

# Chief Constable for Devon and Cornwall

## Statement of Accounts for the year ended 31 March 2019

Unaudited



Devon & Cornwall Police



# Chief Constable for Devon and Cornwall

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

Shaun Sawyer                      Chief Constable

Sandy Goscomb                  Chief Finance Officer to the Chief Constable

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# Chief Constable for Devon and Cornwall

## Statement of Accounts 2018/19

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# Chief Constable for Devon and Cornwall

## Statement of Accounts 2018/19

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# Accompanying Reports



Devon & Cornwall Police

# Chief Constable for Devon and Cornwall

## Narrative Report by Sandy Goscomb, Chief Finance 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 Devon, Cornwall and the Isles of Scilly, ensuring that the area 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:
- Reducing crime and bringing criminals to justice
  - Protecting people from harm
  - Improving satisfaction in policing services
  - Maintaining visibility, engagement and problem solving in communities
  - Meeting relevant national policing requirements
- 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, shows the changes in the Chief Constable's financial resources over the year
  - **Comprehensive Income and Expenditure Statement** - for the Chief Constable show the gains and losses that contributed to the changes in resources
  - **Balance Sheet as at 31 March 2019**, shows how the resources available to the Chief Constable are held in the form of assets and liabilities
  - **Cash Flow Statement**, shows how the movement in resources has been reflected in cash flows
- 2.2. The notes to the accounts include the accounting policies and give further information on the entries within the main statements as well as supplementary information. These are further supplemented by a glossary of terms.

### 3. Resources Available in 2018/19

#### Setting the Financial Strategy for 2018/19 and Beyond

- 3.1. The Police and Crime Commissioner for Devon and Cornwall allocates the significant proportion of the available annual funding to the Chief Constable. In 2018/19 the allocation to the Chief Constable was £288.4m out of the total Police and Crime Commissioner funding of £293.6m.
- 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.



## Narrative Report by Sandy Goscomb, Chief Finance Officer Continued

- 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 working together with Dorset Police, and through the continued revision of PCSO numbers in line with the operational policing model. These efficiencies largely fall within the allocation to the Chief Constable. The Police and Crime Commissioner's decided to increase the Council Tax by 6.81% which, with the programme of efficiencies, enabled the Force to address the following key areas:
- Increasing the number of Police Officers to 3,015 by April 2019. As well as increasing the overall Officer numbers beyond the previous year's MTFS, it also meant they could be recruited earlier than had been planned. This increase in officers has subsequently been revisited as part of the 2019/20 budget process, and increased further still.
  - 20 joint funded blue light officers. This developed a new way of delivering neighbourhood functions in rural areas in collaboration with Fire and other partners.
  - The development of a county police headquarters for Cornwall at Bodmin – delivering a similar function expected of the development currently underway in Exeter.
  - Met the additional 1% in pay award for police officers and police staff from 2018/19, after 5 years of a 1% restriction on pay.
  - Significant increase in technology to drive efficiencies and productivity. This included investment in improved automatic number plate recognition (ANPR), digital storage and improved control room technology.
  - The roll out of Body Worn Video (BWV) which will protect officers and victims, catch criminals and provide transparency to the public.
  - £100k to support a small grants scheme. These funds were targeted towards projects to tackle anti-social behaviour in our communities.

### Actual Expenditure 2018/19

- 3.4. The Chief Constable spent £288.374m against the budget allocation of £288.422m, resulting in an underspend of £0.048m. This final spend is reflected in the Expenditure and Funding Analysis in the accounts, at note 7.
- 3.5. Although the outturn was close to breakeven there were a number of variables which offset each other:
- The police officer overtime budget remained under pressure and ended the financial year with a £912k overspend. There was a focussed effort during the year to review, scrutinise, and control the use of overtime, which, although overspent, was a reduction on the previous year spend.
  - Additional cost charged against the supplies and services budget resulted in an overspend of £1.048m. A significant part of this overspend was an increase in costs of the custody healthcare contract, where additional payments were required to ensure levels of performance were maintained.
  - The transport budget was overspent by £842k. This had been anticipated for most of the financial year,

The overspending areas above were offset by the variances below.

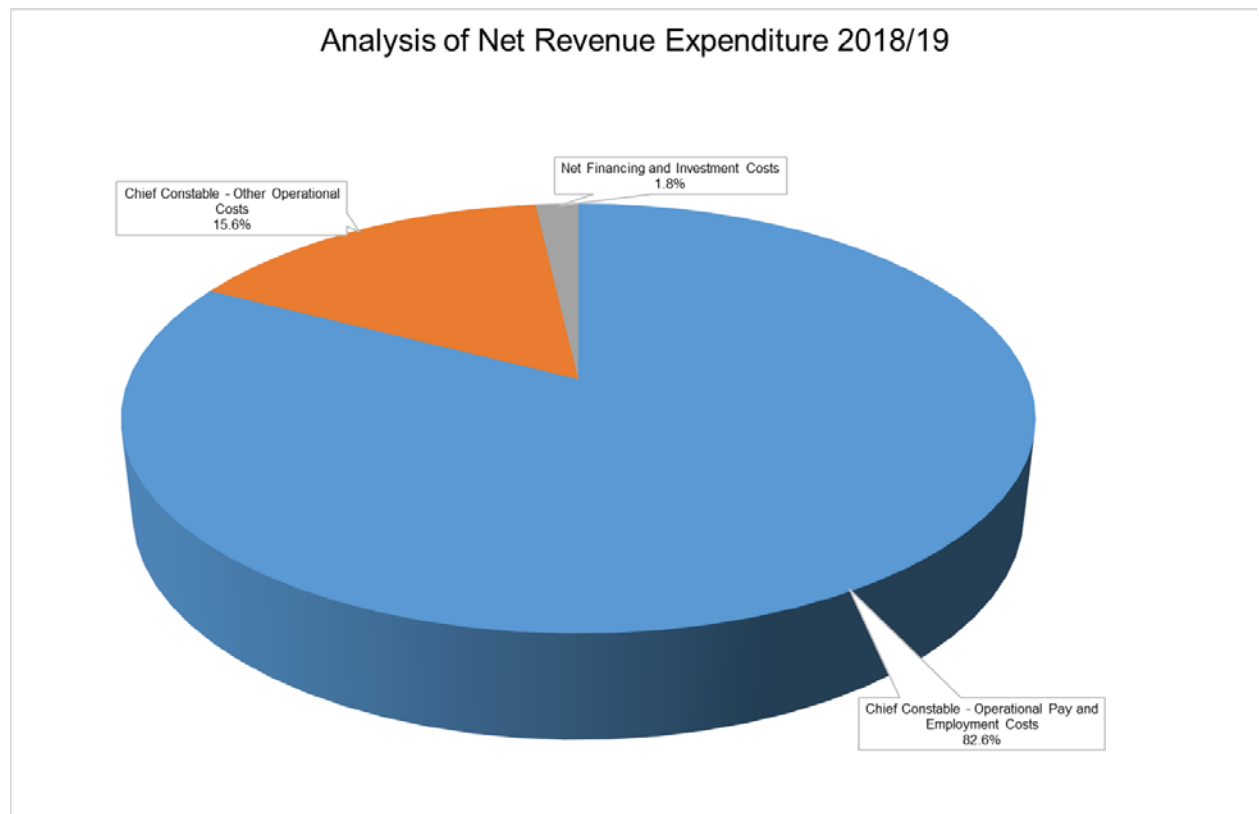
- Police staff pay budgets were underspent by £708k. This was the result of the Force holding a significant number of vacancies during the year.

# Chief Constable for Devon and Cornwall

## Narrative Report by Sandy Goscomb, Chief Finance Officer Continued

- Communications and computing underspent by £871k. Savings were made across telephone and line rental charges (where lines have ceased and refunds received), mobile phone charges and software licencing efficiencies.
- Income was overachieved by £1,275k. This is as a result of increases in reimbursements offset by additional costs; alongside higher than expected income from sales, fees and charges

3.6. The below chart shows a breakdown of actual net revenue expenditure for 2018/19 by category of spend



### Capital Programme

3.7. The table below shows the Chief Constable's capital expenditure, and funding, during 2018/19. The majority of the assets relating to policing, most significantly 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.

	£000's
Equipment and ICT	115
	<hr/> 115
<u>Funded by</u>	
Advance from Police and Crime Commissioner	(115)
	<hr/> (115)

## Narrative Report by Sandy Goscomb, Chief Finance Officer Continued

- 3.8. 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 majority of ICT assets are reflected on the Police and Crime Commissioner's balance sheet. The capital purchases that fall under the Chief Constable are primarily equipment, including automatic number plate recognition equipment, purchase of drones, and other minor spend on technological innovation.

### Workforce Resources

- 3.9. Workforce costs make up 82.6% of the annual expenditure of Devon and Cornwall Police. The full time equivalents (FTE) of officers and staff employed by Devon and Cornwall Police at the beginning and end of the period were:

31/03/18 (FTE)		31/03/19 (FTE)
2,940	Police Officers	2,982
2,102	Police Staff (inc PCSOs)	1,940
5,042		4,922

## 4. Performance Indicators

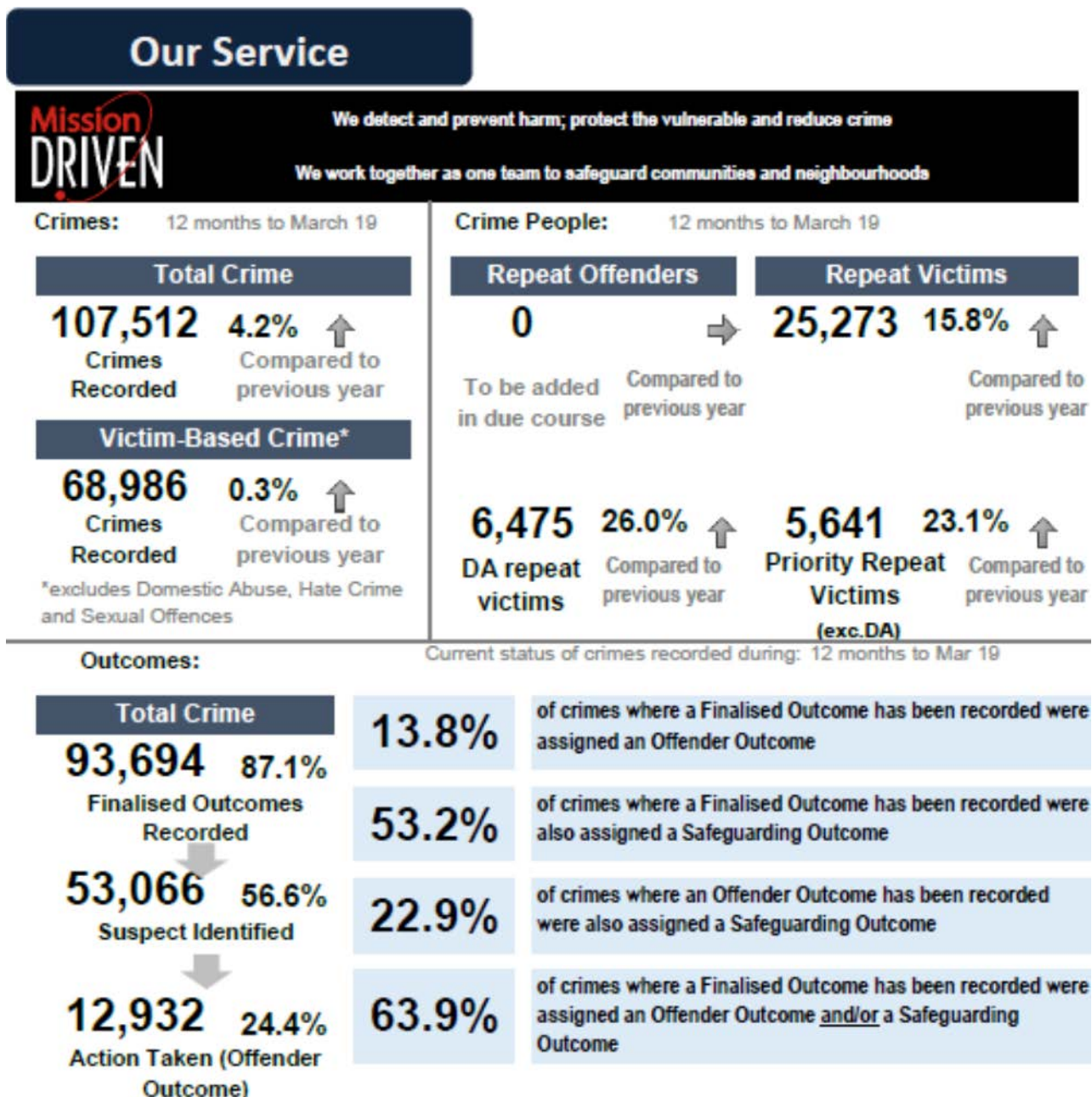
### External Indicators

- 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 most recent report (2017) indicated that Devon and Cornwall Police was 'good' for two of the three areas reviewed, and required improvement in the other, effectiveness
  - Auditors Value for Money Opinion – External auditors 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 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 Devon and Cornwall Police in comparison to other forces. The report did not indicate any significant outliers within Devon and Cornwall Police's information.

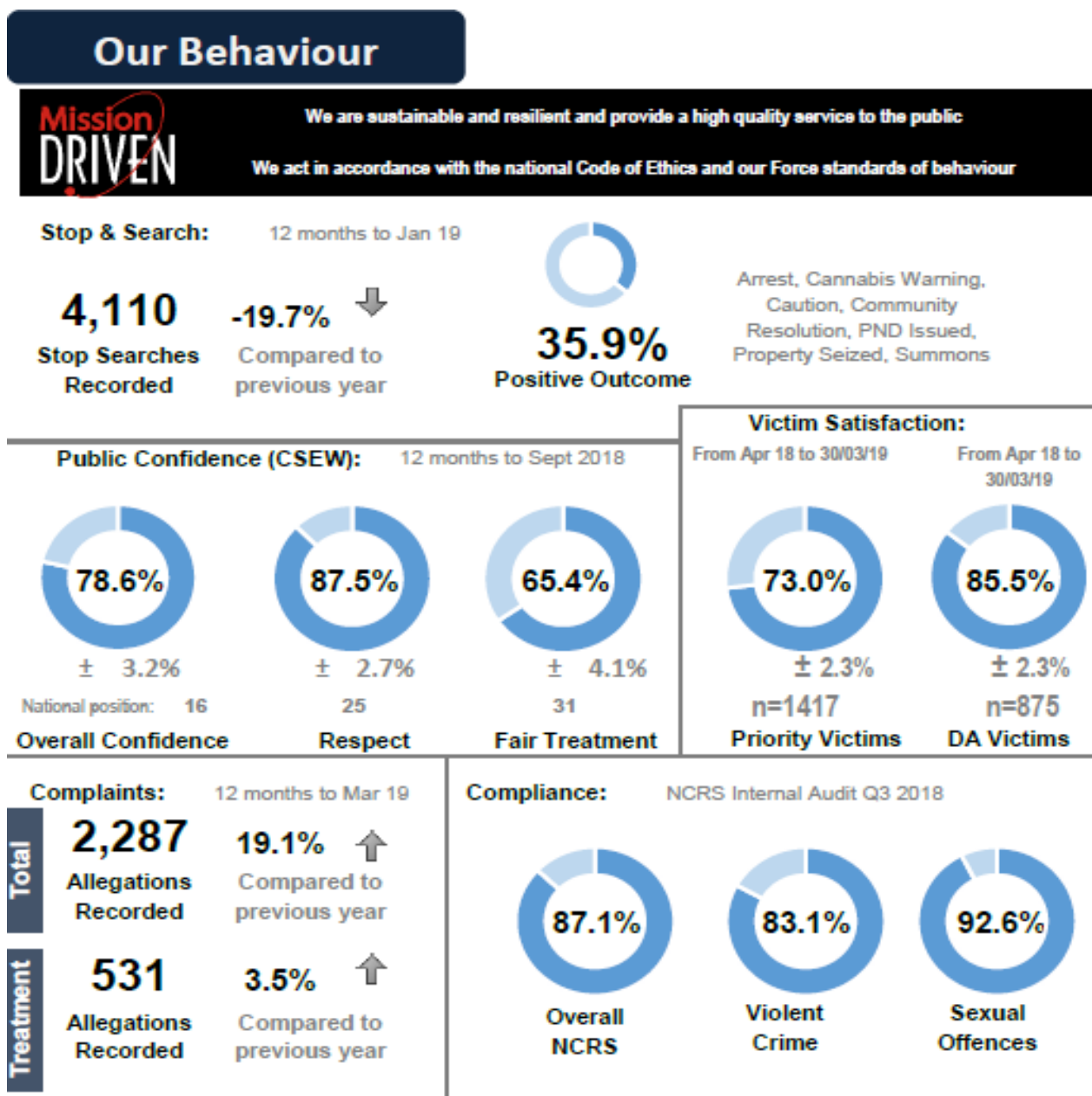
## Narrative Report by Sandy Goscomb, Chief Finance Officer Continued

### Operational Performance of the Force

4.2. During the year, the Force dealt with the following level of activity:



## Narrative Report by Sandy Goscomb, Chief Finance Officer Continued



## Narrative Report by Sandy Goscomb, Chief Finance Officer Continued

- Continue with the piloted police staff team who ensure accuracy of crime data and take statements, removing work from the front line. For example, we anticipate 8,000 statements a year will be taken by the team, providing a better service for the front line and the witness.
- The roll out of Integrated Service Delivery (ISD) by summer 2019, resolving calls earlier and allocating tasks, where appropriate, across the whole force, rather than to specialist teams. ISD will change the way the police deal with non-emergency demands
- Invest in modernised training and improving mental health and supporting good mental wellbeing in the workforce.
- Maximise the benefit of new operational hubs and County Headquarters.
- Technological investment in call handling, command & control and improved management information.

5.3 For 2020/21 and beyond there is a great deal of uncertainty around funding levels which will impact on our planning process. The uncertainty arises from:-

- The next Comprehensive Spending Review (CSR) which the Government plans to undertake during 2019 to take effect from the financial year 2020/21.
- The long awaited funding formula review which the Government seeks to implement in 2021/22
- Future cost of pension schemes. These schemes have seen increased pressure in recent years, with significant additional costs in 2019/20.

### 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 in this document. The joint Annual Governance Statement describes the internal control environment for the Police and Crime Commissioner and the Chief Constable.

**Signed by Sandy Goscomb**  
**Chief Finance Officer to the Chief Constable**  
**31 July 2019**

#### Further Information:

This publication provides a review of the financial performance of the Police and Crime Commissioner for 2018/19. It may be read in conjunction with the PCC/Group Accounts, and the [Police and Crime Plan](#). These documents can be found at [www.devonandcornwall-pcc.gov.uk/about-us/what-we-spend/](http://www.devonandcornwall-pcc.gov.uk/about-us/what-we-spend/).

**Chief Constable for Devon and Cornwall**

**Independent Auditor's Report to the  
Chief Constable for Devon and Cornwall**

# **Chief Constable for Devon and Cornwall**

## **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 Devon and Cornwall 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 Devon and Cornwall 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.

**Shaun Sawyer**  
**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;
- 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 Devon and Cornwall at the accounting date and of the income and expenditure for the year ended 31 March 2019.

**Signed by Sandy Goscomb**  
**Chief Finance Officer to the Chief Constable**  
**31 July 2019**



# Financial Statements



Devon & Cornwall Police

# Chief Constable for Devon and Cornwall

## 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	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2018</b>		0	0	0	0	0	0	0
<b>Movement in Reserves</b> (Surplus) or Deficit on the Provision of Services		39,912	0	0	0	39,912	0	39,912
Remeasurement of the net defined benefit liability (asset)		(39,912)	0	0	0	(39,912)	0	(39,912)
<b>Total Comprehensive Income and Expenditure</b>		0	0	0	0	0	0	0
<b>Balance at 31 March 2019</b>		0	0	0	0	0	0	0

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2017</b>		0	0	0	0	0	0	0
<b>Movement in Reserves</b> (Surplus) or Deficit on the Provision of Services		(373,643)	0	0	0	(373,643)	0	(373,643)
Remeasurement of the net defined benefit liability (asset)		373,643	0	0	0	373,643	0	373,643
<b>Total Comprehensive Income and Expenditure</b>		0	0	0	0	0	0	0
<b>Balance at 31 March 2018</b>		0	0	0	0	0	0	0

# Chief Constable for Devon and Cornwall

## 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				2018/19			Notes
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	
367,990	(19,738)	348,252	Chief Constable	365,338	(21,012)	344,326	8
<b>367,990</b>	<b>(19,738)</b>	<b>348,252</b>	<b>Cost of Services</b>	<b>365,338</b>	<b>(21,012)</b>	<b>344,326</b>	
0	(48,845)	(48,845)	Pensions Top Up Grant	0	(52,327)	(52,327)	
(367,990)	68,583	(299,407)	Intra-Group Transaction	(365,338)	73,339	(291,999)	
0	0	0	<b>Cost of Services Net of Pensions Top Up Grant</b>	0	0	0	
			<b>Financing and Investment Income and Expenditure</b>				
103,626	(7,890)	95,736	Pensions Interest Cost	91,002	(7,590)	83,412	17
(103,626)	7,890	(95,736)	Pensions Interest Cost - Intra-Group Transaction	(91,002)	7,590	(83,412)	
373,643	0	373,643	Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	(39,912)	0	(39,912)	17
<b>373,643</b>	<b>0</b>	<b>373,643</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(39,912)</b>	<b>0</b>	<b>(39,912)</b>	
		(373,643)	Remeasurement of the net defined benefit liability (asset)			39,912	
		<b>0</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>0</b>	
		<b>0</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>0</b>	

# Chief Constable for Devon and Cornwall

## 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 £'000		31 March 2019 £'000	Notes
	<b>Long Term Assets</b>		
2,376	ICT and Equipment	3,190	9
3,309,854	Pensions Intra-Group Debtor	3,425,390	17
<b>3,312,230</b>	<b>Total Long Term Assets</b>	<b>3,428,580</b>	
	<b>Current Assets</b>		
9,037	Short Term Accumulated Absences - Intra-Group Debtor	9,582	11
607	Short Term Provisions Intra-Group Debtor	831	10
<b>9,644</b>	<b>Total Current Assets</b>	<b>10,413</b>	
	<b>Current Liabilities</b>		
(9,037)	Short Term Accumulated Absences	(9,582)	11
(607)	Short Term Provisions	(831)	10
<b>(9,644)</b>	<b>Total Current Liabilities</b>	<b>(10,413)</b>	
	<b>Long Term Liabilities</b>		
(3,309,854)	Pension Liabilities	(3,425,390)	17
(2,376)	ICT and Equipment - Intra-Group Creditor	(3,190)	9
<b>(3,312,230)</b>	<b>Total Long Term Liabilities</b>	<b>(3,428,580)</b>	
<b>0</b>	<b>Net Assets</b>	<b>0</b>	

Signed by Sandy Goscomb  
Chief Finance Officer to the Chief Constable  
31 July 2019

# Chief Constable for Devon and Cornwall

## 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 pensions valuation shown against the increase/decrease in pensions liability line.

2017/18		2018/19
£'000		£'000
(373,643)	<b>Net (Surplus) or Deficit on the Provision of Services</b>	39,912
	<b>Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements</b>	
373,643	(Increase)/Decrease in pensions liability	(39,912)
0	<b>Net Cash (Inflows)/Outflows from Operating Activities</b>	0
0	<b>Cash and Cash Equivalents at the end of the reporting period</b>	0



# Notes to the Accounts



**Devon & Cornwall 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, not simply when cash payments are made or received. In particular:

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

### **3.        Accounting Policy Developments and Changes**

Changes in accounting policies are only made when required by proper accounting practices or the change provides more relevant information about the effect of transactions, other events and conditions on the Chief Constable's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting opening balances 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.



## **Note 1     Accounting Policies Continued**

### **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 the Chief Constable incurs 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.

### **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 Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

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

## Note 1 Accounting Policies Continued

### 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). 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 Peninsula 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 Peninsula 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.

## Note 1 Accounting Policies Continued

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):

- 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.

## Note 1 Accounting Policies Continued

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.

### 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 property, 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:

- |   |                           |   |                             |
|---|---------------------------|---|-----------------------------|
| • | ICT                       | - | depreciated historical cost |
| • | Equipment                 | - | depreciated historical cost |
| • | Assets under construction | - | depreciated historical cost |

#### 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:

## Note 1      Accounting Policies Continued

- Information Computer Technology – Depreciation is charged monthly from the first of the month of acquisition starting in the year of acquisition. The asset life of individual groups of assets has been assessed and each group is depreciated individually according to asset life.
- Equipment – These assets are given specific asset lives and are depreciated monthly.

### 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 and 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 criterion, 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.

## Note 1 Accounting Policies Continued

The Chief Constable is not required to raise council tax to cover depreciation or amortisations. However, an annual provision is made 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

Appendix C of 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 in the Code from 2019/20 and will be complied with. However, none have material impact for the Group and none warrant disclosure in these accounts.

## Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the 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 PCC Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA SeRCOP 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 not withstanding) 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.

## 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. 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. The intra-group transactions are summarised in the table below.

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.

# Chief Constable for Devon and Cornwall

<b>Intra-Group Transactions</b>				
	<b>2017/18</b>		<b>2018/19</b>	
<b>Comprehensive Income and Expenditure Statements</b>	<b>Chief Constable £'000</b>	<b>Police and Crime Commissioner £'000</b>	<b>Chief Constable £'000</b>	<b>Police and Crime Commissioner £'000</b>
Net Cost of Policing	(299,407)	299,407	(291,999)	291,999
Pensions Interest Cost and Pensions Top Up Grant	(95,736)	95,736	(83,412)	83,412
Actuarial gains/(losses) on pensions funds	373,643	(373,643)	(39,912)	39,912
<b>Balance Sheet</b>	<b>Chief Constable £'000</b>	<b>Police and Crime Commissioner £'000</b>	<b>Chief Constable £'000</b>	<b>Police and Crime Commissioner £'000</b>
<b>Non-Current Assets/Liabilities</b>				
Pensions Long Term Intra-Group Debtor	3,309,854	0	3,425,390	0
Pensions Long Term Liabilities	(3,309,854)	0	(3,425,390)	0
Pensions Long Term Intra-Group Creditor	0	(3,309,854)	0	(3,425,390)
ICT and Equipment Assets	2,376	0	3,190	0
ICT and Equipment Intra-Group Creditor	(2,376)	0	(3,190)	0
ICT and Equipment Intra-Group Debtor	0	9,644	0	10,413
<b>Current Assets/Liabilities</b>				
Intra-Group Debtors	9,644	0	10,413	0
Current Liabilities	(9,644)	0	(10,413)	0
Intra-Group Creditors	0	(9,644)	0	(10,413)
<b>Unusable Reserves</b>				
Intra-Group Transactions	0	(3,309,854)	0	(3,425,390)

When the Balance Sheets for the two corporate bodies are consolidated into the Group Balance Sheet these intra-group transactions are eliminated.

## Note 5 Events after the Balance Sheet Date

An event occurred after the balance sheet date which has been disclosed as a provision. Please refer to "Other Provisions" within the Provision Note.

## 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:

### 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 £3,425m.

#### 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 Devon and Cornwall

### Note 7 Expenditure and Funding Analysis

The Expenditure and Income Analysed by Nature 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.

2018/19								
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis				
				Adjustments for Capital Purposes (Note 7.1)	Net Change for Pensions Adjustments (Note 7.2)	Other Differences (Note 7.3)	Intra-Group Funding	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	287,594	56,732	344,326	7,640	44,540	4,552	(56,732)	0
<b>Net Cost of Services</b>	<b>287,594</b>	<b>56,732</b>	<b>344,326</b>	<b>7,640</b>	<b>44,540</b>	<b>4,552</b>	<b>(56,732)</b>	<b>0</b>
Other Income and Expenditure from the Funding analysis	0	(52,327)	(52,327)	0	(52,327)	0	52,327	0
Intra-Group Transaction	(287,594)	(4,405)	(291,999)	0	0	0	0	0
<b>Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,640</b>	<b>(7,787)</b>	<b>4,552</b>	<b>(4,405)</b>	<b>0</b>
<b>Opening Revenue Reserve Balance as at 31 March 2018</b>	<b>0</b>							
Less/Plus Surplus or (Deficit) on the General Fund in Year	0							
Transfer (to)/from Other Reserves	0							
<b>Closing Revenue Reserve Balance as at 31 March 2019</b>	<b>0</b>							

# Chief Constable for Devon and Cornwall

## Note 7 Expenditure and Funding Analysis Continued

2017/18								
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis				
				Adjustments for Capital Purposes (Note 7.1)	Net Change for Pensions Adjustments (Note 7.2)	Other Differences (Note 7.3)	Intra-Group Funding	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	278,739	69,513	348,252	3,852	57,242	8,419	(69,513)	0
<b>Net Cost of Services</b>	<b>278,739</b>	<b>69,513</b>	<b>348,252</b>	<b>3,852</b>	<b>57,242</b>	<b>8,419</b>	<b>(69,513)</b>	<b>0</b>
Other Income and Expenditure from the Funding analysis	0	(48,845)	(48,845)	0	(48,845)	0	48,845	0
Intra-Group Transaction	(278,739)	(20,668)	(299,407)	0	0	0	0	0
<b>Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,852</b>	<b>8,397</b>	<b>8,419</b>	<b>(20,668)</b>	<b>0</b>
<b>Opening Revenue Reserve Balance as at 31 March 2017</b>	<b>0</b>							
Less/Plus Surplus or (Deficit) on the General Fund in Year	0							
Transfer (to)/from Other Reserves	0							
<b>Closing Revenue Reserve Balance as at 31 March 2018</b>	<b>0</b>							

## Note 7 Expenditure and Funding Analysis Continued

### 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 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 Comprehensive Income and Expenditure Statement.

### 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 Devon and Cornwall

## Note 8 Expenditure and Income Analysed by Nature

2017/18 £'000	Expenditure/Income	2018/19 £'000
	<b>Expenditure</b>	
304,228	Employee benefit expenses	296,506
53,849	Other service expense	56,892
9,913	Depreciation, amortisation, impairment	11,940
<b>367,990</b>	<b>Total Expenditure</b>	<b>365,338</b>
	<b>Income</b>	
(19,738)	Fees charges and other service income	(21,012)
<b>(19,738)</b>	<b>Total Income</b>	<b>(21,012)</b>
<b>348,252</b>	<b>Cost on the Provision of Service</b>	<b>344,326</b>

## Note 9 Property, Plant and Equipment

This table sets out the ICT and Equipment for the Chief Constable.

2017/18 ICT and Equipment £'000	Cost	2018/19 ICT and Equipment £'000
<b>4,712</b>	<b>Balance at 1 April</b>	<b>5,576</b>
864	Additions	115
0	Reclassification	1,308
<b>5,576</b>	<b>Balance at 31 March</b>	<b>6,999</b>
	<b>Accumulated Depreciation</b>	
<b>(2,223)</b>	<b>Balance at 1 April</b>	<b>(3,200)</b>
(977)	Depreciation Charge	(573)
0	Reclassification	(36)
<b>(3,200)</b>	<b>Balance at 31 March</b>	<b>(3,809)</b>
	<b>Net Book Value</b>	
<b>2,489</b>	<b>Balance at 31 March 2017</b>	<b>0</b>
<b>2,376</b>	<b>Balance at 31 March 2018</b>	<b>2,376</b>
<b>0</b>	<b>Balance at 31 March 2019</b>	<b>3,190</b>

### 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:

## Note 9 Property, Plant and Equipment Continued

### 9.2.1 Information Computer Technology (ICT)

Classes of ICT assets are given specific asset lives these are within the range 3-10 years. ICT assets are depreciated monthly.

### 9.2.2 Equipment

Equipment assets are given specific asset lives that are within the range 3-10 years. These assets are depreciated monthly.

### 9.3 Asset Transfers

There were two assets transferred from the PCC to the CC in 2018/19 amounting to £1.273m.

### 9.4 Componentisation

Component assets are recognised separately from the main asset that they are associated with when the value of the component is more than 20% and greater than £2.5m of the main asset value.

## Note 10 Provisions

2018/19	Remuneration £'000	Other £'000	Total £'000
<b>Current Liabilities</b>			
<b>Balance at 1 April 2018</b>	<b>(607)</b>	<b>0</b>	<b>(607)</b>
Additional provisions made	0	(255)	(255)
Amounts used	31	0	31
Transfer from long term liabilities	0	0	0
<b>Balance at 31 March 2019</b>	<b>(576)</b>	<b>(255)</b>	<b>(831)</b>

2017/18	Remuneration £'000	Other £'000	Total £'000
<b>Current Liabilities</b>			
<b>Balance at 1 April 2017</b>	<b>(528)</b>	<b>0</b>	<b>(528)</b>
Additional provisions made	(189)	0	(189)
Amounts used	110	0	110
Transfer from long term liabilities	0	0	0
<b>Balance at 31 March 2018</b>	<b>(607)</b>	<b>0</b>	<b>(607)</b>

### 10.1 Remuneration Provision

#### 10.1.1 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.

#### 10.1.2 Employment termination benefits arising from restructuring the Force to meet budget reductions.

Critical judgements are applied in determining the level of the redundancy provision. The payments are expected to be made in 2019/20.

# Chief Constable for Devon and Cornwall

## Note 10 Provisions Continued

### 10.2 Other Provisions

There is a legal obligation to pay a fine and associated fees resulting from a Health and Safety breach. A provision has been made in 2018/19; the payment will be made in 2019/20.

## Note 11 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		£'000
(9,122)	Balance at 1 April	(9,037)
9,122	Settlement or cancellation of accrual made at the end of the preceding year	9,037
(9,037)	Amounts accrued at the end of the current year	(9,582)
85	<b>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</b>	(545)
(9,037)	Balance at 31 March	(9,582)

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 12 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
19	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	14
0	Fees payable to external auditors for other services	0
19		14

# Chief Constable for Devon and Cornwall

## Note 13 Officers' Remuneration

### 13.1 Remuneration

This note shows the officer remuneration costs for the Chief Constable:-

2018/19	Note	Salary, Fees and Allowances £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<b>Chief Constable</b>							
<b>Salary £150,000 plus per year</b>							
Chief Constable – Shaun Sawyer	1	171,500	60,306	2,517	234,323	0	234,323
<b>Salary £50,000 to £149,999 per year</b>							
Deputy Chief Constable		142,264	0	1,111	143,375	32,099	175,474
ACC Delivery		106,178	0	0	106,178	24,634	130,812
ACC Senior Responsible Officer - Strategic Alliance		116,792	0	4,388	121,180	27,236	148,416
ACC Operations Support from 01/04/2018 to 25/05/2018		16,768	0	0	16,768	3,384	20,152
ACC Operations Support from 02/05/2018 to 31/03/2019		99,876	0	0	99,876	21,825	121,701
Director of Legal Services	3	115,254	4,467	2,778	122,499	15,076	137,575
Director of Finance & Resources		114,421	4,467	0	118,888	15,076	133,964
Ch Supt - Alliance Operations Commander		88,873	0	1,482	90,355	20,541	110,896
Ch Supt - Chief of Staff from 01/01/19 to 31/03/19		20,695	0	0	20,695	5,008	25,703
Ch Supt - Chief of Staff from 01/04/18 to 10/09/18		37,847	0	0	37,847	8,740	46,587
Ch Supt - Corporate Development		99,617	0	0	99,617	20,960	120,577
Ch Supt - Corporate Development from 01/04/18 to 01/05/18		15,225	0	0	15,225	3,453	18,678
Ch Supt - Crime & Justice		87,575	0	0	87,575	20,066	107,641
Ch Supt - Local Policing		88,206	0	0	88,206	20,960	109,166
Ch Supt - Local Policing from 11/09/18 to 31/03/19		48,427	0	0	48,427	11,297	59,724
Ch Supt - Local Policing from 26/05/18 to 31/03/19		73,201	0	0	73,201	17,550	90,751
Ch Supt - Local Policing from 01/04/18 to 03/06/18		14,961	0	0	14,961	3,437	18,398
Ch Supt - Local Policing from 10/12/18 to 31/03/19		25,590	0	0	25,590	6,193	31,783
Ch Supt - Local Policing from 01/04/18 to 13/01/19		68,097	0	0	68,097	16,087	84,184
Ch Supt - Local Policing from 22/01/19 to 31/03/19		16,482	0	0	16,482	3,877	20,359
Ch Supt - Senior User Emergency Services Mobile Communication Project 01/04/18 to 30/05/18		14,979	0	0	14,979	3,397	18,376

# Chief Constable for Devon and Cornwall

## Note 13 Officers' Remuneration Continued

Restated 2017/18	Note	Salary, Fees and Allowances £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<b>Chief Constable</b>							
<b>Salary £150,000 plus per year</b>							
Chief Constable – Shaun Sawyer		169,367	0	3,632	172,999	0	172,999
<b>Salary £50,000 to £149,999 per year</b>							
Deputy Chief Constable	2	111,248	0	2,260	113,508	26,362	139,870
ACC Delivery from 01/04/17 to 24/01/18		99,691	0	3,051	102,742	21,818	124,560
ACC Delivery from 04/12/17 to 31/03/18		33,949	0	0	33,949	6,737	40,686
ACC Senior Responsible Officer - Strategic Alliance		115,035	0	3,017	118,052	26,811	144,863
ACC Operations Support		114,004	0	0	114,004	23,981	137,985
ACC Operations Support from 01/04/17 to 31/05/17		19,501	0	452	19,953	4,443	24,396
ACC Operations Support from 08/01/18 to 31/03/18		23,136	0	0	23,136	4,694	27,830
Director of Legal Services	3	113,584	4,467	2,279	120,330	14,840	135,170
Director of Finance & Resources		112,751	4,467	0	117,218	14,840	132,058
Ch Supt - Alliance Operations Commander from 02/01/18 to 31/03/18		21,174	0	0	21,174	4,857	26,031
Ch Sup - Alliance Operations Commander from 01/04/17 to 01/01/18		67,977	0	0	67,977	15,509	83,486
Ch Supt - Chief of Staff from 08/05/17 to 01/01/18		55,183	0	0	55,183	12,715	67,898
Ch Supt - Chief of Staff from 02/01/18 to 31/03/18		21,049	0	0	21,049	4,857	25,906
Ch Supt - Corporate Development from 02/01/18 to 31/03/18		22,665	0	0	22,665	5,124	27,789
Ch Supt - Corporate Development		90,642	0	0	90,642	20,633	111,275
Ch Supt - Crime & Justice from 16/03/18 to 31/03/18		3,778	0	0	3,778	861	4,639
Ch Supt - Crime & Justice from 02/10/17 to 03/12/17		14,857	0	0	14,857	3,379	18,236
Ch Supt - Crime & Justice from 01/04/17 to 15/10/17		49,736	0	0	49,736	11,109	60,845
Ch Supt - Executive Project Support from 08/05/17 to 01/10/17		34,076	0	0	34,076	7,805	41,881
Ch Supt - Local Policing		85,600	0	0	85,600	20,297	105,897
Ch Supt - Local Policing from 01/04/17 to 07/01/18		65,275	0	0	65,275	15,495	80,770
Ch Supt - Local Policing from 01/02/18 to 31/03/18		14,285	0	0	14,285	3,273	17,558
Ch Supt - Local Policing		83,388	0	0	83,388	19,786	103,174
Ch Supt - Senior User Emergency Services Mobile Communication Project		90,642	0	0	90,642	20,633	111,275



## Note 13 Officers' Remuneration Continued

### 13.1 Notes

1. Subsistence and allowances figure includes removal expenses.

2. In both years, the Deputy Chief Constable employed by Devon and Cornwall Police worked across Devon and Cornwall Police and Dorset Police. All employment and associated costs are disclosed within these accounts.

3. The Director of Legal services provides a service to Devon and Cornwall Police and Dorset Police. The contract of employment is with Devon and Cornwall Police and for this reason the remuneration disclosure is made in the Statement of Accounts for Devon and Cornwall Police. Dorset Police meets a proportion of the costs of this post.

The Director of People and Leadership post is shared between Devon and 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 and Cornwall Police meet a proportion of the costs of this post.

The Deputy Chief Constable employed by Dorset Police was shared between Devon and Cornwall Police and Dorset Police. The remuneration disclosure is made in the Statement of Accounts of Dorset Police.

This year Chief Superintendent's have been included in the remuneration note. The 2017/18 remuneration note has been updated to reflect the change in disclosure.

### 13.2 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 include adjustments for the sharing of cost with Dorset Police, these adjustments are set out below the table.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18 £'000	2018/19 £'000
£0 – £20,000	2	1	1	5	3	6	25	31
£20,001 - £40,000	2	0	0	0	2	0	68	0
£40,001 - £60,000	0	0	0	1	0	1	0	57
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001- £150,000	0	0	0	0	0	0	0	0
<b>Total included in bandings and in CIES</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>5</b>	<b>7</b>	<b>93</b>	<b>88</b>
<b>Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement</b>								
Redundancy cost recharged to Dorset Police							(21)	(1)
Redundancy cost recharged to Devon and Cornwall by Dorset Police							178	53
<b>Exit Costs charged to the Comprehensive Income and Expenditure Statement</b>							<b>250</b>	<b>140</b>
All of the exit packages in 2017/18 relate to the Force.								
All of the exit packages in 2018/19 relate to the Force.								

### 13.3 Remuneration Bands

The 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.

# Chief Constable for Devon and Cornwall

## Note 13 Officers' Remuneration Continued

### 13.4 Remuneration Bands continued

2017/18		2018/19
Number of employees	Remuneration Band	Number of employees
234	£50,000 - £54,999	312
113	£55,000 - £59,999	127
38	£60,000 - £64,999	45
11	£65,000 - £69,999	12
8	£70,000 - £74,999	9
6	£75,000 - £79,999	9
4	£80,000 - £84,999	3
2	£85,000 - £89,999	3
1	£90,000 - £94,999	0
1	£95,000 - £99,999	0
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
<b>418</b>	<b>Total</b>	<b>520</b>

This year the details of the Chief Superintendent's remuneration have been disclosed separately in the remuneration note for both financial years. Therefore the figures in the remuneration band for 2017/18 have been updated to reflect this change in disclosure.

The above table does not include staff paid below £50,000 who make up approximately 92% of the workforce.

Police staff that have transferred between the forces have been recorded at their Year End Force, with their total remuneration throughout the year disclosed.

## Note 14 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:

### 14.1 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure. There were no disclosures.

### 14.2 Commissioning and Partnerships

There is one partnership in which the Chief Constable participates, the Safety Camera Partnership. The Chief Constable carries out activities relevant to its own functions jointly with others. A formal partnership agreement is in place. The Chief Constable and the Group accounts only for their share of the jointly controlled assets, liabilities and expenses that the Chief Constable incurs in relation to the partnership activity, as shown in the table below.

# Chief Constable for Devon and Cornwall

## Note 14 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

2017/18		Partnerships	2018/19	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
1,336	(1,190)	Safety Camera Partnership	1,614	(1,482)

The funding mechanisms for partnerships are complex, and the table above shows expenditure that has passed through the Chief Constables accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2018.

### 14.3 Collaborations

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

2017/18		Notes	Joint Operation	2018/19	
Expenditure £'000				Expenditure £'000	
1,057	1		South West Regional Special Branch	1,067	
5,671	2		South West Regional Forensics Services	5,595	
459	3		South West Procurement Services	464	
2,518	4		South West Regional Organised Crime Unit (ROCU)	3,096	
318	5		South West Collaboration Programme	343	
<b>10,023</b>				<b>10,565</b>	

#### 14.3.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. Each Force has a committed number of staff who are based within their own Force area, but work on behalf of the four Forces. The Force cost for the year was £1,067k. 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 contributing 28.9%.

#### 14.3.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. There are bases in all four Forces, with each Force employing a number of staff. The Force cost for the year was £5,595k. 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 contributing 14.2% and Devon and Cornwall contributing 30.5%.

#### 14.3.3 South West Procurement Services

South West Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police and Dorset Police. Staff are based across the region, with them all employed by Devon and Cornwall Police. The Force cost for the year was £464k. The total cost of £1,003k is split on a percentage basis with Dorset contributing 19.5%, Wiltshire Police contributing 17.2%, Gloucestershire Police contributing 17.0% and Devon and Cornwall contributing 46.3%.

## **Note 14      Related Party Transactions, Commissioning, Partnerships and Collaborations Continued**

### **14.3.4    South West Regional Organised Crime Unit (ROCU)**

ROCU is partnership with Dorset 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 based within one of two hubs (North and South). The Force cost for the year was £3,096k. The total cost of £9,298k is split on a percentage basis with Dorset Police contributing 11.76%, Devon and Cornwall contributing 33.3%, Wiltshire contributing 11.68%, Gloucestershire contributing 10.83% and Avon and Somerset contributing 32.43%.

### **14.3.5    South West Collaboration Programme**

The South West Police Collaboration Programme is a partnership with Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with 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 £343k. 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 15    Contingent Liabilities**

### **15.1    Transitional Provisions in the Police Pensions Regulations 2015**

The Chief Constable of Devon and Cornwall Police, along with other Chief Constables and the Home Office, currently has 313 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 and 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 and Crime Commissioner in the form of a central government top-up grant.

### **15.2 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 Devon and Cornwall

## Note 16 Capital Expenditure and Financing

Within the 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	<b>Opening Capital Financing Requirement</b>	0
	<b>Capital Investment:</b>	
864	Equipment and ICT	115
864		115
	<b>Less Sources of Finance:</b>	
(864)	Advance from Police and Crime Commissioner	(115)
(864)		(115)
0	Increase/(Decrease) in Capital Financing Requirement	0
0	<b>Closing Capital Financing Requirement</b>	0

# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes

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.

### 17.1 Police Officer Schemes

#### 17.1.1 Participation in Pension Schemes

From 1 April 2015 both the 1987 and 2006 Police Officers' pension schemes were replaced by a new scheme with future accrual based on the new career average (CARE) model. Both final salary police schemes closed from April 2015, however, there is protection for those closest to retirement, who will be entitled to remain in their current police pension scheme beyond 2015. The new scheme is open to all new recruits. The police officer pension schemes are unfunded defined benefit final salary schemes administered by the Chief Constable for Devon and Cornwall, 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 Commissioners to transfer a sum not exceeding the amount that the Police Pensions Fund is in deficit at 31 March from the Police and Crime Commissioner's 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 17 Defined Benefit Pension Schemes Continued

#### 17.1.2 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
<b>(3,344,386)</b>	<b>Opening balance at 1 April</b>	<b>(3,080,411)</b>
(75,289)	Current service cost	(62,706)
(89,277)	Interest cost	(77,662)
(14,618)	Contributions from scheme participants	(14,758)
	Remeasurement (gains) and losses:	
(148,811)	• Actuarial gains/(losses) arising from changes in demographic assumptions	84,067
167,282	• Actuarial gains/(losses) arising from changes in financial assumptions	(135,784)
333,897	• Experience gains/(losses) on defined benefit obligation	0
89,453	Benefits paid	93,927
1,338	Injury pension payments	1,358
<b>(3,080,411)</b>	<b>Closing balance at 31 March</b>	<b>(3,191,969)</b>

# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

### 17.1.3 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 £'000	Comprehensive Income and Expenditure Account	2018/19 £'000
	<b>Cost of Services</b>	
75,289	Current service cost	62,706
	<b>Financing and Investment Income and Expenditure</b>	
89,277	Net interest expense	77,662
<b>164,566</b>	<b>Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>140,368</b>
	<b>Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	
	Remeasurement of the net defined benefit liability comprising:	
148,811	• Actuarial (gains) and losses arising on changes in demographic assumptions	(84,067)
(167,282)	• Actuarial (gains) and losses arising on changes in financial assumptions	135,784
(333,897)	Experience (gain)/loss on defined benefit obligation	0
<b>(187,802)</b>	<b>Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements</b>	<b>192,085</b>
	<b>Movement In Reserves Statement</b>	
(164,566)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(140,368)
	<b>Actual amounts charged against the General Fund Balance for pensions in the year:</b>	
27,328	Employers' contributions payable to scheme	28,201
48,845	Home Office Top Up Grant	52,327

### 17.1.4 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 £3.19 billion has a substantial impact on the net worth as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position 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

# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

The total contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2020 is £27m.

### 17.1.5 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 2016.

The significant assumptions used by the actuary have been:

2017/18	Mortality Assumptions:	2018/19
	<b>Longevity at 65 for current pensioners:</b>	
21.9	Men	21.3
24.2	Women	23.7
	<b>Longevity at 65 for future pensioners:</b>	
23.7	Men	23.0
26.1	Women	25.5
	<b>Financial Assumptions:</b>	
2.35%	Rate of Inflation	2.40%
3.85%	Rate of increase in salaries	3.90%
2.35%	Rate of increase in pensions	2.40%
2.55%	Rate for discounting scheme liabilities	2.40%

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.

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)	125,102	(120,242)
Rate of increase in salaries (increase or decrease by 0.1%)	5,329	(5,301)
Rate of increase in pensions (increase or decrease by 0.1%)	57,418	(56,221)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(61,462)	62,809

## 17.2 Police Staff Scheme

### 17.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Peninsula Pensions. This is a funded defined benefit career average 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.



# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

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.

### 17.2.2 Transactions Relating to Retirement Benefits

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.

2017/18 £'000	Comprehensive Income and Expenditure Account	2018/19 £'000
	<b>Cost of Services</b>	
	Service cost comprising:	
18,890	• Current service cost	19,277
3	• Past service cost	106
150	• Administration Expenses	193
0	• (Gain)/loss from settlements	0
	<b>Financing and Investment Income and Expenditure</b>	
6,459	Net interest expense	5,749
<b>25,502</b>	<b>Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>25,325</b>
	<b>Other Post Employment Benefits Charged to Comprehensive Income and Expenditure Statement</b>	
	Remeasurement of the net defined benefit liability comprising:	
(3,719)	• Return on plan assets (excluding the amount included in the net interest expense)	(10,006)
0	• Actuarial (gains) and losses arising on changes in demographic assumptions	(31,926)
(17,695)	• Actuarial (gains) and losses arising on changes in financial assumptions	29,498
140	<b>Apportionment Adjustment</b>	631
0	Experience (gain)/loss on defined benefit obligation	0
<b>4,228</b>	<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>13,522</b>

# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

2017/18 £'000	Movement in Reserves Statement	2018/19 £'000
(25,502)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(25,325)
	<b>Funded Liabilities</b>	
<b>£'000</b>	<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>	<b>£'000</b>
9,607	Employers' contributions payable to scheme	9,383
	<b>Unfunded Liabilities</b>	
<b>£'000</b>	<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>	<b>£'000</b>
154	Retirement benefits payable to pensioners	160

### 17.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

31 March 2018 £'000		31 March 2019 £'000
(524,976)	Present value of the defined benefit obligation	(549,817)
295,533	Fair value of plan assets	316,396
<b>(229,443)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(233,421)</b>

### 17.2.4 Reconciliation of the Movements in the Fair Value of Scheme (Plan)

31 March 2018 £'000		31 March 2019 £'000
<b>(515,215)</b>	<b>Opening balance at 1 April</b>	<b>(524,976)</b>
(18,890)	Current service cost	(19,277)
(14,349)	Interest cost	(13,340)
(3,186)	Contributions from scheme participants	(3,429)
	Remeasurement gain/(loss):	
0	• Actuarial gains/(losses) arising from changes in demographic assumptions	31,926
17,695	• Actuarial gains/(losses) arising from changes in financial assumptions	(29,498)
0	• Experience gain/(loss) on defined benefit obligation	0
(307)	Apportionment Adjustment	(1,443)
(3)	Past service cost including gains/(losses) on curtailments	(107)
9,279	Benefits paid	10,325
<b>(524,976)</b>	<b>Closing balance at 31 March</b>	<b>(549,817)</b>

## Note 17 Defined Benefit Pension Schemes Continued

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

31 March 2018		31 March 2019
£'000		£'000
<b>280,238</b>	<b>Opening fair value of scheme assets</b>	<b>295,533</b>
7,890	Interest income	7,590
	Remeasurment gain/(loss):	
3,719	• The return on plan assets, excluding the amount included in the net interest expense	10,006
167	Apportionment Adjustment	812
(150)	Administration expenses	(192)
9,762	Contributions from employer	9,543
3,186	Contributions from employees into the scheme	3,429
(9,279)	Benefits paid	(10,325)
0	Other actuarial gains and (losses)	0
<b>295,533</b>	<b>Closing fair value of scheme assets</b>	<b>316,396</b>

The Chief Constable's contribution to the Local Government Pension Scheme for the accounting period to 31 March 2020 is estimated to be £9.459m. Expected payments for discretionary benefits for the accounting period to 31 March 2020 are estimated to be £0.209m.

### 17.2.6 Local Government Pension Scheme assets comprise

31 March 2018		31 March 2019
£'000	Fair Value of Scheme assets	£'000
	<b>Cash and cash equivalents</b>	
63,359	UK Equities	52,007
109,378	Overseas Equities	135,028
9,283	Gilts	10,207
6,041	Other Bonds	6,077
27,499	Property	28,345
10,600	Infrastructure	11,900
44,135	Target Return Portfolio	45,221
7,217	Cash	5,383
1,968	Private Equity	5,289
16,053	Alternative Assets	16,939
<b>295,533</b>	<b>Total</b>	<b>316,396</b>

### 17.2.7 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.

# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

The significant assumptions used by the actuary have been:

2017/18		2018/19
	<b>Long-term expected rate of return on assets in the scheme:</b>	
2.55%	Equity investments	2.40%
2.55%	Bonds	2.40%
2.55%	Other	2.40%
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners:</b>	
23.5	Men	22.4
25.6	Women	24.4
	<b>Longevity at 65 for future pensioners:</b>	
25.7	Men	24.1
27.9	Women	26.2
	<b>Financial Assumptions:</b>	
2.30%	Rate of inflation	2.40%
3.80%	Rate of increase in salaries	3.90%
2.30%	Rate of increase in pensions	2.40%
2.55%	Rate for discounting scheme liabilities	2.40%

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.

### 17.2.8 Impact on the Defined Benefit Obligation in the Scheme

	<b>Increase in Assumption £'000</b>	<b>Decrease in Assumption £'000</b>
Mortality age rating assumption (increase or decrease in 1 year)	19,747	(19,042)
Rate of increase in salaries (increase or decrease by 0.1%)	1,493	(1,481)
Rate of increase in pensions (increase or decrease by 0.1%)	10,618	(10,380)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(11,850)	12,123

### 17.2.9 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.

## **Note 17      Defined Benefit Pension Schemes Continued**

### **17.2.10 Impact on the Chief Constables Cash Flows**

The objectives of the scheme, as administered by Peninsula Pensions, 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.

Peninsula Pensions publishes annual details of the Fund's performance. They can be contacted at Great Moor House, Bittern Road, Sowton, Exeter, EX2 7NL.



# Pension Fund Accounting Statements



Devon & Cornwall Police

# Chief Constable for Devon and Cornwall

## Police Officers' Pension Fund Statement

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

31 March 2018 £'000	FUND ACCOUNT	31 March 2019 £'000
	<b>Contributions Receivable</b>	
(25,905)	Employers (normal)	(26,360)
(14,618)	Employees (normal)	(14,758)
(85)	Ill Health capital charge	(482)
	<b>Transfers In</b>	
(398)	Individual transfers from other schemes	(562)
	<b>Benefits payable</b>	
72,023	Pensions	76,407
17,828	Commutations & lump sum retirement benefits	18,082
	<b>Payment to and on account of leavers</b>	
0	Individual transfers to other schemes	0
<b>48,845</b>	<b>Net amount paid during the year</b>	<b>52,327</b>
<b>(48,845)</b>	<b>Transfer from Police Fund*</b>	<b>(52,327)</b>
0	<b>Net amount payable / receivable for the year</b>	0
*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office as follows:		
42,863	Received in year	40,830
5,982	Debtor	11,497
<b>48,845</b>		<b>52,327</b>

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.



# **Joint Annual Governance Statement 2018 / 2019**

**for**

**Devon & Cornwall Police and the  
Police and Crime Commissioner  
for Devon, Cornwall and the  
Isles of Scilly**



**Devon & Cornwall Police**



**PCC**

**Office of the Police and  
Crime Commissioner**  
Devon and Cornwall





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# The Annual Governance Statement

This Annual Governance Statement is written on behalf of Devon & Cornwall Police and the Police & Crime Commissioner for Devon & Cornwall and the Isles of Scilly in line with CIPFA standards.<sup>1</sup> It sets out the position as at 31st March 2019 including plans for the financial year 2019/2020.

Both organisations are responsible for ensuring that public money is used effectively and that proper governance arrangements are in place.

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

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while working in the public interest at all times. Acting in the public interest implies a primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

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

### 1.1 The Law and Regulations

The Police & Crime Commissioner and the Chief Constable are each a 'corporation sole' pursuant to the Police Reform and Social Responsibility Act 2011. Each is a separate legal entity with their own legal personality.

The concept of a 'corporation sole' allows a corporation to pass vertically in time from one office holder to the next successor-in-office, giving the position legal continuity with each subsequent office holder having identical powers to those of their predecessor.

As separate corporate entities created by statute, a Police & Crime Commissioner and a Chief Constable have those powers: expressly stated in legislation, necessarily and properly required for carrying into effect the purposes of their incorporation as set out in legislation, and/or that may be fairly regarded as incidental to, or consequential on, those things which legislation authorises.

Each is 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:

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

[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. This Order is designed to ensure an effective and constructive working relationship between the Police & Crime Commissioner and the Chief Constable.

## **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 while considering whether this leads to the delivery of appropriate services and value for money for the public.

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

The Chief Constable

The Police & Crime Commissioner (PCC)

The Police & Crime Panel (PCP):

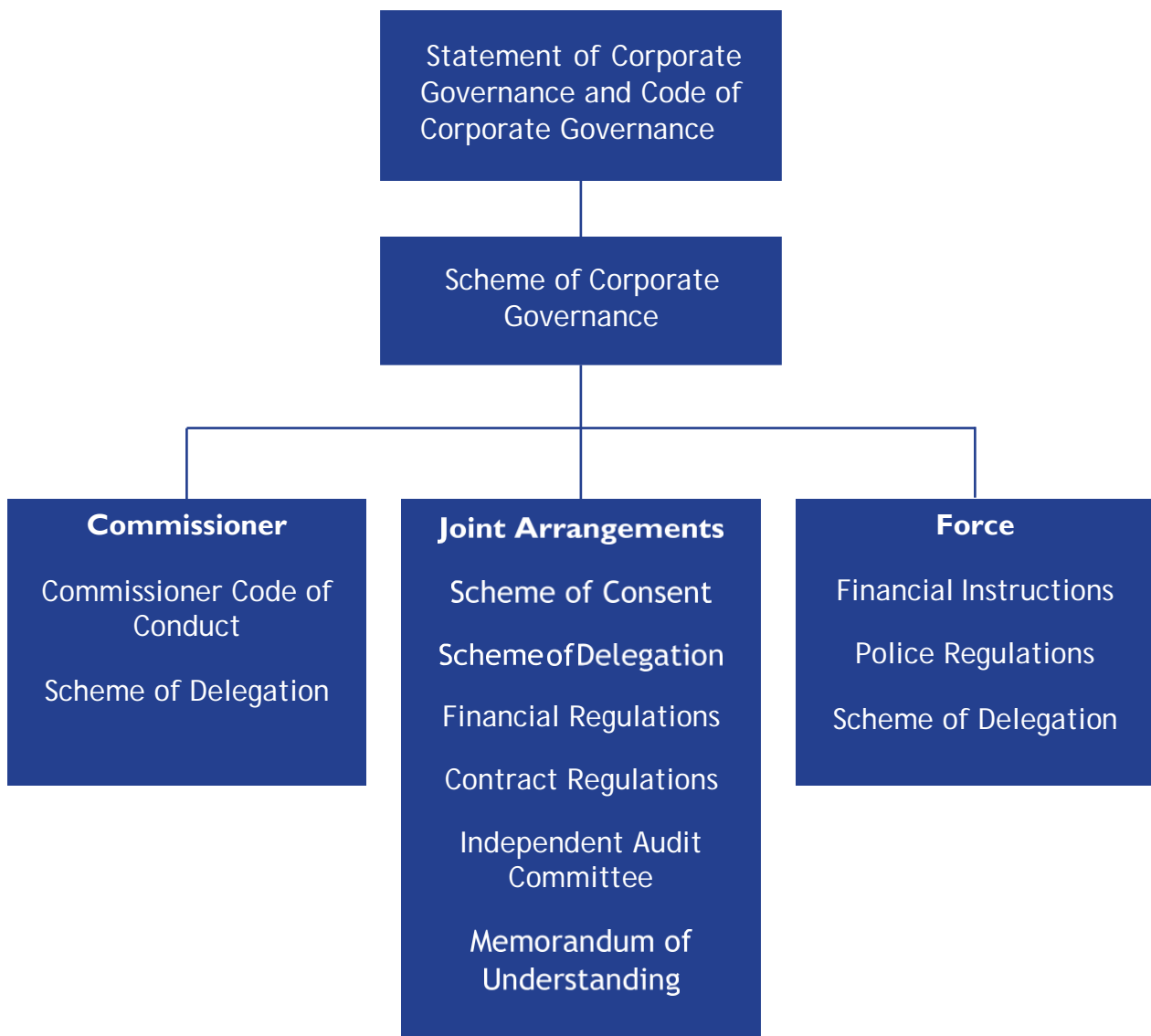
- The Chief Constable has the core function of preserving the Queen's Peace and enforcing the law through the officers of the force and its civilian staff who are under his direction and control. The Chief Constable is at all times operationally independent and has statutory responsibility for the delivery of an efficient and effective police service and the management of resources and expenditure. The Chief Constable is required by statute to appoint a Chief Financial Officer to oversee the proper administration of financial affairs.
- The Police & Crime Commissioner has the core function to secure the maintenance of the police force, to ensure that the force is efficient and effective, and hold the Chief Constable to account. The Police & Crime Commissioner is elected by the public and must deliver a Police & Crime Plan for their term of office. They have the power to appoint or dismiss the Chief Constable, set the police budget, and are responsible for the total delivery of the police service.
- The Police & Crime Panel is a statutory body under the Police Reform & Social Responsibilities Act 2011. It 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 Commissioner in the effective exercise of their functions.

### 1.3 The Corporate Governance Framework

To support the delivery of their legal responsibilities the Chief Constable and the Police & Crime Commissioner work within a Corporate Governance Framework.

The Corporate Governance Framework consists of the following:

- Part 1: Framework and explanation
- Part 2: Principles of decision making and good governance
- Part 3: Responsibility for functions (including asset schedule, contract list)
- Part 4: Rules of procedure (Financial regulations, Contract Standing Orders, Complaints procedure, Human resources procedures)
- Part 5: Policies (including Equality statement, Staff code of conduct, Code of conduct for members and special advisors, Gifts and hospitality)
- Part 6: Terms of reference for committees
- Part 7: Scheme of allowances



## 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 A<sup>2</sup>.

#### Parliament

Parliament decides on the amount of central funding provided to each Police & Crime Commissioner.

#### 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 to help parliament hold government to account and improve public services.

#### Home Office (HO)

The HO is responsible for providing direct funding to the Police & Crime Commissioners, and ensuring an effective police oversight and accountability framework is in place. They set the Strategic Policing Requirement that sets out the threats that require a national policing capability. All Forces and Police & Crime Commissioners must have regard to the SPR when setting local policing plans.

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 Police & Crime Commissioners and 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.

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<sup>2</sup> National Audit Office Financial sustainability of police forces in England and Wales 2018 report



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

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

Since March 2015 the Strategic Alliance programme has brought together support departments across Devon & Cornwall Police and Dorset 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 Devon & Cornwall Police and Dorset Police alliance required a full review of the organisational structures. This ensured robust governance arrangements remain in place. These changes are detailed below.

```
graph TD; DCJMB[Devon & Cornwall Joint Management Board] --> DCJR[Devon & Cornwall Resource Board]; DCJR --> DCJMB; DCJMB --> AEB[Alliance Executive Board]; DCJMB --> DCEB[Devon & Cornwall Executive Board]; DCEB --> AEB; DCEB --> DEB[Dorset Executive Board]; DEB --> AEB; DEB --> DJMB[Dorset Joint Management Board]; DJMB --> DJR[Dorset Resource Board]; DJR --> DJMB; DJMB --> AEB; AEB --> PRISM[PRISM Boards]; AEB --> SAB[Strategic Alliance Boards];
```

The diagram illustrates the Governance Framework for the Devon & Cornwall Partnership NHS Foundation Trust. It features a central **Alliance Executive Board** which is connected to several other boards:

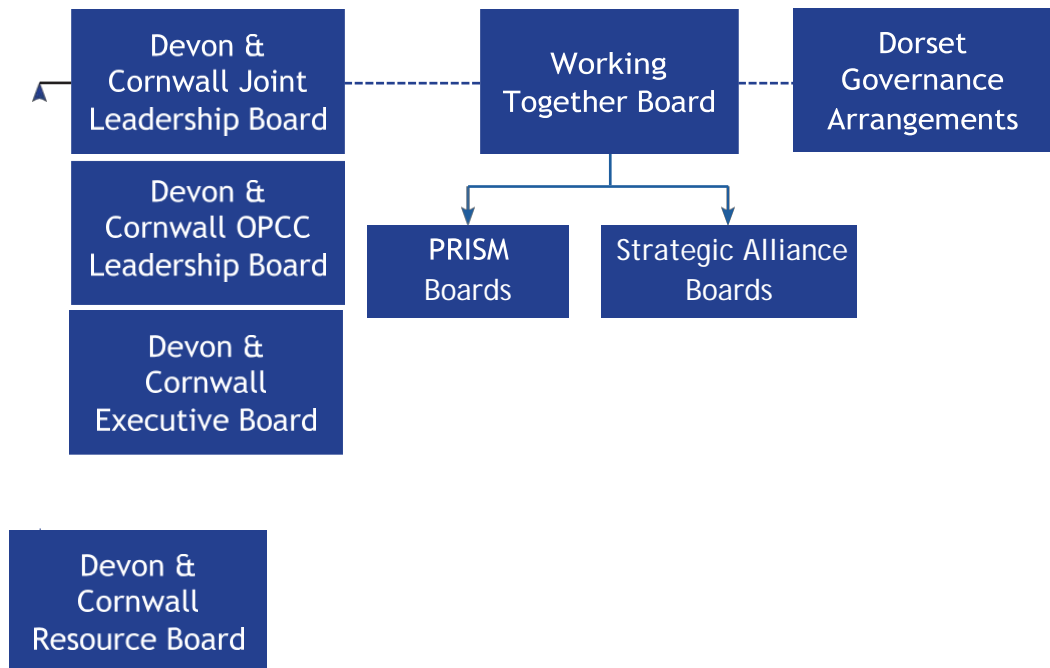
- Devon & Cornwall Joint Management Board** and **Devon & Cornwall Executive Board** are connected to the **Alliance Executive Board** and the **Devon & Cornwall Resource Board**.
- Dorset Executive Board** is connected to the **Alliance Executive Board** and the **Dorset Joint Management Board**.
- Dorset Joint Management Board** is connected to the **Alliance Executive Board** and the **Dorset Resource Board**.
- The **Alliance Executive Board** is connected to the **PRISM Boards** and the **Strategic Alliance Boards**.

Following the decision in October 2018 not to proceed with the proposed merger between Devon & Cornwall Police and Dorset 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 Chief Executive of both Devon & Cornwall Police and Dorset Police 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.

#### Devon & Cornwall Joint Leadership Board

The Joint Leadership Board is attended by the Devon & Cornwall Police 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.

#### Devon & Cornwall Executive Board

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

## Devon and Cornwall OPCC Leadership Board

The Devon and Cornwall OPCC Leadership Board is attended by the Commissioner, Chief Executive, Treasurer and their senior managers to consider strategic information and current issues for Devon and Cornwall that require solution by the OPCC.

## Other Strategic Boards

There are a range of joint and separate Boards supporting the overall governance framework, including a joint Devon & Cornwall Police and Dorset Police led Business Board, People Board and Risk & Assurance Board.

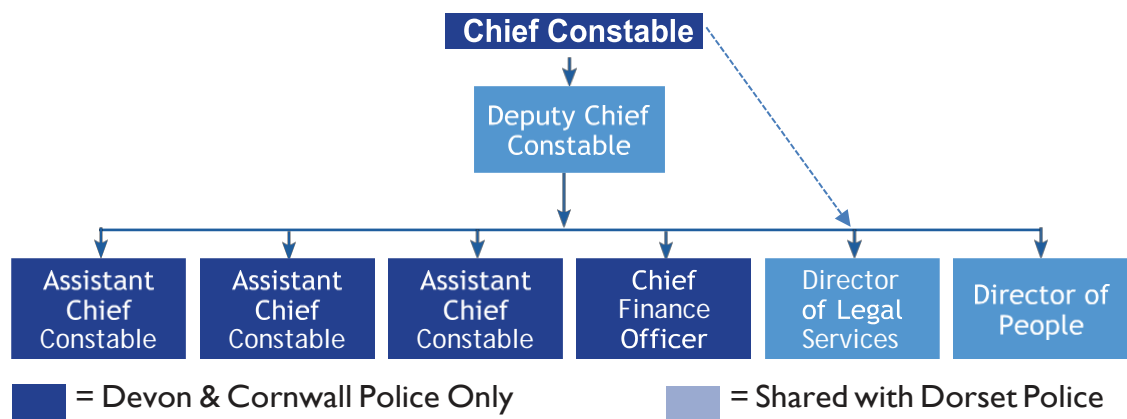
## Strategic Support

Supporting the executive boards are a number of departments and operational areas that report on their responsibilities for the performance of specific functions. Details are included in the list of operational and support departments included in Appendix B.

### 2.3 Force and OPCC Executive Structures

#### 2.3.1 Force Executive Structure Chart

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 (CC)

The Chief Constable is 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 (DCC)

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 Devon & Cornwall Police and Dorset 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 (ACC)

The three Assistant Chief Constable's are responsible for the prevention of crime and the delivery of effective local policing including that of specialist operational teams. The ACC's hold 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 their portfolios.

### The Director of Finance and Resources (DoFR)

The Chief Finance Officer holds statutory responsibility for ensuring proper arrangements for the financial affairs of the police force. This includes the integrity of financial controls, financial monitoring and financial planning. The CFO works closely with the Treasurer of the Police & Crime Commissioner in line with the CIPFA Statement on 'The Role of the CFO of the Police & Crime Commissioner and the CFO of the Chief Constable'.

### The Alliance Director of People Services (DPS)

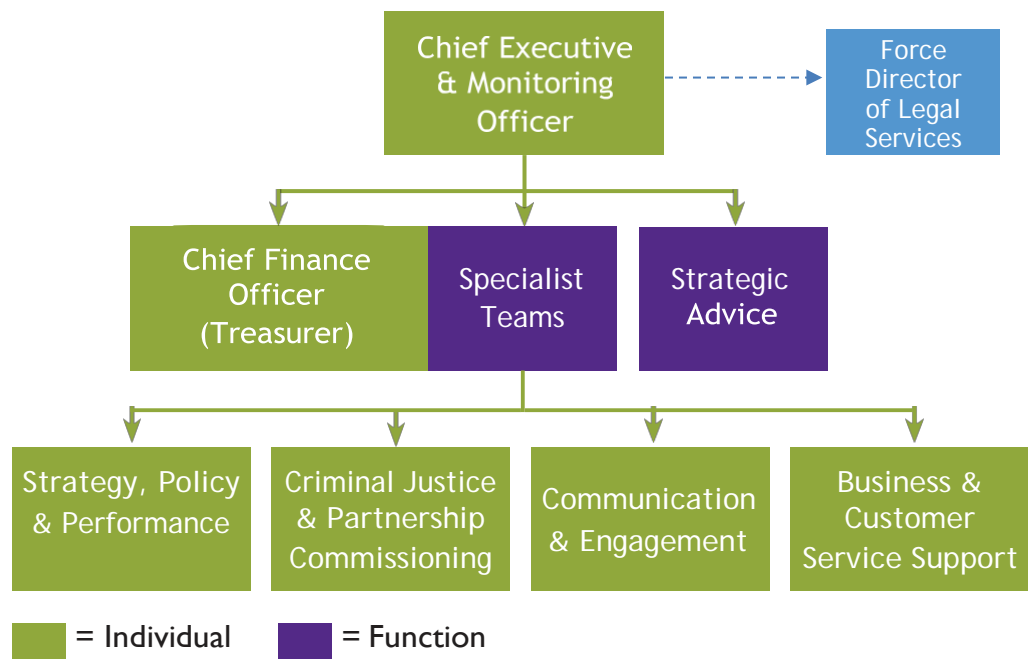
The Director of People Services is responsible for all staff related functions, welfare, recruitment, training, employment policy and compliance to employment and equality legislation across the Strategic Alliance supporting both Chief Constables and Police & Crime Commissioners.

### The Alliance Director of Legal, Reputation and Risk Services (DLS)

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 the 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.

#### 2.3.2 OPCC Executive Structure Chart

The Police & Crime Commissioner is supported by a team of specialist officers and staff who have individual and collective responsibility for the delivery of effective governance.



## Responsibilities

### Police & Crime Commissioner (PCC)

The Police & Crime Commissioner holds a statutory responsibility for the development and delivery of strategic objectives set within a police and crime plan. They hold the Chief Constable to account for the delivery of these strategic objectives in line with the delivery of an efficient and effective police service. They have statutory duty under the Local Government Act 1999 to secure continuous improvement in the way in which functions are exercised. Under the terms of the Equality Act 2010 the Commissioner 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.

### Chief Executive & Monitoring Officer (CEO)

The Chief Executive is a statutory appointment under the Police Reform and Social Responsibility Act 2011 as the head of staff of the Police and Crime Commissioner, and is also the Monitoring Officer responsible for the provision of effective legal advice that ensures the Police & Crime Commissioner and the Force remain compliant to laws and regulations. The Chief Executive is responsible for advising the Police & Crime Commissioner on policy and strategy and has the responsibility for the day to day management and running of the Police & Crime Commissioner Office. They ensure the office of the Police & Crime Commissioner is managed effectively and are responsible for the commissioning and delivery of contracted services.

### Chief Finance Officer (Treasurer)

The Chief Finance Officer is a statutory appointment under the Police Reform and Social Responsibility Act 2011, and holds statutory responsibility

for the integrity of financial controls and the effective provision of resources. This includes financial planning and long term treasury management as well as ensuring that financial regulations are observed and kept up to date. The Treasurer works closely with the Chief Constable's CFO in line with the CIPFA Statement on 'The Role of the CFO of the Police & Crime Commissioner and the CFO of the Chief Constable'.

## 2.4 Transformational Change

### 2.4.1 The Strategic Alliance

In March 2015 an agreement was signed between Devon & Cornwall Police and Dorset 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 to support the delivery of an effective police service.

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

As a transformational programme the Strategic Alliance 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 Working

Devon and Cornwall plays an active part in regional collaboration with four other forces namely Avon & Somerset, Dorset, Gloucestershire and Wiltshire. The regional vision is 'making the south west safer, and increasing public confidence in policing by collaborating, so that individually and collectively we become even more efficient and effective'. There are seven main areas to collaborative service delivery, of which Devon and Cornwall

participate in five: Serious and Organised Crime (ROCU), Forensics, Procurement, Special Branch and Counter Terrorism. The regional work is governed by a Strategic Board of all five Police & Crime Commissioners, Chief Constables and Chief Executives. This is supported by a programme board and office.

## 2.5 Independent Audit Committee

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

The six members of this committee are independent of both the Police and the Police & Crime Commissioners and are appointed from across Devon, Cornwall and Dorset 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. SWAP are a not for profit company co-owned by its customers, including Devon & Cornwall and Dorset Police.

### 2.6.2 External Audit

The external audit function is delivered by an audit company 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 Devon and Cornwall Police & Crime Commissioners 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. 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 assess and report on the efficiency and effectiveness of police forces and policing.

In summer 2017, HMIC (now HMICFRS) took on inspections of England's 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 to 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.

### 2.6.4 Police & Crime Panel

The Police & Crime Panel have statutory responsibilities including; reviewing draft police and crime plans and making reports and recommendations to the Police & Crime Commissioner, arranging meetings to ask the Police & Crime Commissioner questions and inviting the public to attend; reviewing annual reports from the Police & Crime Commissioner; reviewing and scrutinising decisions of the Police & Crime Commissioner in connection with the discharge of the Police & Crime Commissioner's functions and making recommendations to the Police & Crime Commissioner; scrutinising the appointment of the Chief Constable, Chief Executive, Treasurer and Deputy Police & Crime Commissioner; scrutinising the precepts proposed by the Police & Crime Commissioner and have the power of veto over the precept.

The Police & Crime Panel meets a minimum of four times in a municipal year and is hosted by Plymouth City Council. The Panel is comprised of twenty members; eighteen members from the composite local authority areas plus two independent members. In terms of political proportionality the allocation of seats on the Panel will be based on the political make up of each authority.

Members of the public may attend Panel meetings except where confidential or exempt information is likely to be discussed. Members of the public who live in Devon, Cornwall and the Isle of Scilly may ask questions at each meeting that are relevant to the Panels functions.

### 2.6.5 Scrutiny Panels

In January 2019 the Commissioner published a scrutiny framework document that explains how the Police & Crime Commissioner uses 'scrutiny' to inform policy, and to hold the Chief Constable to account for how they exercise their functions, and deliver an efficient and effective police service for Devon, Cornwall and the Isles of Scilly.

The Independent Custody Visitors Panel (ICVP) meets on a quarterly basis to review the service provided by the Independent Custody Visitors (ICV) Scheme. Visitors provide an independent check on the welfare of people who are detained in custody and receive regular training supported by the Independent Custody Visiting Association (ICVA).



The Customer Service Improvement Panel (formerly the 101 Service Improvement Panel) has been broadened to encompass all forms of public contact with the police including website, social media, and front line officers. As part of this the Panel has agreed service levels for the 101 telephone service.

Out of Court Disposal (OoCD) is a process used by 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 was set up in November 2017 as the first Strategic Alliance independent scrutiny panel to consider the use of force by both Devon & Cornwall Police and Dorset Police.

### 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.**

#### **Substantial assurance provided**

The Devon & Cornwall Police Professional Standards department reports to the Equality, Diversity and Human Rights Group to discuss Force standards of behaviour. This includes the outcome of cases of complaints and misconduct. The group is chaired by the Chief Constable and attended by the Police & Crime Commissioner or a representative from their executive team. Complaints against the Chief Constable are investigated by the Police and Crime Commissioner. Complaints against the Police and Crime Commissioner are the responsibility of the Police and Crime Panel but will initially be considered by the Chief Executive of the OPCC. Professional Standards maintain registers for the receipt of gifts and hospitality and business interests; and manage the Notifiable Association Policy. Gifts and hospitality, OPCC expenditure and spend over £500 are published on the OPCC web site.

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

The OPCC Chief Executive and Treasurer work alongside the Force Chief Finance Officer to secure the most efficient use of public funds that supports policing for local communities. The principles of goodwill, professionalism, openness and trust underpin the relationship. The Chief Finance Officer 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 with the 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. The Devon & Cornwall Joint Leadership Board is the monthly decision making forum attended by the Chief Constable, Commissioner, Chief Finance Officer and OPCC Treasurer and Chief Executive. Details of significant decisions made are recorded in a decision and approvals log published on the OPCC website.

## B. Ensuring openness and comprehensive stakeholder engagement.

### Substantial assurance provided

Devon & Cornwall Police and Office of the Police & Crime Commissioner both support an active campaign of engagement with the public through face to face meetings and through the use of social media and digital forums. Both the Force and Police & Crime Commissioners websites contain details of local and regional events and provide instructions on how to contact both organisations. The 101 phone line provides a non-emergency service for the public to report crime that operates on a 24/7 basis. Twitter, Facebook and Devon & Cornwall Alert are used to contact the public direct. AskNED is a multi-agency directory designed to help the public contact the right blue light agency for assistance in a non-emergency situation.

The Force website directly links to the OPCC website and mandatory information is sign posted for easy accessibility, this includes papers from executive meetings and decision logs, performance data, inspection reports and crime statistics. The Information Commissioners Office is an independent body that holds the Force and the Police & Crime Commissioner to account for the publication of mandatory information such as the financial accounts. This ensures the Force and OPCC are transparent, open and engaged with the public. The Police & Crime Commissioner chairs the Local Criminal Justice Board and the Force are active participants. It brings together all the criminal justice agencies from across Devon and Cornwall and the Isle of Scilly as well as community and voluntary sector, NHS Commissioners, legal aid and defence community.

Under the terms of the Crime & Disorder Act 1998 the Force and OPCC have a statutory duty to work with local partners to provide a cohesive approach to the reduction of crime. Four main Community Safety Partnerships have been established in Devon, Cornwall, Plymouth and Torbay, with several sub-partnerships created to support local communities and to fully discharge this duty. The Force and OPCC work with the probation service, community rehabilitation companies, local authorities, fire and rescue service and primary care trusts to formulate strategies that tackle crime, disorder and drug misuse. These mandatory partnerships are part funded with spend monitored by the OPCC with all information available on their website.

The Police & Crime Commissioner and OPCC provide regular opportunities for the public to engage with them. This includes diaries Meet Your Police & Crime Commissioner events across Devon, Cornwall and the Isle of Scilly; opportunities to participate in Police & Crime Commissioner scrutiny panels; the Councillor Advocate Scheme; regular talks to community groups through Community Engagement Workers and through the OPCC Link Officer scheme.

The Force and OPCC work closely with many other multi-agency partnerships to share information that drives strategic planning for the benefit of the public. This includes the Devon & Cornwall Criminal Justice Board which brings together the key agencies involved with the criminal justice system.

The Police & Crime Commissioner actively participates in partner agency activity including being part of the Executive Groups in Upper Tier Local Authority areas.

The OPCC Commission a range of services to support the delivery of the Police & Crime Plan (circa £3.6m) which are either commissioned as a sole entity or through partner's co-commissioned arrangements.

Consultation through public surveys is undertaken by the Force and OPCC to assess victim satisfaction and public confidence. The results are reported through the Force Performance

## **B. Ensuring openness and comprehensive stakeholder engagement.**

### **Substantial assurance provided**

Management Board and considered by the OPCC senior management team. The Public Perception Survey is published on the OPCC website. This information is evaluated as part of the capacity and demand analysis commissioned by the OPCC that informs executive 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. Updates on the work of the Police & Crime Commissioner are provided to each Police and Crime Panel. Delivery of the Plan is actively monitored through the Devon & Cornwall Joint Management Board.

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 Devon and Cornwall 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.

The commissioning intentions plan 2018-20 sets out the details of the specialist services commissioned by the OPCC. The plan is designed to prevent crime through early intervention and to support victims and witnesses, young offenders, vulnerable people, victims of sexual offences and those experiencing mental health crisis. Services are commissioned to directly deliver outcomes of the Police and Crime Plan or other statutory responsibilities of the Police & Crime Commissioner.

The OPCC is responsible for the Police Estate and activity is governed through the Resources Board. The Estate Strategy provides the parameters for the economic, social and environmental benefits.

Both the OPCC and the Force supports the production of a Peninsula Strategic Assessment through the Community Safety Partnership's (CSP's) and a suite of Organised Crime Local Profiles (OCLP's) that support the delivery of the Serious and Organised Crime Strategy. The Strategic Assessment utilises the MoRILE methodology to undertake a review of strategic threat, risk and harm. The outputs of this review have provided the evidence base on which recommendations for strategic priorities can be made for the OPCC and Peninsula family of CSP's.

The PRISM transformational change programme evaluates and prioritises major projects to support smooth implementation and the speedy achievement of benefits. The Strategic Alliance programme between Devon & Cornwall Police and Dorset 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

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

#### Reasonable assurance provided

programme for implementation. A flexible approach to governance has been adopted and a new meeting structure is being considered and implemented to ensure effective decision making.

When a formal merger between Devon & Cornwall and Dorset was being considered during 2018/19 a business plan was developed in consultation with the Home Office with significant public engagement undertaken during the summer of 2018. The merger was not progressed and a formal decision not to proceed taken in October 2018 following an in principle decision taken to the Devon & Cornwall Police & Crime Panel. As part of the Business Plan both OPCC's commissioned an independent review of the respective offices to inform the future design of a single OPCC.

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

#### Substantial assurance provided

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

The OPCC is also responsible for the commissioning of specialist services which will secure or contribute to a reduction in crime and disorder in the community and support victims of crime. The OPCC Commissioning Intentions Plan 2019-2020 sets out the terms and conditions for these commissioned services or grants and the allocations. This sets out the expected deliverables with progress towards achievement communicated in the Police & Crime Commissioners statutory Annual Report which is reported to the Police & Crime Panel. All decisions of the Police & Crime Commissioners are reported via the OPCC website

The PRISM transformational change programme brings together Devon & Cornwall Police and Dorset 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.

### Reasonable assurance provided

The Performance and Analysis 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 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 to match future capability to future demand, alongside sustainable financial planning.

Devon & Cornwall Police and Dorset 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. 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 the 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 the 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

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

**Reasonable assurance provided**

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. Across the Force and the OPCCs there are agreed personal development review processes and training plans in place.

The Police & Crime Commissioner has taken the opportunity provided by Central Government to maximize resources by increasing the council tax by £24 to £212.28.



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

**Substantial assurance provided**

A Joint Risk & Assurance Board has been established to ensure that risk arrangements remain effective and to support improvement across the Alliance. Separate registers have been created for the Devon & Cornwall Force and OPCC to improve accountability and decision making. Assurance reports are provided to the executive on a regular basis that ensure they are aware of any strategic risks to the organisation so that action can be taken and controls introduced.

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 Devon & Cornwall 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 Devon & Cornwall and Dorset. The increase in demand and staff shortages have resulted in the Force being unable to respond within the directed time-scales. Devon & Cornwall and Dorset 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.

Devon & Cornwall 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.

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

The OPCC in Devon & Cornwall has established a series of scrutiny panels designed to evidence good working practices and identify areas for improvement. The OPCC has developed a Scrutiny Framework document that explains how scrutiny will be used to inform policy and hold the Chief Constable to account for the delivery of an efficient and effective police service. Scrutiny Panel reports are submitted to the Devon & Cornwall Joint Leadership Board and where relevant updates are provided to the Police & Crime Panel for their information.

Devon & Cornwall OPCC have been awarded the CoPaCC Transparency Quality Mark in recognition of their continued commitment to operational transparency. CoPaCC (Comparison of Police and Crime Commissioners) is an independent organisation that compares OPCC's across the country on their statutory requirement to be open and transparent. The Devon & Cornwall OPCC received the highest grade of very good; with transparency at the heart of their work, and supporting their connection with their communities. Key information was judged to be easily accessible within the OPCC website.



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

**Substantial assurance provided**

The Police & Crime Panel scrutinise the Police & Crime Commissioner's decisions and the achievement of the Police & Crime Plan. The Police & Crime Commissioner is responsible for demonstrating robust financial management and providing the public with value for money. The panel consists of twenty members, two co-opted independent members one from Devon and one from Cornwall, with the remainder being councillors from local authorities in the Devon & Cornwall policing area. The panel meets on a regular basis to review the actions and decisions of the Commissioner, assess progress on the Police & Crime Plan objectives, to scrutinise the proposed council tax precept, and consider any non-criminal complaints against the Commissioner. The Panel also hold confirmation hearings for the Police & Crime Commissioner's proposed appointment of a Chief Constable and senior support staff.

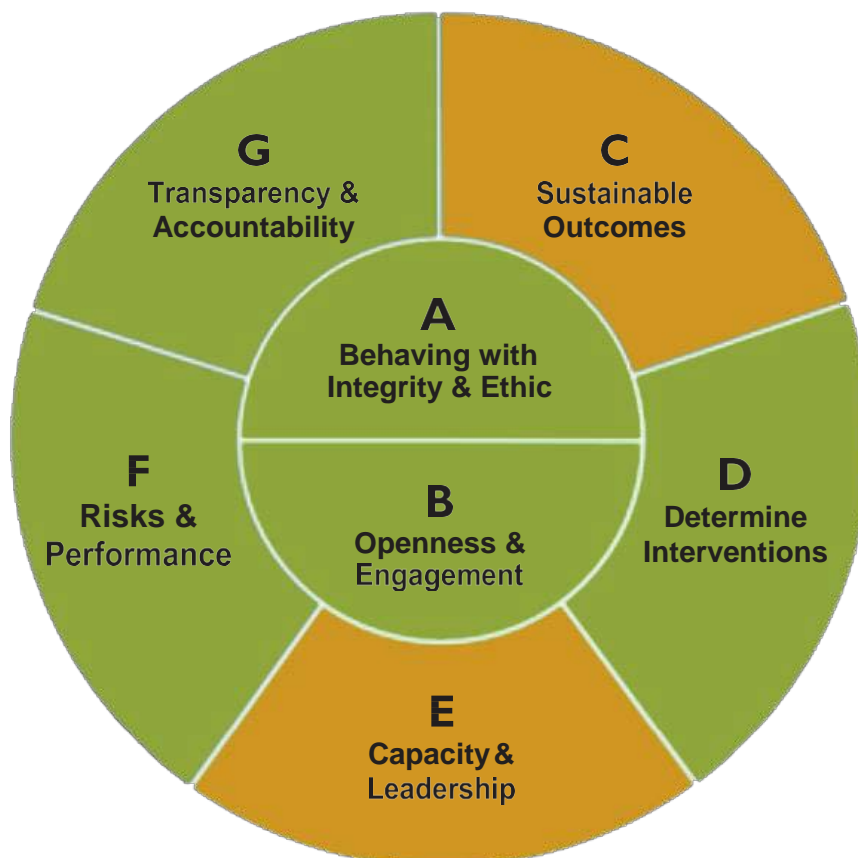
The internal audit function is completed by an independent audit partnership (South West Audit Partnership) that provide objective scrutiny and assurance on the controls in place that prevent error, fraud or corruption. The Audit Charter is reviewed annually to ensure it meets the requirements of the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

The Force and OPCC publish certified copies of the annual accounts. The external auditors are responsible for the independent scrutiny of financial arrangements and they 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 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 Devon & Cornwall Police and their financial management. To have achieved this the Force has evidenced its effective use of resources and financial planning.

### 3.2 Self-assessment and methodology

The following summarises the corporate governance framework self-assessment review for Devon & Cornwall Police and the Office of the Police & Crime Commissioner against each of the seven principles of good governance.

The attached table provides the assurance definitions.



Assurance Definitions	
<b>Substantial</b>	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.
<b>Reasonable</b>	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.
<b>Partial</b>	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.
<b>None</b>	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 a summary of identified weaknesses.

Principle	Actions to be delivered 2018-19
Defining outcomes in terms of sustainable economic, social and environmental benefits.	The decision not to proceed with the proposed merger between Devon & Cornwall and Dorset Police has required a review of governance and reporting arrangements that support effective planning and decision making. The proposed governance structure is being considered and implemented as agreed but has not yet had time to embed or be reviewed for effectiveness.
Developing the Force 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 Dorset 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 close working with Dorset has enhanced resilience.

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

### 5.1 Actions 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 / Weakness 2017 / 18	
<b>A. Integrity &amp; Ethics</b>	Stop & Search	<p>The Force should ensure all stop and searches record 'reasonable grounds'. (PEEL Legitimacy 2017)</p> <p><b>Complete:</b> A Stop and Search Scrutiny Panel has been established that is monitored by the D&amp;C OPCC.</p>
	Complaints	<p>The Force should ensure that all allegations of discrimination are investigated to a consistent and acceptable standard following IOPC guidelines. The force should improve the quality and timeliness of updates to complainants, in line with IPCC statutory guidance. (PEEL Legitimacy 2017)</p> <p><b>Complete:</b> Professional Standards provide an initial investigation of all complaints which are reported and scrutinised by the Equality, Diversity and Human Rights Board. The members of the joint Standards &amp; Ethics Appeals Committee provide independent scrutiny of arrangements.</p>
	Performance Appraisals	<p>The Force needs to improve the management of its PDR process to increase its understanding of workforce performance, development and outcomes. (PEEL Legitimacy 2017)</p> <p><b>Complete:</b> A Pulse survey has been conducted to review current arrangements and provide ideas for improvement to the appraisal process across the Alliance.</p>
	Appointments & Remuneration Committee (ARC)	<p>The OPCC should review the Terms of Reference and independent membership of ARC for dealing with Chief Officer appointments and remuneration.</p> <p><b>Complete:</b> The terms of reference for the Appointments and Remuneration Committee has been reviewed. It was decided to keep the Committee which will convene as and when required</p>

Reference	Risk / Weakness 2017 / 18	
C. Sustainable Outcomes	Performance & Accountability	<p>The OPCC needs to improve its approach to measuring outcomes in the OPCC as well as methods of accountability, by holding the Chief Constable to account.</p> <p><b>Complete:</b> A performance review has been undertaken and an OPCC performance framework established that holds the Chief Constable to account.</p>
D. Determining Interventions	Call Handling	<p>The Force needs to improve its call-handling systems and processes to ensure that service quality remains at acceptable levels and crime-recording standards are adhered to. (PEEL Efficiency 2017).</p> <p><b>Complete:</b> Improvements have been implemented to the call handling processes which have improved service delivery and standards of crime recording. The 'channel shift' report on investment in technology identified notable improvements to systems.</p>
	Leadership Capacity & Capability	<p>The Force should conduct a 'whole force' leadership and skills audit, to better understand leadership capacity and capability. This should help to inform the force's succession planning with regards to its future leadership requirements. (PEEL Efficiency 2017)</p> <p><b>Complete:</b> A whole force leadership and skills audit was conducted that has informed workforce and succession planning.</p>
F. Manage Risks & Performance	Governance Arrangements - Strategic Alliance	<p>Carried forward from 2016/17: The force will continue to work with its partners, as the Strategic Alliance moves from managing the Programme to managing delivery, to put in place effective governance arrangements.</p> <p>This will provide clear responsibilities and speed up decision making. A formal review of governance arrangements has been commissioned.</p> <p><b>Complete:</b> (Refer to proposed governance processes outlined in depth in the main document).</p>

Reference	Risk / Weakness 2017 / 18	
F. Manage Risks & Performance	Governance Arrangements - PRISM	<p>Carried forward from 2016/17: Develop the governance of the Transformational PRISM Programme, ensuring dependencies are clearly defined. PRISM governance arrangements will be included in the corporate governance review.</p> <p><b>Complete:</b> PRISM governance arrangements have been reviewed and the proposed governance structure is being considered and implemented as outlined in depth within the main document.</p>
	Transparency of Decision Making	<p>Carried forward from 2016/17: Review the application of Freedom of Information and Data Protection criteria, and signposting to decisions reported at the Police &amp; Crime Panel, to ensure the maximum transparency of decision making to the public.</p> <p><b>Complete:</b> Freedom of Information and Data Protection application was reviewed as part of the LAD and (Law Enforcement Directive) GDPR (General Data Protection Regulations Act 2018) implementation programme. The Force and OPCC are compliant with the new regulations.</p>
	Good Practices in Transparency	<p>The Force will work with Strategic Alliance partners to implement the requirements of the Law Enforcement Directive and the General Data Protection Regulations Act 2018.</p> <p><b>Complete:</b> LAD and GDPR have been implemented.</p>

## 6. The Conclusion

### 6.1 Mission Statement and Objectives

This statement is written on behalf of the Chief Constable of Devon & Cornwall Police and the Police & Crime Commissioner in line with CIPFA Standards. Both organisations are responsible for ensuring that public money is used effectively and have proper governance arrangements in place.

The overall strategic plan for policing in Devon and Cornwall is set out in the Police & Crime Commissioners Police & Crime Plan. This plan is fully consulted with the Chief Constable and outlines five broad policing priorities:

- Connecting communities and policing
- Preventing and deterring crime
- Protecting people at risk of abuse and those who are vulnerable
- Supporting victims and witnesses and helping them to get justice
- Getting the best out of the police

Devon & Cornwall Police's mission is underpinned by values of professionalism, courage, integrity, fairness and respect. The mission is to:

- Detect and prevent harm; protect the vulnerable and reduce crime
- Work together as one team to safeguard communities and neighbourhoods
- Be sustainable and resilient, providing a high quality service to the public
- Act in accordance with the Code of Ethics and our force standards of behaviour

### 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 Office of the Police & Crime Commissioner have all the elements of good governance, which are working well. Whilst the proposal to merge with Dorset 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:**

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Chief Constable Shaun Sawyer

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Alison Hernandez  
Police & Crime Commissioner

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Sandy Goscomb  
Director of Finance & Resources

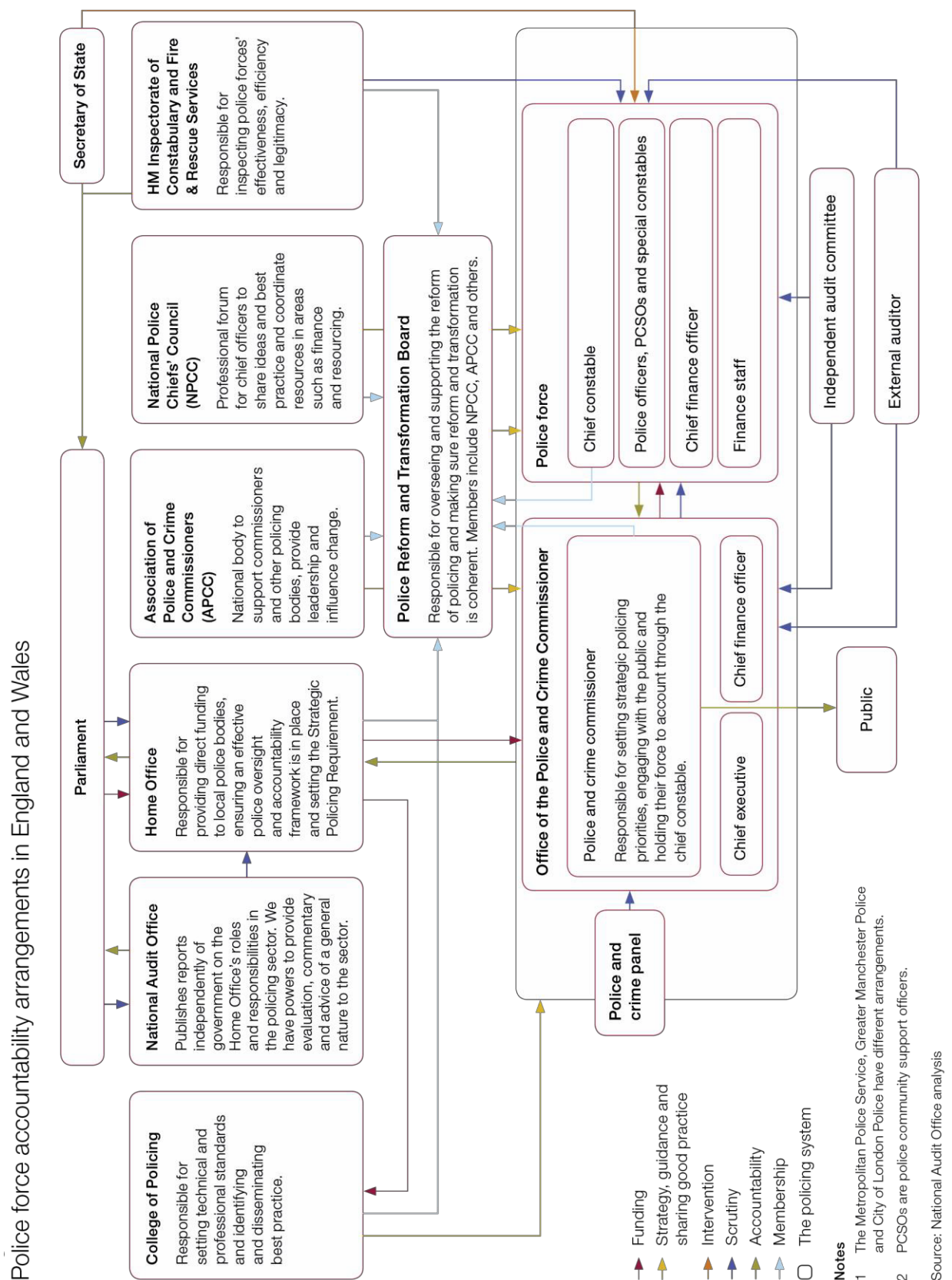
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Frances Hughes  
Chief Executive

# Appendix A

## National 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

## Devon & Cornwall 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 D&C (DBS)

## Strategic Alliance Departments

### Professional Standards (Alliance phased implementation)

- Complaints
- Confidential Reporting
- Vetting

### Operational Support Command

- Roads Policing
- Dogs
- ANPR
- Operational Planning

- Alcohol Licensing
- Firearms Licensing

### Prevention

- Crime Reduction
- Reduced Offending
- Reduced Victimisation
- Licensing
- Problem Solving
- Volunteering

### 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 & Public Engagement including social media

## Estates

- Building Repairs and Maintenance
- Management of Capital Assets that meet future operational requirements.

## Office of the Police & Crime Commissioner for Devon and Cornwall

- [Police & Crime Plan](#)
- [Meet the OPCC Team](#)
- [About Us](#)
- [Our Annual Report](#)
- [What We Spend](#)
- [Multimedia Hub](#)
- [Key Documents](#)
- [OPCC Commitment to Engage the Public](#)
- [OPCC Calendar](#)
- [Meet Your Police & Crime Commissioner Events](#)
- [Partnership Working](#)
  - [LCJB](#)
  - [Community Safety Partnerships](#)
  - [Commissioning](#)
- [Victims Information](#)
- [Performance](#)
- [Scrutiny](#)

## **Chief Constable for Devon and Cornwall**

# Glossary



**Devon & Cornwall Police**

# Chief Constable for Devon and Cornwall

## Glossary

<b>Accounting Period</b>	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.
<b>Accrual</b>	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.)
<b>Actuarial Gains and Losses</b>	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.
<b>Actuarial Valuation</b>	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
<b>Agency Services</b>	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.
<b>Amortised Cost</b>	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.
<b>Appropriation</b>	Charges to the revenue account that build up funds and reserves in the balance sheet.
<b>Asset</b>	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
<b>Bid Price</b>	A valuation of financial assets based on the highest price a buyer is willing to offer.
<b>Budget</b>	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.
<b>Capital Expenditure</b>	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> ).
<b>Capital Grants</b>	Grants received by the Office of the Police and Crime Commissioner that can only be used to pay for capital projects.
<b>Capital Receipts</b>	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.
<b>Carrying Amount</b>	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.
<b>Cash Flow Statement</b>	This statement summarises the inflows and outflows of cash.
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
<b>Collection Fund</b>	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.
<b>Contingency</b>	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.
<b>Contingent Liability</b>	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.)

# Chief Constable for Devon and Cornwall

## Glossary Continued

<b>Council Tax</b>	A tax based on the value of property, which is administered by District and Unitary authorities.
<b>Creditors</b>	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.
<b>Current Assets and Liabilities</b>	Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.
<b>Current Service Cost</b>	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.
<b>Curtailments</b>	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.
<b>Debtors</b>	Amounts due to the Police and Crime Commissioner but unpaid by the end of the accounting period.
<b>Deferred Charges</b>	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.
<b>Defined Benefit Scheme</b>	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.
<b>Depreciation</b>	The accounting principle that spreads the cost of a fixed asset over its useful working life.
<b>Discretionary Benefits</b>	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.
<b>Earmarked Reserves</b>	These reserves represent monies set aside to be used for a specific purpose.
<b>Exit Costs</b>	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.
<b>Expected Return on Assets</b>	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.
<b>Experience Gains and Losses (IAS 19 Pensions disclosure)</b>	This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.
<b>Fair Value</b>	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.
<b>Fixed Assets</b>	Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.
<b>International Financial Reporting Standards (IFRS)</b>	Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.
<b>Home Office Grant</b>	A central government grant paid by the Home Office to Police and Crime Commissioner's in support of their day to day expenditure.
<b>Impairment</b>	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.

# Chief Constable for Devon and Cornwall

## Glossary Continued

<b>Intangible Asset</b>	An identifiable asset that has no physical substance can be measured reliably and is used for a period of more than one year.
<b>Interest Cost</b>	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.
<b>LAAP</b>	Local Authority Accounting Panel sets accounting rules for the public sector.
<b>Medium Term Financial Strategy</b>	Often referred to as MTFS, it is the financial plan and management of funding, spending and savings over a four year period.
<b>Mid-Price</b>	A valuation of financial assets based on the mid-point between bid and offered prices.
<b>Minimum Revenue Provision</b>	The minimum amount of the Police and Crime Commissioner's outstanding financing commitments that must be charged to the General Fund each year.
<b>Non Distributed Costs (NDC)</b>	For the Police and Crime Commissioner these are principally past service costs relating to pensions benefits earned in prior periods.
<b>Non-Operational Assets</b>	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.
<b>Past Service Cost</b>	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.
<b>Pension Commutation</b>	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.
<b>Pension Scheme (Defined Benefit)</b>	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.
<b>Pension Scheme (Funded)</b>	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.
<b>Pension Scheme (unfunded)</b>	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.
<b>Precept</b>	A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.
<b>Present value ( or Net Present Value)</b>	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.
<b>Principal</b>	The amount of a loan that was actually borrowed, before interest is added.
<b>Provisions</b>	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
<b>Related Parties</b>	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.
<b>Reserves</b>	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.
<b>Revaluation Reserve</b>	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.



# Chief Constable for Devon and Cornwall

## Glossary Continued

<b>Revenue Support Grant (RSG)</b>	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.
<b>Running Costs</b>	Costs from the use of premises, transport and equipment, and other general expenditure needed to provide a service.
<b>Specific Grants</b>	Grants (usually from the Home Office) that can only be spent on named services and projects.
<b>Statement of Standard Accounting Practice</b>	Guidance issued by the Financial Reporting Council (FRC) on how to use and apply accounting standards.
<b>Termination Benefits</b>	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.
<b>Third Party Payments</b>	Payments made to outside contractors and other bodies who provide specialist or support services to the Police and Crime Commissioner.