expenditure is paid by the Police and Crime Commissioner from the Police Fund. No actual cash transactions or events take place between the two entities. From an accounting perspective, costs are recognised within the Chief Constable's Accounts to reflect the financial resources consumed at the request of the Chief Constable. The income recognised in the Chief Constable's Accounts is the income collected by the Police and Crime Commissioner on behalf of the Chief Constable.

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
- 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 a material impact for the Group and none warrant specific disclosure in these accounts.

Note 3 Critical Judgements In Applying Accounting Policies

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

- The Chief Constable 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.
- A long term debtor has been established in the Chief Constable'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 receive funds from the Police and Crime Commissioner 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 cashflows.
- The contingent liability note describes liabilities with regard to potential claims against the Chief Constable. 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.

Chief Constable for Dorset

Note 4 The Chief Constable as an Accounting Entity

The Chief Constable is part of an accounting group along with the Police and Crime Commissioner (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.

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 longer 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 Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner 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 in the Chief Constable's Balance Sheet at 31 March 2019 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 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 £1,406m.

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.

Chief Constable for Dorset

Note 7 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used by the Chief Constable. All costs are paid for by the Police and Crime Commissioner and are funded from government grants, council tax and other income. The Police and Crime Commissioner meets the Chief Constable's expenditure in full by an intra-group transaction. There is no net expenditure chargeable to the General Fund. The analysis also shows net expenditure accounted for in accordance with generally accepted accounting practices which 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 |
| 43,405 | 86,374 | 129,779 | Chief Constable | 68,929 | 80,605 | 149,535 |
| 43,405 | 86,374 | 129,779 | Net Cost of Services | 68,929 | 80,605 | 149,535 |
| | | | Other Operating Income & Expenditure | | | |
| 78,568 | (37,304) | 41,264 | Pensions Interest Cost & Expected Return on Assets | 81,024 | (43,267) | 37,757 |
| 121,973 | 49,070 | 171,043 | Total Other Income and Expenditure | 149,953 | 37,338 | 187,291 |
| (121,973) | (49,070) | (171,043) | Intra Group adjustment | (149,953) | (37,338) | (187,291) |
| 0 | 0 | 0 | Deficit for the year | 0 | 0 | 0 |
| 0 | | | Opening General Fund Balance as at 31 March 2018 | 0 | | |
| 0 | | | Surplus / Deficit on General Fund Balance | 0 | | |
| 0 | | | Closing General Fund Balance as at 31 March 2019 | 0 | | |

Chief Constable for Dorset

Note 7 Expenditure and Funding Analysis

| Note to the Expenditure and Funding Analysis: Adjustments between Funding and Accounting Basis | | | | | | | |
|--|------------------------------|--|--|---|--|---------------------|-------------------|
| Intra Group Funding | 2017/18 Total Adjustments | Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts | Adjustments for Capital Purposes (Note 1) | Net Change for the Pensions Adjustments (Note 2) | 2018/19 Other Differences (Note 3) | Intra Group Funding | Total Adjustments |
| £'000 | £'000 | | £'000 | £'000 | £'000 | £'000 | £'000 |
| (86,374) | 0 | Chief Constable | 3,326 | 76,196 | 1,083 | (80,605) | 0 |
| (86,374) | 0 | Net Cost of Services | 3,326 | 76,196 | 1,083 | (80,605) | |
| 37,304 | 0 | Other Income and Expenditure from the Funding analysis | | (43,267) | | 43,267 | 0 |
| 49,070 | 0 | Intra Group Funding | (3,326) | (32,929) | (1,083) | 37,338 | 0 |
| 0 | 0 | | | | | | 0 |
| 0 | 0 | Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit | 0 | 0 | 0 | 0 | 0 |

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 services line, and for:

- Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or 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 year without conditions or for which conditions were satisfied in the year.

7.2 Net Change for Pensions' Adjustments

Net Change for the removal of pension's contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For Services this represents the removal of the employer pension contributions made by the Group 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 differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and that which was projected to be received at the start of year and the income recognised under generally accepted accounting practices in the code. This is a timing difference as any difference will be brought forward in future Surpluses 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.

Chief Constable for Dorset

Note 8 Expenditure and Income Analysed by Nature

| 2017/18 £'000 | Expenditure/Income | 2018/19 £'000 |
|------------------|--|------------------|
| | Expenditure | |
| 134,041 | Employee benefit expenses | 131,495 |
| 31,291 | Other Service expense | 39,754 |
| 3,566 | Depreciation, amortisation, impairment | 3,326 |
| 168,897 | Total Expenditure | 174,575 |
| | Income | |
| (39,118) | Fees charges and other service income | (51,118) |
| (39,118) | Total Income | (51,118) |
| | | |
| 129,779 | Cost of Service | 123,457 |

Note 9 Property, Plant and Equipment

This table sets out the assets held by the Chief Constable.

| 2017/18 Vehicles, ICT and Equipment £'000 | Cost | 2018/19 Vehicles, ICT and Equipment £'000 |
|--|---------------------------------|--|
| 45,115 | At 1 April | 46,604 |
| 1,489 | Additions | 3,339 |
| 46,604 | At 31 March | 49,943 |
| | Accumulated Depreciation | |
| (39,766) | At 1 April | (41,582) |
| (1,816) | Depreciation Charge | (2,065) |
| (41,582) | At 31 March | (43,647) |
| | Net Book Value | |
| 5,349 | At 31 March 2017 | |
| 5,022 | At 31 March 2018 | 5,022 |
| | At 31 March 2019 | 6,295 |

9.1 Recognition

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

- ICT £10k
- Equipment £10k

9.2 Depreciation

All depreciation is calculated on a straight-line basis. The following useful lives and approaches to depreciation have been used to calculate depreciation charges:

Chief Constable for Dorset

Note 9 Property, Plant and Equipment

9.2.1 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.

9.2.2 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.

9.3 Asset Transfers

There were no asset transfers in 2017/18.

Note 10 Debtors

| 31 March 2018 | | 31 March 2019 |
|---------------|--------------------------------|---------------|
| £'000 | | £'000 |
| 1,110 | Central government bodies | 12,173 |
| 2,828 | Other local authorities | 648 |
| 9,358 | Other entities and individuals | 5,025 |
| 13,296 | Total Debtors | 17,846 |

Note 11 Creditors

| 31 March 2018 | | 31 March 2019 |
|-----------------|--------------------------------|-----------------|
| Restated | | |
| £'000 | | £'000 |
| (250) | Central government bodies | (1,578) |
| (5,290) | Other local authorities | (3,824) |
| (17) | National Health Service (NHS) | (280) |
| (10,691) | Other entities and individuals | (13,150) |
| (16,248) | Total Creditors | (18,832) |

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

Note 12 Provisions

| 2017/18 | | 2018/19 |
|------------|---------------------------------|------------|
| £'000 | | £'000 |
| 0 | Balance at 31 March 2018 | 385 |
| 407 | Additional provisions made | (98) |
| (22) | Amounts used | 0 |
| 385 | Balance at 31 March 2019 | 287 |

Chief Constable for Dorset

Note 12 Provisions

12.1 Provision

12.1.1 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.

Note 13 Accumulated Absences

The Chief Constable provides benefits to employees in the form of annual leave. In addition, staff who work hours in excess of their contract hours may be awarded time off in lieu. These are accumulating absences that may be carried forward for use in future periods. The obligation to make future payments is recognised in the Comprehensive Income and Expenditure Statement and is a liability on the Chief Constable's Balance Sheet as follows:

| 2017/18 | | 2018/19 |
|--------------|---|--------------|
| £'000 | Accumulated Absences Account | £'000 |
| 1,119 | Balance at 1 April | 1,514 |
| (1,119) | Settlement or cancellation of accrual made at the end of the preceding year | (1,514) |
| 1,503 | Amounts accrued at the end of the current year | 2,597 |
| 384 | 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 | 1,083 |
| <u>1,514</u> | Balance at 31 March | <u>2,597</u> |

The Chief Constable has a policy of reducing the amount of time police officers can hold "on card" relating to time off in lieu. This policy involves paying any time off in lieu that is above the agreed threshold, it will lead to a reduction in the amount of accumulated absence arising for this reason.

Note 14 External Audit Costs

The Chief Constable has incurred the following costs in relation to the audit of the Statement of Accounts:

| 2017/18 | | 2018/19 |
|-----------|--|-----------|
| £'000 | | £'000 |
| 15 | Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year | 12 |
| <u>15</u> | | <u>12</u> |

Chief Constable for Dorset

Note 15 Officers' Remuneration

15.1 Remuneration

This note shows the officer remuneration costs for the Chief Constable.

| | 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 £ |
|--|---------|------|--|--------------|---|--------------------------|---|---|--|---|
| <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 | 3 | 2,106 | 0 | 0 | 0 | 2,106 | 465 | 0 | 2,571 |
| Deputy Chief Constable from 07/04/18 to 31/03/19 | 2018/19 | 3 | 126,059 | 0 | 0 | 3,765 | 129,824 | 28,227 | 0 | 158,051 |
| 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 | 1 | 1,912 | 0 | 0 | 0 | 1,912 | 449 | 0 | 2,361 |
| Assistant Chief Constable | 2017/18 | 1 | 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 | 2 | 107,008 | 0 | 0 | 5,138 | 112,146 | 15,356 | 0 | 127,502 |
| Director of Human Resources | 2017/18 | 2 | 105,251 | 0 | 0 | 3,600 | 108,851 | 13,946 | 0 | 122,797 |

Chief Constable for Dorset

| | 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 - 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 |
| 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 |
| 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 Constable for Dorset

| | 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 - Corporate Development | 2018/19 | | 88,826 | 0 | 0 | 0 | 88,826 | 20,541 | 0 | 109,366 |
| 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 | | 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 |

Chief Constable for Dorset

Note 15 Officers' Remuneration

15.1 Notes

1. This is a regional Assistant Chief Constable post but the Assistant Chief Constable is employed by Dorset Police until 06/04/2018. The Dorset Police contribution for this post is 11.76%
2. 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 for Dorset Police. Devon & Cornwall Police refund Dorset 60% of the costs of the post.
3. The Deputy Chief Constable for Dorset 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

15.2 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 Chief Constable. The costs charged in the Comprehensive Income and Expenditure Statement includes adjustments for the sharing of cost with Dorset Police under the Strategic Alliance Agreement, these adjustments are set out below the table.

15.3 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. The Police and Crime Commissioner has chosen to disclose all those earning more than £50,000.

The remuneration includes exit costs as set out in the table above.

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.

| 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 | 2 | 6 | 2 | 6 | 62 | 165 |
| £40,001 - £60,000 | 1 | 0 | 2 | 2 | 3 | 2 | 153 | 93 |
| Total included in bandings and in CIES | 1 | 0 | 10 | 14 | 11 | 14 | 272 | 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 | | | | | | | 115 | 256 |

Chief Constable for Dorset

Note 15 Officers' Remuneration

15.4 Remuneration Bands

| 2017/18 | | 2018/19 |
|---------------------|---------------------|---------------------|
| Number of employees | Remuneration Band | Number of employees |
| 96 | £50,000 - £54,999 | 119 |
| 57 | £55,000 - £59,999 | 58 |
| 13 | £60,000 - £64,999 | 23 |
| 5 | £65,000 - £69,999 | 4 |
| 2 | £70,000 - £74,999 | 4 |
| 3 | £75,000 - £79,999 | 2 |
| 3 | £80,000 - £84,999 | 5 |
| 0 | £85,000 - £89,999 | 0 |
| 0 | £90,000 - £94,999 | 0 |
| 0 | £95,000 - £99,999 | 1 |
| 1 | £100,000 - £104,999 | 0 |
| 180 | Total | 216 |

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.
- The Police and Crime Commissioner has chosen to disclose all police officers earning more than £50,000 on a voluntary basis (the legislative requirement is to include only police officers above the rank of superintendent).
- Remuneration includes exit costs as set out in the table above.
- The above table does not include staff paid below £50,000.
- 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.

Note 16 Related Party Transactions, Commissioning, Partnerships and Collaborations

The Chief Constable is required to disclose material transactions with related parties, including central government, other local authorities, members, senior officers and their close families. At present all transactions are managed through the Police and Crime Commissioner's Fund Account and are reported in the Group accounts. For this reason the Chief Constable does not have any transactions with external bodies. Details of the related parties in terms of transactions undertaken at the request of the Chief Constable are as follows:

16.1 Officers

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

16.2 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 groups regional activities.

Chief Constable for Dorset

Note 16 Related Party Transactions, Commissioning, Partnerships and Collaborations

| 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 |

16.2.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Wiltshire Police and Devon and Cornwall Police as the lead Force. 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%, Wiltshire Police contributing 18.8% and Devon and Cornwall Police contributing 28.9%.

16.2.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Devon & 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%, Wiltshire Police contributing 14.2% and Devon and Cornwall contributing 30.5%.

16.2.3 South West Regional 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 and Cornwall Police. The Force cost for the year was £196k. The total cost of £1,003k is 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%.

16.2.4 South West Regional Organised Crime Unit (ROCU)

ROCU is a partnership with Devon and 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 Police contributing 33.3%, Wiltshire Police contributing 11.68%, Gloucestershire Police contributing 10.83% and Avon and Somerset contributing 32.43%.

16.2.5 South West Collaboration Programme

The South West Police Collaboration Programme is a partnership with Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police and Avon and Somerset Police 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 and Cornwall contributing 33.3%, Wiltshire contributing 11.68%, Gloucestershire contributing 10.83% and Avon and Somerset contributing 32.43%.

Note 17 Contingent Liabilities

17.1 Transitional Provisions in the Police Pensions Regulations 2015

The Chief Constable of Dorset Police, along with other Chief Constables and the Home Office, currently has 59 claims lodged against him 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 judgement 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 judgement 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.

17.2 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.

Chief Constable for Dorset

Note 18 Capital Expenditure and Financing

Within the Group's four-year financial planning model, the Police and Crime Commissioner approves an annual capital programme to provide buildings, vehicles and other equipment for the Force. Part of the capital programme relates to non-current assets under the ownership and control of the Chief Constable. The table below shows what was spent on assets owned by the Chief Constable. Finance was provided by an advance from the Police and Crime Commissioner.

| 2017/18 | | 2018/19 |
|----------|--|----------|
| £'000 | | £'000 |
| 0 | Opening Capital Financing Requirement | 0 |
| | Capital Investment: | |
| 2,487 | Vehicles, plant and Equipment | 3,932 |
| 128 | Intangibles | 268 |
| 2,615 | | 4,200 |
| | Less Sources of Finance: | |
| (2,615) | Advance from Police and Crime Commissioner | (4,200) |
| (2,615) | | (4,200) |
| 0 | Increase/(Decrease) in Capital Financing Requirement | 0 |
| 0 | Closing Capital Financing Requirement | 0 |

Note 19 Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Chief Constable offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments. This needs to be disclosed at the time that the employees earn their future entitlement. The Chief Constable 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.

19.1 Police Officer Schemes

19.1.1 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 Chief Constable 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.

Note 19 Defined Benefit Pension Schemes

19.1.2 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) |

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes

19.1.3 Transactions relating to Retirement Benefits

The Chief Constable 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. These costs are reflected in the intra-group transactions between the Chief Constable and the Police and Crime Commissioner Group. The impact of these transfers is that the pension liabilities on the Chief Constable's Balance Sheet are matched by intra-group debtors which reflect the Police and Crime Commissioner's long term responsibility to provide funds to enable the Chief Constable to administer police pensions.

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 | Comprehensive Income and Expenditure Account | 2018/19 |
|---------------|--|---------------|
| £'000 | | £'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 |

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes

19.1.4 Impact on the Chief Constable's Cashflow

The liabilities show the underlying commitments that arise from the fact that the Chief Constable 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 2019 is £14.4m.

19.1.5 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 | |
| 24.8 | Women | 21.3 |
| | | 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. 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 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.

Note 19 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 |

19.2 Police Staff Scheme

19.2.1 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 Chief Constable 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.

19.2.2 Participation in Pension Schemes

The Chief Constable 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.

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes

| 2017/18 £'000 | Comprehensive Income and Expenditure Account | 2018/19 £'000 |
|------------------|--|------------------|
| | Cost of Services | |
| | Service cost comprising: | |
| 12,631 | • Current service cost | 12,222 |
| 90 | • Past service cost | 41 |
| 108 | • Administration Expenses | 130 |
| 0 | • (Gain)/loss from settlements | 0 |
| | Financing and Investment Income and Expenditure | |
| 3,104 | Net interest expense | 2,773 |
| 15,933 | Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services | 15,166 |
| | Other Post Employment Benefits Charged to Comprehensive Income and Expenditure Statement | |
| | Remeasurement of the net defined benefit liability comprising: | |
| (3,464) | • Return on plan assets (excluding the amount included in the net interest expense) | (3,165) |
| 0 | • Actuarial (gains) and losses arising on changes in demographic assumptions | (16,878) |
| (12,648) | • Actuarial (gains) and losses arising on changes in financial assumptions | 15,982 |
| 0 | • Other | 0 |
| (511) | Apportionment Adjustment | 1,020 |
| (690) | Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement | 12,126 |

| 2017/18 £'000 | Movement in Reserves Statement | 2018/19 £'000 |
|------------------|--|------------------|
| (15,933) | Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code | (15,166) |
| | Funded Liabilities | |
| £'000 | Actual amount charged against the General Fund Balance for pensions in the year: | £'000 |
| 4,258 | Employers' contributions payable to scheme | 5,041 |
| | Unfunded Liabilities | |
| £'000 | Actual amount charged against the General Fund Balance for pensions in the year: | £'000 |
| 16 | Retirement benefits payable to pensioners | 16 |

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes

19.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

| 31 March 2018 | | 31 March 2019 |
|------------------|--|------------------|
| £'000 | | £'000 |
| (269,761) | Present value of the defined benefit obligation | (287,980) |
| 161,327 | Fair value of plan assets | 172,478 |
| (108,434) | Net liability arising from defined benefit obligation | (115,502) |

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

| 31 March 2018 | | 31 March 2019 |
|----------------|--|----------------|
| £'000 | | £'000 |
| 152,714 | Opening fair value of scheme assets | 161,327 |
| 4,280 | Interest income | 4,252 |
| | Remeasurement gain/(loss): | |
| 3,464 | • The return on plan assets, excluding the amount included in the net interest expense | 3,165 |
| (688) | Apportionment Adjustment | 1,628 |
| (108) | Administration expenses | (130) |
| 4,273 | Contributions from employer | 5,057 |
| 2,052 | Contributions from employees into the scheme | 2,133 |
| (4,660) | Benefits paid | (4,954) |
| 0 | Other actuarial gains and (losses) | 0 |
| 161,327 | Closing fair value of scheme assets | 172,478 |

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

| 31 March 2018 | | 31 March 2019 |
|------------------|--|------------------|
| £'000 | | £'000 |
| (266,109) | Opening balance at 1 April | (269,760) |
| (12,631) | Current service cost | (12,222) |
| (7,384) | Interest cost | (7,025) |
| (2,052) | Contributions from scheme participants | (2,133) |
| | Remeasurement gain/(loss): | |
| 0 | • Actuarial gains/(losses) arising from changes in demographic assumptions | 16,878 |
| 12,647 | • Actuarial gains/(losses) arising from changes in financial assumptions | (15,982) |
| 0 | • Experience gain/(loss) on defined benefit obligation | 0 |
| 1,200 | Apportionment Adjustment | (2,648) |
| (91) | Past service cost including gains/(losses) on curtailments | (42) |
| 4,660 | Benefits paid | 4,954 |
| (269,760) | Closing balance at 31 March | (287,980) |

Note 19 Defined Benefit Pension Schemes

19.2.6 Local Government Pension Scheme assets comprised

| 31 March 2018 | | 31 March 2019 |
|----------------|----------------------------------|----------------|
| £'000 | Fair Value of Scheme assets | £'000 |
| | Cash and cash equivalents | |
| 87,201 | UK Equities | 87,785 |
| 9,754 | Diversified Growth Fund | 10,217 |
| 21,123 | Gilts | 22,307 |
| 11,307 | Other Bonds | 12,191 |
| 16,262 | Property | 18,766 |
| 5,823 | Infrastructure | 7,905 |
| 2,266 | Cash | 5,162 |
| 7,592 | Multi Asset Credit | 8,146 |
| 161,327 | Total | 172,478 |

19.2.7 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% |

Note 19 Defined Benefit Pension Schemes

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 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.

19.2.8 Impact on the Defined Benefit Obligation in the Scheme

| 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 |

19.2.9 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.

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

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

Pension Fund Accounting Statements

Dorset Police



Chief Constable 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 | | 31 March 2019 |
|--|---|-----------------|
| £'000 | Fund Account | £'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.

The 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

Dorset Police



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The Annual Governance Statement

This Annual Governance Statement is written on behalf of the Dorset Police in line with CIPFA standards.¹ It sets out the position as at 31st March 2019 including plans for the financial year 2019/2020.

The Dorset Police Chief Constable is 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 Chief Constable and the Police & Crime Commissioner 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 whilst having separate statutory responsibilities work together 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 of 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 Chief Constable and the Police & Crime Commissioner. 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:

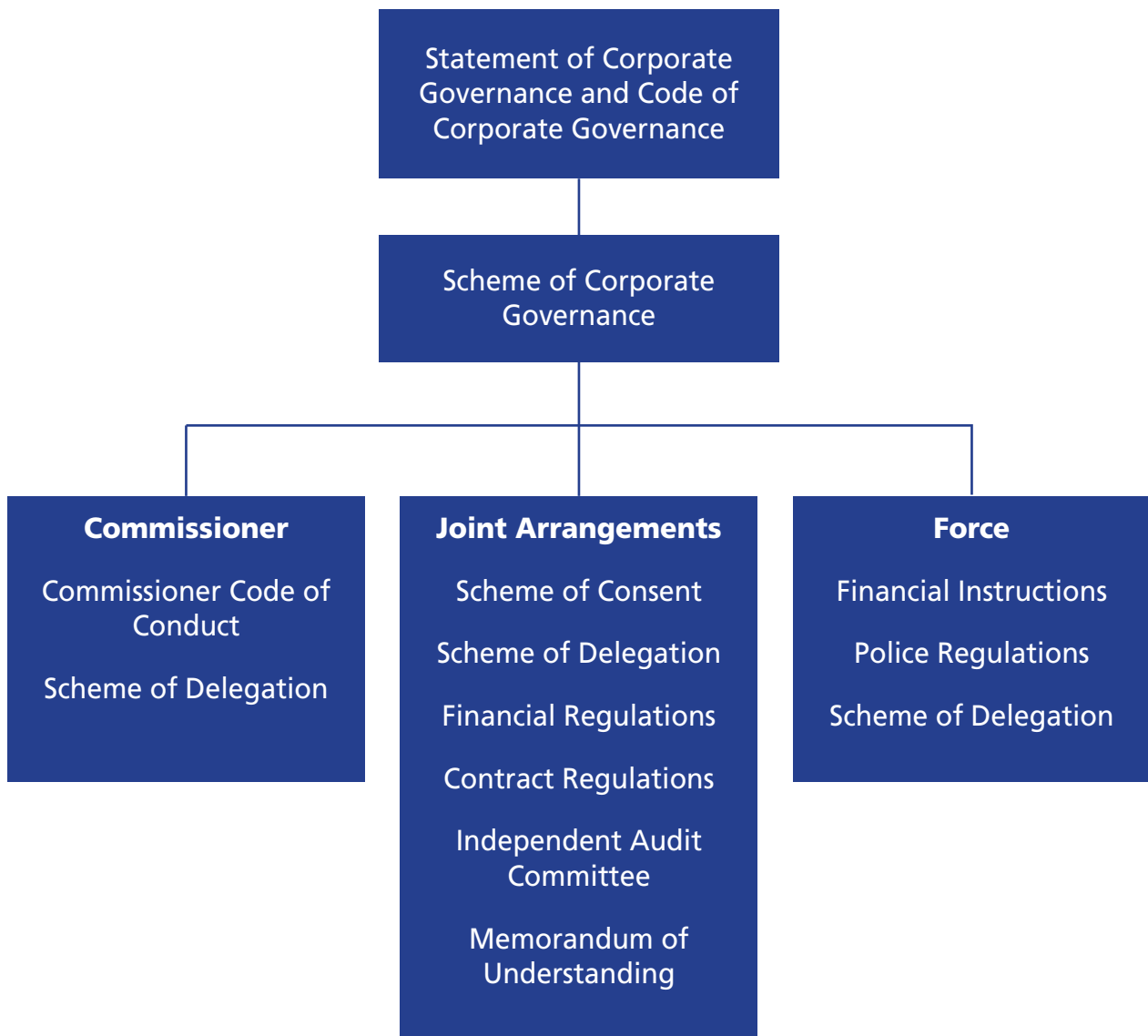
- The Chief Constable.
- The Police and Crime Commissioner.
- The Police and Crime Panel.
- The Chief Constable is accountable in law for the exercise of police powers and for keeping our communities safe and secure. They have statutory responsibility for the delivery of an efficient and effective police 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 his functions.

1.3 The Corporate Governance Framework

To support the delivery of their legal responsibilities the Chief Constable and 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 who 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 and Crime Commissioners (APCC)

This is a national body that supports 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's interest to independently assess the effectiveness and efficiency of police forces and fire & rescue services that allow the public to compare the performance of their police force against others. This evidence 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.

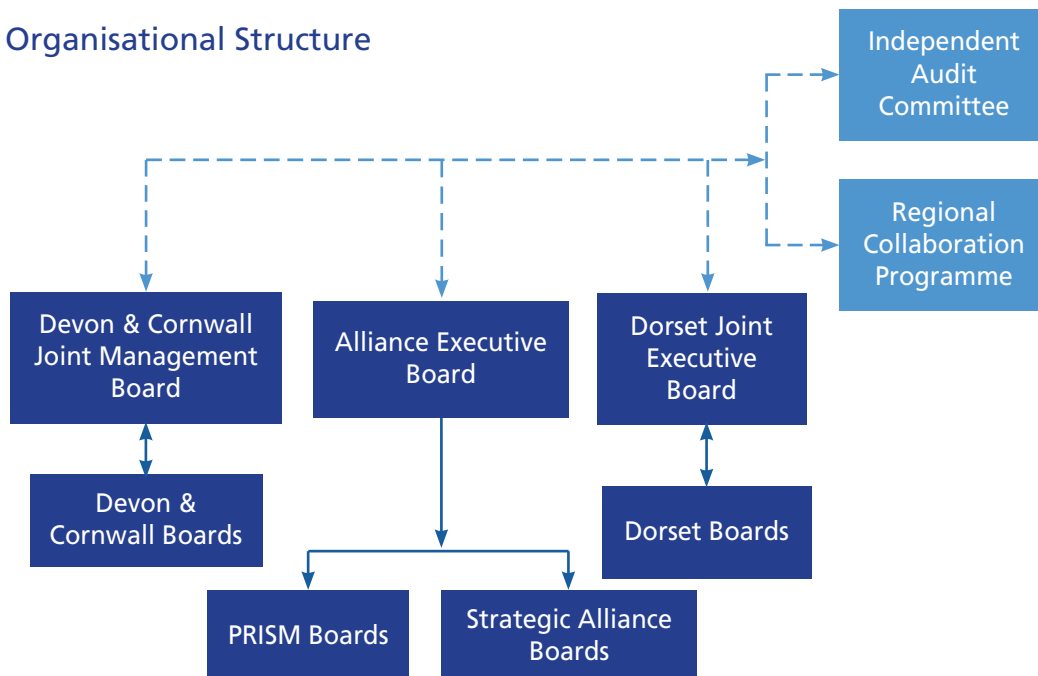
2.2 Force Organisational Structure

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 defines 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 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 and Devon & Cornwall 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.

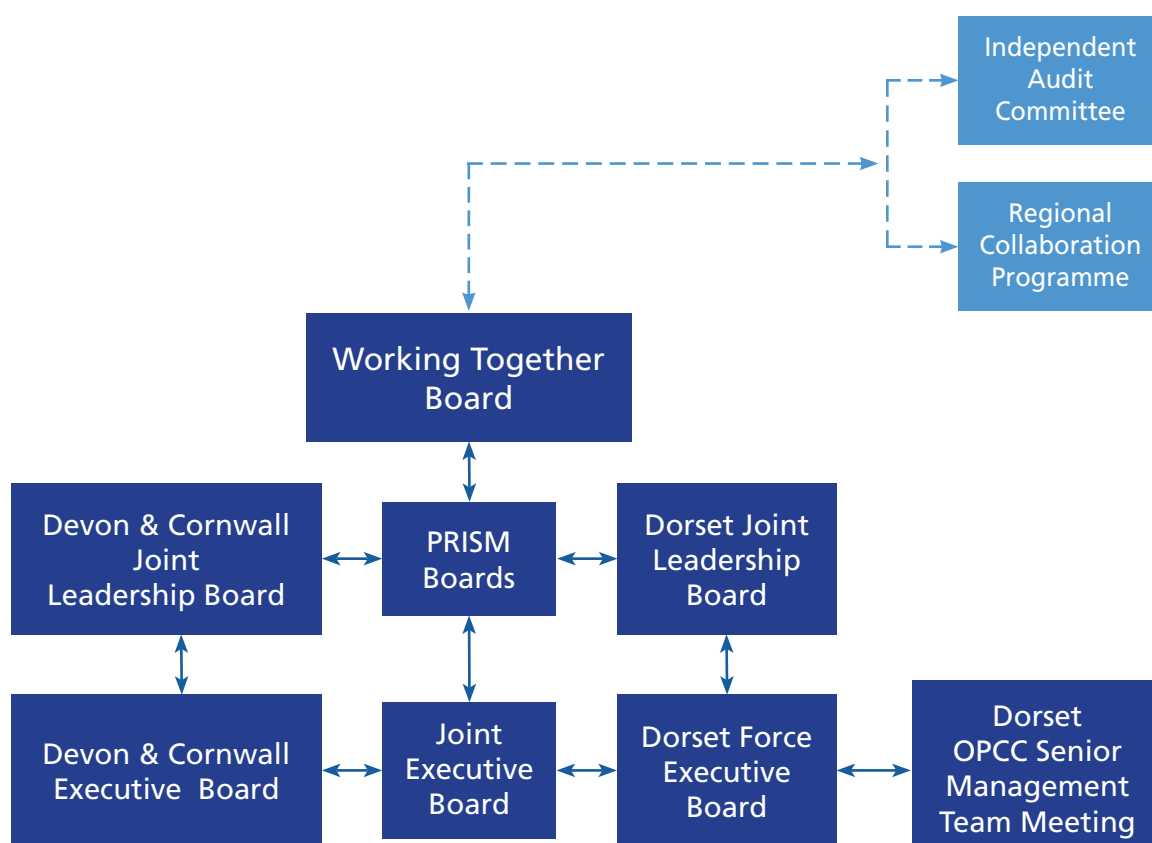
This is particularly notable in relation to the proposed merger between Dorset and Devon & Cornwall Police. The convergence work was governed by a separate governance framework, reporting back through the Alliance Convergence Board.

Following the decision in October 2018 not to proceed with the proposed merger between Dorset 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 force Chief Finance Officers and both OPCC Treasurers 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 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.

Other Strategic Boards

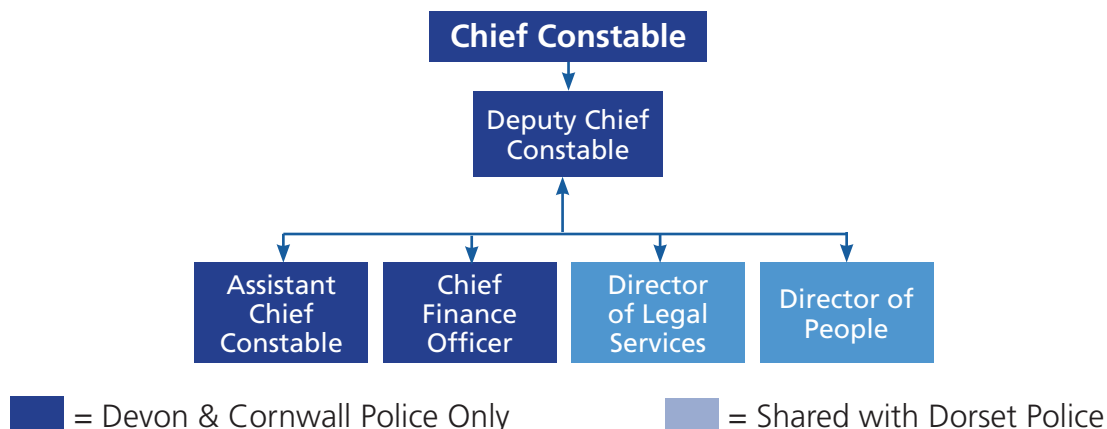
There are a range of joint and separate Boards supporting the overall governance framework, including a joint Dorset and Devon & Cornwall led Business Board, People Board and Risk & Assurance Board. In Dorset, for example, a Force specific Strategic Performance Board and Resource Control Board inform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

The Chief Constable is supported by a team of specialist Chief Officers who have individual and collective responsibility for the delivery of effective governance.



Responsibilities

The Chief Constable

Chief Constables are responsible for the direction of police personnel and the delivery of an effective Policing service that meets the objectives of the Police & Crime Plan. Under the terms of the Equality Act 2010 the Chief Constable has responsibility to uphold public sector equality duties to eliminate discrimination, advance equality of opportunity and to foster good relations during the delivery of their functions.

The Deputy Chief Constable

The Deputy Chief Constable is responsible for the delivery of effective strategic policing and performance over the short and long term. Decisions relating to the Transformational Change Programme across the Strategic Alliance between Dorset and Devon & Cornwall Police are made jointly by the Deputy Chief Constables of both Forces. The Dorset Deputy Chief Constable has taken responsibility for upholding the standards of professional behaviour across the Strategic Alliance.

The Assistant Chief Constable

The Assistant Chief Constable is responsible for the prevention of crime and the delivery of effective local policing including that of specialist operational teams. The Assistant Chief Constable holds overall responsibility for the standards of investigation and criminal justice delivered to the public. Responsibility for the safeguarding of vulnerable people and custody arrangements also fall under this portfolio.

The Chief Finance Officer

In Dorset the Assistant Chief Officer holds responsibility as Chief Finance Officer for the integrity of financial controls and the effective provision of resources. This includes financial planning and long term treasury management.

The Alliance Director of People Services

The Director of People Services is responsible for all staff related functions, welfare, recruitment, training, employment policy and compliance to employment and equality legislation across the Strategic Alliance. This supports both Chief Constables and Police and Crime Commissioners.

The Alliance Director of Legal, Reputation and Risk Services

The Director of Legal Services is responsible for the provision of legal services and information management across the Strategic Alliance supporting both Chief Constables and Police & Crime Commissioners. As the Senior Information Risk Owner (SIRO) they hold statutory responsibility for the safe and compliant management of information on behalf of the Strategic Alliance.

2.4 Transformational Change

2.4.1 The Strategic Alliance

In March 2015 an agreement was signed between Dorset 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 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 conception 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 and 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 and Devon & Cornwall Police and their respective OPCCs. 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 & the Police & Crime Commissioner and are appointed from across Dorset and Devon & 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 and Devon & Cornwall Police Forces and OPCC. 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), who also review 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 in the External Audit ISA 260 Report for that year issued an unqualified opinion on the Dorset Police & Crime Commissioner and Chief Constable's financial strategy and management. This provides the public with assurance that the financial statements give a fair and true view of the financial position of the Force, how it provides value for money and controls income and expenditure for the year. The report is issued in accordance with the

requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

2.6.3 HMICFRS

Her Majesty's Inspectorate of Constabulary independently assessed and reported on the efficiency and effectiveness of police forces and policing in England and Wales.

In summer 2017, HMIC (now HMICFRS) took on inspections of England and Wales fire & rescue services, assessing and reporting on their efficiency, effectiveness and leadership.

HMICFRS acts in the public's interest to independently assess the effectiveness and efficiency of police forces and fire & rescue services in England and Wales so that the public can compare the performance of their police force against others. This evidence is used to drive improvement to the services provided to the public.

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 Visitors (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 ICV's. The ICV Panel meets on a quarterly basis. The ICVs receive regular training from both Dorset Police, and by the Office of the Police & Crime Commissioner, 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 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 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 both Dorset and Devon & Cornwall.

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 '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.

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

Reasonable 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 manages 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 of the standards delivered by 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 dip sampling of complaints to ensure effective investigation and lessons learnt.

There is a Dorset and Devon & Cornwall Joint 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 complaint or allegations of misconduct are investigated internally by the Professional Standards department with the oversight of the Deputy Chief Constable who is the delegated appropriate authority for the handling of complaints under the terms of the Police Reform Act 2002. More serious allegations of misconduct or criminal offences are referred to the Independent Office for Police Conduct for independent review.

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

An independent Stop and Search Scrutiny Panel has been established by the Police & Crime Commissioner as this is viewed as good practice in the best use of Stop and Search Scheme (BUSS) and follows the principles supported by the Criminal Justice Alliance. The OPCC commissioned a review which has been completed to understand the reasons behind the disproportionality of stops made by officers on black, Asian and minority ethnic (BAME) people in Dorset. This report has made recommendations that have been adopted by the force but also recognises the significant contributory factors of county lines (drug networks operating from outside the force area), the impact of tourism and the significant changes since the last census in 2011. The report also concludes that the grounds between searches of white and black people are equitable i.e. the police are not searching black people on weaker grounds. Quarterly stop and search performance information is published on the Dorset Police website. The Stop and Search Scrutiny Panel scrutinises force arrangements and with the Commissioner will develop recommendations and plans for improvement.

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

Reasonable assurance provided

The Commissioner will then hold the Chief Constable to account for the delivery and improvement of stop and search arrangements in Dorset.

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 the Police & Crime Commissioner.

The Dorset OPCC Chief Executive and Treasurer work with the Force Chief Finance Officer to secure the most efficient use of public funds to enhance policing for local communities. The principles 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, the 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 the Police & Crime Commissioner 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

Dorset Police 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 Force provides regular news items via its website and posts local messages via twitter and face-book. The website provides information on how to contact the Force or local neighbourhood team and provides advice on how to request information. The public can subscribe to Dorset Alert which is a free service that provides updates on current crime and items of interest. The Force website contains links to local neighbourhood police team's that provides details of local and regional events.

Dorset Police provide details of statutory information in accordance with the Specified Information Order 2011 and Amendment Order 2012 through the OPCCs website. The transparency section of the site provides links to all mandatory information including pecuniary interests, the financial accounts, details of gifts and hospitality, conflicts of interest and association declarations. Papers from executive meetings are published whenever appropriate alongside decision logs, performance data, inspection reports and crime statistics. The Police & Crime Commissioner publication scheme is based on the model approved by the Information Commissioners Office who hold public agencies to account for the provision of statutory information.

The Chief Constable has a statutory duty to work with the Police & Crime Commissioner and local partners to develop a joined approach and strategies that support the reduction

B. Ensuring openness and comprehensive stakeholder engagement.

Substantial assurance provided

of crime. Three Community Safety Partnerships have been established for the communities in Bournemouth, Poole and Dorset. Senior Managers within Dorset Police work alongside the Commissioner and partner agencies including the probation service, local authorities, the fire and rescue service and primary care trusts to formulate strategies and plans that tackle crime, disorder and drug misuse in the local areas. These mandatory partnerships are funded and monitored by the OPCC with all information on progress and improvements reported to the Police & Crime Panel. Information on the Safety Partnerships is available on the respective council websites and can be accessed via direct links from the Police & Crime Commissioners website.

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 and local communities. 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.

Dorset Safeguarding (multi-agency hub) brings together local authority children's services, Dorset Healthcare and members of the Force senior management team to protect and safeguard children at risk across Dorset. MAPPA (the multi-agency for public protection arrangements) brings together the Force, Probation Service and Her Majesty's Prison Service as a responsible authority to manage the risk posed by Dorset's most serious sexual and violent offenders. Their aim is to reduce re-offending and to protect victims and the vulnerable within the community. A number of other public agencies are held under a Duty to Co-operate (DTC) with these key stakeholders including Social Services, Health Trusts, Youth Offending Teams, UKBA, Job-centre Plus and Local Housing and Education Authorities.

Public surveys are undertaken and this information 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 against the other forces in England and Wales. Local and regional information is then analysed and evaluated as part of the Force capacity and demand assessments that inform 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.

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

Reasonable assurance provided

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 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 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.

The PRISM transformational change programme brings together Dorset and Devon & Cornwall Police to co-ordinate local strategic, national and regional projects to ensure effective implementation. The programme is designed to increase efficiencies, reduce duplication and improve service delivery to support cost savings and the provision of value for money.

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

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 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 paid has resulted in a 2% increase.

The Corporate Development department analyse demand and performance data to assess Force capacity and capability. These are recorded in the Force Strategic Assessment and Control Strategy which determine 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

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

Reasonable assurance provided

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.

Dorset and Devon & Cornwall Police have produced a People Strategy for 2016-20 that sets out the approach that the Strategic Alliance People Portfolio has adopted to effectively manage its workforce. The strategy recognises the national and regional context in which both forces operate and how they will recruit, retain and develop their employees. This includes succession planning for critical roles so that the force remains effective and consistently delivers high standards of policing to the communities they serve. The main strategic board for the People Portfolio is the Strategic People Board, which is chaired by the Director of People. This board is responsible for agreeing and monitoring the Alliance Strategic Workforce Supply Plan and all people-related policy, strategy and procedure for both Forces. It has a responsibility for overall performance management and co-ordination of the various activities that make up the Portfolio.

The future capacity and capability of the force relies on decisions that are financially sound and based on accurate, relevant information. To support this all roles have job 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 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 executive and senior managers on a regular basis to ensure they are aware of any strategic risks under their control, in order that mitigating action can be taken.

The Alliance Head of Legal Services, Reputation and Risk is also the joint Senior Information Risk Officer (SIRO) with responsibility for information management and data quality across both Forces. The OPCC Chief Executive is the SIRO for the Dorset OPCC. The General Data Protection Regulations implemented on the 25th May 2018 have seen a significant increase in the number of information requests received across Dorset and Devon and Cornwall. The increase in demand and staff shortages have resulted in the Force being unable to respond within the directed timescales. Dorset and Devon & Cornwall Police have self-referred this non-compliance to the Information Commissioners Office who has helped implement improvements, and who continues to monitor and support both Forces.

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. This includes 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.

Under Section 151 of the Local Government Act 1972 the Chief Finance Officer for Dorset Police has been appointed the force Section 151 Officer, responsible for the proper and lawful administration of Force affairs. He works alongside the OPCC Treasurer who holds the statutory duty for the financial administration and management of force funds to develop sustainable financial strategies that support 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. The Chief Constable and the Police & Crime Commissioner jointly chair the Resource Control Board that provides oversight of the arrangements for the robust management and sustainability of Dorset Police resources including land, property, finance, projects and people.

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 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 internal audit function is completed by an independent audit partnership (South West Audit Partnership) that provide objective scrutiny and assurance on the controls in place that prevent error, fraud or corruption. The Audit Charter is considered annually by the Independent Audit Committee to ensure it meets the requirements of the Force, the Police & Crime Commissioner and the audit team. The charter states the Force and the Police & Crime Commissioner must provide adequate resources and open access to any information required by the auditors to complete the annual programme of audits. This 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 audit programme is agreed by the Independent Audit Committee who operate across the Alliance and who consider 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 long term financial security of the Force.

The Force and OPCC publish certified copies of the annual accounts. The external auditors are responsible for the independent scrutiny of financial arrangements and verify the accounts prior to their publication. They provide an annual independent opinion on how the Force provides value for money and its financial management. They also provide assurance to the public that the accounts provide a true and fair view of the financial management of the Force. 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.

3.2 Self-assessment and methodology

The following summarises the corporate governance framework self-assessment review for Dorset Police 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 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 for 2018/19. However for completeness the following table provides an action plan to address the minor issues identified.

| Principle | Actions to be delivered in 2019/20 |
|---|--|
| A. Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law. | The Police & Crime Commissioners report on stop and search in Dorset makes a series of recommendations which have been adopted by the Force but as the report acknowledges will make little difference on the disproportionality ratio. The report provides evidence to support the narrative that there are external factors including the impact of county lines, tourism and the growth of the BAME population in Dorset (supported via school data) that negatively influence the disproportionality ratio. The report also concludes that grounds for searches in Dorset are generally good and are equitable between white and black searches. This issue will continue to be reviewed in order to identify any other issues that lead to Dorset being a national outlier. |
| C. 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 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. |
| E. Developing the Forces 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 AGS have been resolved

5.1 Challenges 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 Devon & Cornwall Police and Dorset 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. The Force is challenged to deliver against a background of finite resources available to meet increased public demand. | Complete: GDPR has been implemented and training delivered through the alliance information management department. |

6. The Conclusion

6.1 Strategic Objectives

This statement is written on behalf of Dorset Police in line with CIPFA Standards. The Chief Constable is responsible for the delivery of an efficient police service and for ensuring that public money is used effectively.

The overall strategic plan for policing in Dorset is set out in the Police & Crime Plan. This plan is fully consulted with the Chief Constable who is responsible for the direction of the force and the delivery of an effective policing service that meets the objectives of the Police & Crime Plan.

The four strategic policing priorities are:

- 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. Whilst the proposal to merge with Devon & Cornwall Police has not proceeded, the Strategic Alliance remains strong and provides a firm foundation to continue to deliver efficiencies, resilience and service improvements across both Forces.

The system of governance has been reviewed and revised. This has now been implemented and its effectiveness will continue to be monitored.

This aspect will be formally assessed within next year's Annual Governance Statement.

Signed:

Dated:

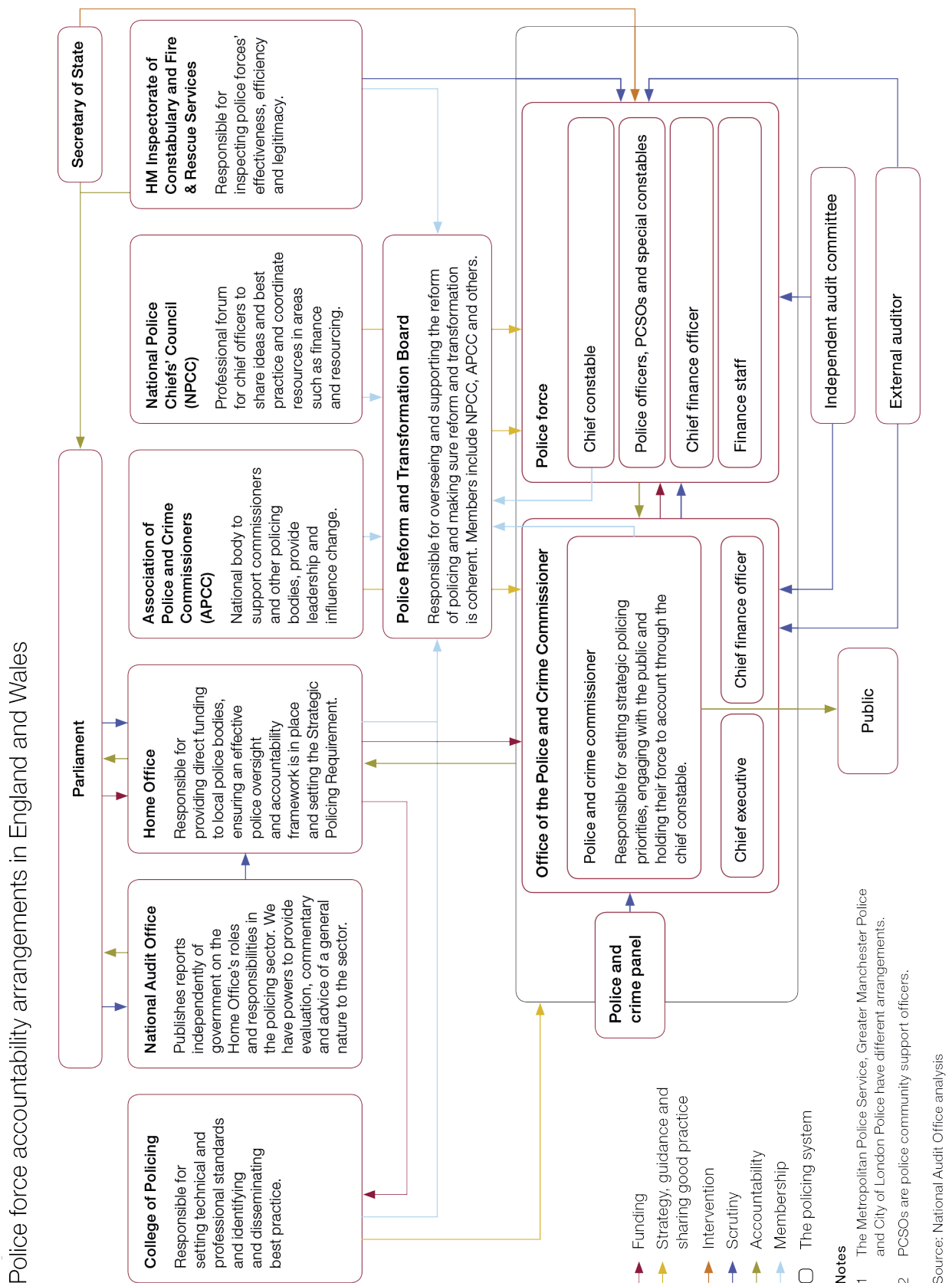
Chief Constable James Vaughan

Assistant Chief Officer John Jones

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

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](#)

Office of the Police and Crime Commissioner for Dorset Links

- [Police and Crime Plan](#)
- [Contact Us](#)
 - [About Us](#)
 - [Police & Crime Commissioner - Martyn Underhill](#)
 - [Deputy Police & Crime Commissioner - Colin Pipe](#)
 - [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](#)
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 - [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

Glossary

Dorset Police



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.) |

Glossary

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| 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. |
| 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. |
| Fixed Assets | Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment. |
| 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. |

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| 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. |
| 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. |

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| 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. |