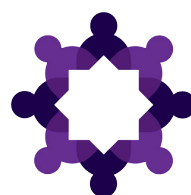


# Police and Crime Commissioner for Dorset

## Statement of Accounts for the year ended 31 March 2018

### Audited



**DORSET**  
POLICE & CRIME  
COMMISSIONER



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

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

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

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

James Vaughan	Chief Constable
John Jones	Chief Finance Officer to the Chief Constable
Address:	Dorset Police Headquarters Winfrith Dorchester DT2 8DZ
Telephone:	(01202) 222222
Website:	<a href="http://www.dorset.police.uk">www.dorset.police.uk</a>

# Police and Crime Commissioner for Dorset

## Statement of Accounts 2017/18

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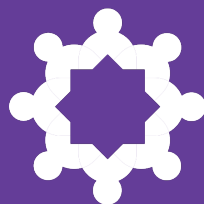
# **Police and Crime Commissioner for Dorset**

## **Statement of Accounts 2017/18**

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# Accompanying Reports



**DORSET**  
POLICE & CRIME  
COMMISSIONER

# Police and Crime Commissioner for Dorset

## Narrative Report

### 1. INTRODUCTION

- 1.1. This narrative report aims to provide the context for the PCC and Group financial statements and to demonstrate how the PCC has allocated its resources in line with intended outcomes for the 2017/18 financial year.
- 1.2. The Financial Statements provide information on the Police and Crime Commissioner's (PCC) and the Group's (incorporating the Chief Constable) financial activities for the year ending 31 March 2018. They are prepared in accordance with proper accounting practices (as defined in the Code of Practice on Local Authority Accounting in the United Kingdom) and are published in accordance with the Accounts and Audit Regulations 2015.
- 1.3. The Chief Constable has prepared a separate statement of accounts reflecting how the resources provided by the PCC have been used to deliver operational policing services. These are published separately.

### 2. EXPLANATION OF THE PCC AND GROUP

- 2.1. The Police and Crime Commissioner and the Chief Constable are separate legal entities. The PCC is elected by the public every four years with a responsibility to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in Dorset.
- 2.2. The Chief Constable is accountable to the PCC for the delivery of efficient and effective policing, the delivery of the PCC priorities and the management of resources and expenditure by the Force.
- 2.3. The PCC for Dorset is Martyn Underhill. He was first elected on 15 November 2012 as an Independent candidate and re-elected for a second term of office on 5 May 2016. He has set out his key priorities in the Police and Crime Plan.
- 2.4. The [Police and Crime Plan](#) is a statement of strategic intent for policing in Dorset, set around four key themes:
  - Protecting People at Risk of Harm
  - Working with our Communities
  - Supporting Victims, Witnesses and Reducing Reoffending
  - Transforming for the Future
- 2.5. The PCC is scrutinised by the Police and Crime Panel. The Panel's primary focus is on important strategic actions and decisions made by the PCC. These include whether they have:
  - achieved the aims set out in the Police and Crime Plan and the Annual Report
  - considered the priorities of community safety partners
  - consulted appropriately with the public and victims of crime
- 2.6. The PCC provides an Annual Report to the Police and Crime Panel in June each year which provides more detailed performance information in relation to the financial year just ended.

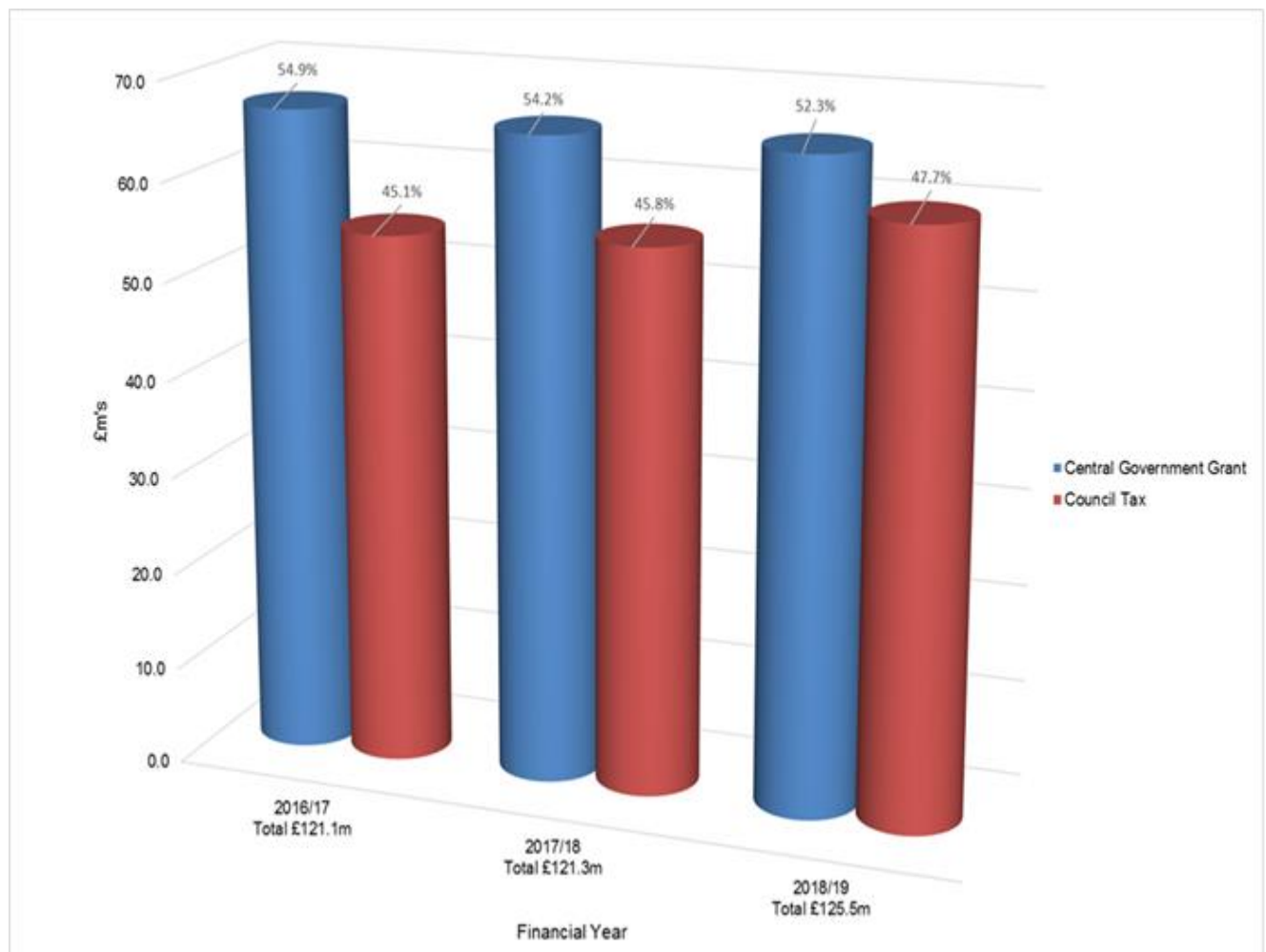
### 3. RESOURCES AVAILABLE IN 2017/18

- 3.1. The budget for 2017/18 was set in the context of a reduction in central funding; Home Office formula grant was reduced by £0.8m or 1.2% in 2017/18, and further reductions are anticipated in future years funding. No account of any potential future formula funding review was taken in the future year funding projections.

## Police and Crime Commissioner for Dorset

- 3.2. The Commissioner, after public consultation, and ratified by the Police and Crime Panel, increased the council tax element for policing by 1.98% so that services to the public could be maintained against this backdrop of reducing central funding. Council tax was set at £194.58 for a band D property. The net impact of this Home Office grant reduction and Council Tax increase was that overall funding in 2017/18 was £0.2m more than it was in 2016/17.
- 3.3. The 2018/19 Council Tax precept increased by £12 for a Band D property resulting in an increase in Council Tax of £1.9M in 2018/19.
- 3.4. The revenue budget income graph below shows the main funding sources in 2017/18 as well as the actual funding in the previous and following year for comparative purposes. In 2016/17 central government grant was 54.9% of revenue funding, in 2017/18 it fell to 54.2% and in 2018/19 it will fall further to 52.3%.

**Revenue Budget funding 2016/17 – 2018/19**



### **Setting the Financial Strategy for 2017/18 and beyond**

- 3.5. The Police and Crime Commissioner takes a multi-year approach to financial planning, considering the budget year and the subsequent three years.
- 3.6. A significant factor in setting the 2017/18 budget was the expectation of continuing real terms reductions in central government funding over the period of the Medium Term Financial Strategy (MTFS). The budget was therefore designed to drive out continued efficiencies, primarily through the work with Devon and Cornwall Police on the Strategic Alliance. The Police and Crime



## Police and Crime Commissioner for Dorset

Commissioner's decision to increase the Council Tax by 1.98% which, with the programme of efficiencies, enabled the following key areas to be addressed:

### Vulnerability

- Continued work with partners in providing a multi-agency safeguarding hub and development of this concept to encompass the safeguarding of both adults and children.
- Continued investment in frontline officers to protect those members of our community who have mental health issues arising from harassment and victimisation, and gather evidence to detect and deter perpetrators.

### Communities

- Continued investment in safeguarding communities in Dorset, including intelligence gathering, enhancing the ability to counter threats from both domestic and international extremism.
- Enhanced capability to respond to critical incidents, covering the immediate response, tackling the direct threat, subsequent containment and investigations and addressing community concerns and restoring community cohesion.

### Victims, Witnesses and Offenders

- Ensuring that Dorset Police is accessible and responsive to the needs of victims and witnesses whilst simultaneously working to reduce the level of reoffending and to rehabilitate offenders.
- Improved response to victims and witnesses with the introduction of an Incident Resolution Team. This further improves the prompt response to victims and witnesses, rapid assessment of the circumstances and more effective tasking of resources.
- Introduction of scheduled appointments by frontline officers to victims and witnesses through utilising 'diary cars' and more focused tasking of Neighbourhood Teams.

### Preparing for the Future

- Investment in the provision of equipment and technology to the workforce to ensure it remains able to meet increasing demand in the continually changing environment in which the police operate.
- Further investment in the workforce itself, ensuring that the technical, professional and welfare needs are met in order that the workforce continues to deliver outstanding performance.

- 3.7. The 2017/18 MTFS projected a continued tough financial outlook, with the years beyond 2017/18 showing continued pressure, and further savings being required:

£m's	2017/18	2018/19	2019/20	2020/21
Projected Budget Requirement	121.3	125.1	125.6	127.5
Projected Funding	121.3	122.0	123.4	125.1
<b>Projected Shortfall (savings to be identified)</b>	<b>(0.0)</b>	<b>3.1</b>	<b>2.2</b>	<b>2.4</b>

## Police and Crime Commissioner for Dorset

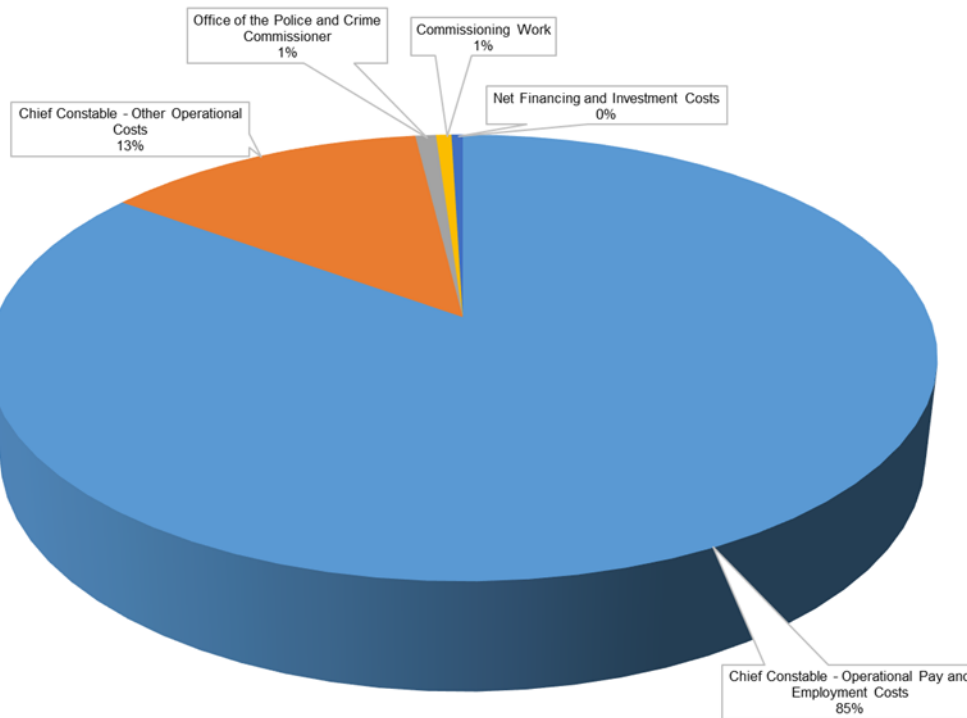
- 3.8. The 2018/19 budget settlement, and ability of Police and Crime Commissioners to increase their precept by up to £12 per annum for a Band D property (without a referendum) has subsequently mitigated the forecast slightly, but the position remains one of forecast real terms reductions.

### Actual Expenditure 2017/18

- 3.9. The final outturn position for the Police and Crime Commissioner Group for 2017/18 is expenditure of £2,443k more than the original budgeted plan. Of this amount, £1,057k related to agreed transfers from balances during the year, including amounts brought forward from prior years, and £1,386k was the final Group overspend position at the year end. This final overspend equates to 1.1% of the total annual budget of £121.3m.
- 3.10. There were significant pressures on the budget during the year, most notably police officer recruitment at a higher level than was budgeted while a new policing model was introduced. This new policing model, which included the introduction of 'diary cars' and an Incident Resolution Team, will enable officer numbers to reduce throughout 2018/19. However, the implementation of these new initiatives was not sufficiently embedded during 2017/18 to allow officer numbers to reduce to the number originally envisaged.
- 3.11. There was also pressures on police overtime, which included policing major operations during the year, providing a local response to national incidents, and responding to the significant demands on policing, particularly over the summer period.
- 3.12. A further pressure came from the nationally agreed pay award for officers and staff, both of which included a one off, non-consolidated payment of 1% which had not been assumed in the budget. Police officers receive this one off payment in monthly instalments September 2017 – August 2018, while staff will receive a lump sum based on staff in post at 1<sup>st</sup> September 2017, for which an accrual was required in the 2017/18 accounts. The effect of this pay award was covered by a transfer from General Fund Balances.
- 3.13. These variances were to some degree mitigated by underspends on staff costs, where vacancies were managed at a higher level than originally anticipated, and further savings realised from the Strategic Alliance with Devon and Cornwall Police.
- 3.14. The Office of the Police and Crime Commissioner's budget underspent by £172k due to savings on staffing and overheads, and a further £685k on committed commissioning and other schemes. Expenditure on these schemes will take place over the next two years, and the full underspend of £857k has been transferred to a specific reserve to address this future spend.
- 3.15. The chart below shows a breakdown of actual net revenue expenditure for 2017/18 by category of spend.

# Police and Crime Commissioner for Dorset

Analysis of Net Revenue Expenditure 2017/18



## Reserves

3.16. The PCC maintains reserves for 3 main purposes:

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

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

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

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

3.18. Total Usable Reserves at 31 March 2018 amounted to £10m comprising; General Fund Balance £5.0m; Earmarked Reserves £3.8m and Capital Receipts Reserves £1.2m. These balances are in line with the policy on reserves.

## Capital Expenditure

3.19. The table below shows the Police and Crime Commissioner's capital expenditure, and funding, during 2017/18. This consists of an ongoing programme of rationalisation, replacement and enhancement of property and other assets, all with an expected life of more than one year, and

## Police and Crime Commissioner for Dorset

with a value in excess of £10,000. There were no individual acquisitions or disposals that are material in 2017/18.

	£000's
Land and Buildings	547
Vehicles and Other Transport	1,072
Equipment and ICT	1,415
Intangible Assets	128
	<hr/> 3,162
Funded by	
Home Office Grant	421
Capital Receipts	2741
	<hr/> 3,162

- 3.20. Note 29 to the accounts puts the above programme in the context of the Capital Financing Requirement.

### Workforce Resources

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

31/3/17 (FTE)		31/03/18 (FTE)
<hr/> 1,246	Police Officers	<hr/> 1,242
1,107	Police Staff (Force, includes PCSOs)	1,173
18	Office of the Police and Crime Commissioner	18
<hr/> 2,371		<hr/> 2,433

## 4. PERFORMANCE INDICATORS

### External Indicators

- 4.1. The principal independent financial indicators available to Police and Crime Commissioner are as follows:
- HMICFRS PEEL Report – Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The 2017 report indicated that Dorset Police was 'good' for all three areas reviewed:

## Police and Crime Commissioner for Dorset

- The extent to which the force is effective at keeping people safe and reducing crime is **good**.
  - The extent to which the force is efficient at keeping people safe and reducing crime is **good**.
  - The extent to which the force is legitimate at keeping people safe and reducing crime is **good**.
- 
- Auditors Value for Money Opinion – External auditors last provided a Value for Money conclusion for both the PCC and the Chief Constable for the year ending 31 March 2017. This audit concluded that the PCC and CC 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 2017 – this report does not provide an opinion, but states key financial and performance information of Dorset Police in comparison to other forces. The report did not indicate any significant outliers within Dorset Police.

### Operational Performance of the Force

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

- 999 Calls Received – 93,247
- Non-Emergency Calls Received – 420,677
  
- Incidents Recorded – 178,808
- Crimes Recorded – 49,583
  
- Arrests Made – 10,876
- Voluntary Attendances Undertaken – 4,317
  
- Missing Persons
  - o 5,000 Missing Persons Incidents in 2017/18
  - o 23,000 patrol officer hours
  
- Mental Health Incidents
  - o 6,000 mental health flagged incidents
  - o 22,000 patrol officer hours
  
- Adults at Risk – 4,600
- Management of Registered Sex Offenders – 999

## 5. FUTURE FINANCIAL OUTLOOK

5.1. The Police and Crime Commissioner formally updates its MTFS annually during the budget setting process. The 2018/19 MTFS reflected an improved outlook when compared with the 2017/18 forecasts, but still further savings will be required to balance the budget in the last two years of the four year period, £1.7M in 2020/21 and £2.4M in 2021/22.

5.2. The MTFS includes the following areas of development:

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

# Police and Crime Commissioner for Dorset

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

- Funding for the PRISM change programme, including the roll out of body worn video, a new Command and Control system, and other technological developments such as a common Command Centre platform with Devon and Cornwall Police. PRISM will deliver vital change to improve operational efficiency and effectiveness.
- Continued delivery of business cases, including cashable savings, under the Strategic Alliance with Devon & Cornwall Police. The Alliance increases operational capacity and capability, while delivering efficiencies in support service delivery.
- Revenue funding of the capital programme, to ensure a sustainable core capital programme, maintaining Force assets to an appropriate level.

5.3. The Dorset PCC group continues to work closely with Devon and Cornwall Police on the Strategic Alliance. This Alliance is the source of significant savings over the course of the MTFS. The success of the Alliance has led to discussions of a potential merger of the two forces, and an outline business case has been submitted to the Home Office in this respect. The success or otherwise of this business case and related work could make a significant difference to the financial outlook. At this stage the assumption remains that the Police and Crime Commissioner Group for Dorset continue as distinct organisations on a going concern basis.

## 6. MANAGING FINANCIAL RISKS

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

## 7. GOVERNANCE ARRANGEMENTS

7.1 The Annual Governance Statement is included at the end of this document. It sets out the governance arrangements in place during 2017/18 and includes a review of those arrangements together with an action plan to address any issues identified.

## 8. CHANGE IN FORMAT OF ACCOUNTS

8.1. During the year the format of the Statement of Accounts has been reviewed and significantly updated since the publication of the 2016/17 accounts. The new format enables increased clarity and transparency on the financial information. As part of this review the Accounting Policies have also been reviewed and updated, although none have been significantly changed.

8.2. All relevant information from the 2016/17 accounts is included in this revised format for comparative purposes.

## 9. THE STATEMENT OF ACCOUNTS

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

- **Movement in Reserves Statement** - for the Group and for the Police and Crime Commissioner as a single entity, shows the changes in the Police and Crime Commissioner's financial resources over the year.

## Police and Crime Commissioner for Dorset

- **Comprehensive Income and Expenditure Statement** - for the Group and for the Police and Crime Commissioner as a single entity, these show the surpluses or deficits that contributed to the changes in resources
- **Balance Sheet as at 31 March 2018** shows how the resources available to the Group and the Police and Crime Commissioner are held in the form of assets and liabilities.
- **Cash Flow Statement** shows how the movement in resources has been reflected in cash flows.

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

***The Narrative Statement was signed by the Chief Finance Officer on 31 May 2018.***

Alexis Garlick, FCCA

Chief Finance Officer

31 May 2018

Further Information

*This publication provides a review of the financial performance of the Police and Crime Commissioner for 2017/18. It may be read in conjunction with; the single entity accounts of the Chief Constable, the Police and Crime Plan and the Police and Crime Commissioner's Annual Report that show a wide range of measures of performance. Further information on these publications can be obtained by writing to the Chief Executive or Chief Finance Officer at the Police and Crime Commissioner Offices, Dorset Police Headquarters, Winfrith, Dorset, DT2 8DZ*

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

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



# **Police and Crime Commissioner for Dorset**

## **Statement of Responsibilities**

### **The Police and Crime Commissioner's Responsibilities**

The Commissioner is required to:

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

### **Approval of the Accounts**

I approve the Statement of Accounts.

**Martyn Underhill**

**Police and Crime Commissioner**

**31 May 2018**

### **The Chief Finance Officer's Responsibilities**

The Chief Finance Officer is responsible for the preparation of the Police and Crime Commissioner's Annual Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC "Code of Practice on Local Authority Accounting in the United Kingdom 2017/18" (the Code).

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

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

### **Chief Finance Officer's Certificate**

I certify that this Statement of Accounts for the year ended 31 March 2018 gives a true and fair view of the financial position of the Police and Crime Commissioner for Dorset at the accounting date and of the income and expenditure for the year ended 31 March 2018.

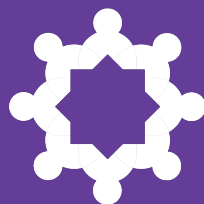
***Signed by the Chief Finance Officer on 31 May 2018***

**Alexis Garlick FCCA**

**Chief Finance Officer to the Police and Crime Commissioner**

**31 May 2018**

# Financial Statements



**DORSET**  
POLICE & CRIME  
COMMISSIONER

# Police and Crime Commissioner for Dorset

## Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2016/17 and 2017/18 on the different reserves held by the Police and Crime Commissioner Group, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and 'unusable reserves'. The Statement shows how the movements in year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/decrease shows the statutory General Fund Balance movements in the year following those adjustments.

<b>Current Year</b>	<b>Notes</b>	<b>General Fund Balance £'000</b>	<b>Earmarked Reserves £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Unusable Reserves £'000</b>	<b>Total Reserves £'000</b>
<b>Balance at 31 March 2017</b>		(7,416)	(5,691)	(3,877)	(16,984)	1,512,650	1,495,666
<b>Movement in Reserves</b>							
Total Comprehensive Income and Expenditure		54,381	0	0	54,381	(85,016)	(30,635)
Adjustments between accounting basis and funding basis under regulations	9	(50,056)	0	(74)	(50,130)	50,130	0
Transfers (to)/from Earmarked Reserves	10	(1,883)	1,883	2,740	2,740	(2,740)	0
<b>(Increase)/Decrease</b>		2,442	1,883	2,666	6,991	(37,626)	(30,635)
<b>Balance at 31 March 2018</b>		(4,974)	(3,808)	(1,211)	(9,993)	1,475,024	1,465,031
<b>Comparative Year</b>	<b>Notes</b>	<b>General Fund Balance £'000</b>	<b>Earmarked Reserves £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Unusable Reserves £'000</b>	<b>Total Reserves £'000</b>
<b>Balance at 31 March 2016</b>		(7,314)	(5,691)	(3,877)	(16,882)	1,147,623	1,130,741
<b>Movement in Reserves</b>							
Total Comprehensive Income and Expenditure		38,187	0	0	38,187	326,739	364,926
Adjustments between accounting basis and funding basis under regulations	9	(38,289)	0	(868)	(39,157)	39,157	0
Transfers (to)/from Earmarked Reserves		0	0	868	868	(868)	0
<b>(Increase)/Decrease</b>		(102)	0	0	(102)	365,028	364,926
<b>Balance at 31 March 2017</b>		(7,416)	(5,691)	(3,877)	(16,984)	1,512,650	1,495,666

# Police and Crime Commissioner for Dorset

## PCC Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2016/17 and 2017/18 on the different reserves held by the Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and 'unusable reserves'. The Statement shows how the movements in year of the Police and Crime Commissioner's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/decrease shows the statutory General Fund Balance movements in the year following those adjustments.

<b>Current Year</b>	<b>Notes</b>	<b>General Fund Balance</b> £'000	<b>Earmarked Reserves</b> £'000	<b>Capital Receipts Reserve</b> £'000	<b>Total Usable Reserves</b> £'000	<b>Unusable Reserves</b> £'000	<b>Total Reserves</b> £'000
<b>Balance at 31 March 2017</b>		(7,416)	(5,691)	(3,877)	(16,984)	1,512,650	1,495,666
<b>Movement in Reserves</b>							
Total Comprehensive Income and Expenditure		13,117	0	0	<b>13,117</b>	(85,016)	<b>(71,899)</b>
Adjustments between accounting basis and funding basis under regulations		(8,792)		(74)	<b>(8,866)</b>	50,130	<b>41,264</b>
Transfers (to)/from Earmarked Reserves	10	(1,883)	1,883	2,740	<b>2,740</b>	(2,740)	<b>0</b>
<b>(Increase)/Decrease</b>		<b>2,442</b>	<b>1,883</b>	<b>2,666</b>	<b>6,991</b>	<b>(37,626)</b>	<b>(30,635)</b>
<b>Balance at 31 March 2018</b>		<b>(4,974)</b>	<b>(3,808)</b>	<b>(1,211)</b>	<b>(9,993)</b>	<b>1,475,024</b>	<b>1,465,031</b>

<b>Comparative Year</b>	<b>Notes</b>	<b>General Fund Balance</b> £'000	<b>Earmarked Reserves</b> £'000	<b>Capital Receipts Reserve</b> £'000	<b>Total Usable Reserves</b> £'000	<b>Unusable Reserves</b> £'000	<b>Total Reserves</b> £'000
<b>Balance at 31 March 2016</b>		(7,314)	(5,691)	(3,877)	<b>(16,882)</b>	1,147,623	<b>1,130,741</b>
<b>Movement in Reserves</b>							
Total Comprehensive Income and Expenditure		(4,685)	0	0	<b>(4,685)</b>	326,739	<b>322,054</b>
Adjustments between accounting basis and funding basis under regulations		4,583	0	(868)	<b>3,715</b>	39,157	<b>42,872</b>
Transfers (to)/from Earmarked Reserves		0	0	868	<b>868</b>	(868)	<b>0</b>
<b>(Increase)/Decrease</b>		<b>(102)</b>	<b>0</b>	<b>0</b>	<b>(102)</b>	<b>365,028</b>	<b>364,926</b>
<b>Balance at 31 March 2017</b>		<b>(7,416)</b>	<b>(5,691)</b>	<b>(3,877)</b>	<b>(16,984)</b>	<b>1,512,650</b>	<b>1,495,666</b>

## Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2016/17 and 2017/18 of providing services for the Group in accordance with generally accepted accounting practices. The statement also shows the amount of funding by way of grant income. PCC's raise taxation to cover expenditure in accordance with statutory requirements, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis Note.

2016/17			2017/18			Notes
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000	£'000	£'000	£'000	
147,055	(34,818)	112,237	168,897	(39,118)	129,779	
4,367	0	4,367	4,083	0	4,083	30
1,565	(898)	667	1,784	(1,001)	783	
<b>152,987</b>	<b>(35,716)</b>	<b>117,271</b>	<b>174,764</b>	<b>(40,119)</b>	<b>134,645</b>	
			<b>Net Cost of Services</b>			
			<b>Other Operating Income and Expenditure</b>			
		(240)			(18)	
			<b>Financing and Investment Income and Expenditure</b>			
		6			1	
		(151)			(88)	
		42,872			41,264	
			<b>Taxation and Non-Specific Grant Income</b>			
		(41,236)			(40,659)	26
		(25,251)			(25,008)	26
		(53,373)			(55,335)	
		(1,711)			(421)	26
		<b>38,187</b>			<b>54,381</b>	
		(6,536)			(1,632)	
		333,275			(83,384)	20
		<b>326,739</b>			<b>(85,016)</b>	
		<b>364,926</b>			<b>(30,635)</b>	

# Police and Crime Commissioner for Dorset

## PCC Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2016/17 and 2017/18 of providing services for the Police and Crime Commissioner in accordance with generally accepted accounting practices. The statement also shows the amount of funding by way of grant income. PCC's raise taxation to cover expenditure in accordance with statutory requirements, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis Note.

2016/17			2017/18			Notes	
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
£'000	£'000	£'000	£'000	£'000	£'000		
4,367	0	4,367	Office of the Police and Crime Commissioner	4,083	0	4,083	30
1,565	(898)	667	Commissioning	1,784	(1,001)	783	27
112,237	0	112,237	Intra-Group Transaction	129,779	0	129,779	4
118,169	(898)	117,271	Net Cost of Services	135,646	(1,001)	134,645	
			Other Operating Income and Expenditure				
		(240)	Net (Surplus)/Deficit from the Sale of Non-Current Assets			(18)	
		0	Financing and Investment Income and Expenditure				
		6	Interest Payable			1	
		(151)	Interest receivable and similar income			(88)	
		(37,313)	Pensions interest cost - Intra-Group Transaction			(39,490)	4
		0	Taxation and Non-Specific Grant Income				
		(41,236)	Police Grant			(40,659)	26
		(25,251)	Ex DCLG Formula Funding			(25,008)	26
		(53,373)	Council Tax Precept			(55,335)	
		(1,711)	Capital Grants and Contributions			(421)	26
		37,313	Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction			39,490	
		(4,685)	(Surplus)/Deficit on Provision of Services			13,117	
		(6,536)	(Surplus)/Deficit on Revaluation of Non-Current Assets			(1,632)	
		376,147	Remeasurement of the Net Defined Benefit Liability (asset)			(42,120)	
		369,611	Other Comprehensive Income and Expenditure			(43,752)	
		364,926	Total Comprehensive Income and Expenditure			(30,635)	

# Police and Crime Commissioner for Dorset

## Group Balance Sheet

The Balance Sheet shows the value as at 31 March 2017 and 31 March 2018 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner. The net assets of the Group/Police and Crime Commissioner (assets and liabilities) are matched by the reserves held by the Group/Police and Crime Commissioner.

As at 31 March 2017			As at 31 March 2018		
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000	Notes
<b>Long Term Assets</b>					
42,645	42,645	Land and Buildings	48,793	48,793	11
0	1,602	Intangible Assets	0	920	12
5,871	5,871	Surplus Assets held for disposal	706	706	11
0	5,349	Vehicles, Plant and Equipment	0	5,022	11
6,951	0	Intra-group assets	5,942	0	
<b>55,467</b>	<b>55,467</b>	<b>Total Long Term Assets</b>	<b>55,441</b>	<b>55,441</b>	
<b>Current Assets</b>					
5,500	5,500	Short Term Investments	3,005	3,005	15
7,100	7,100	Assets Held for Sale	6,096	6,096	16
0	192	Inventories	0	121	
27	1,146	Short Term Accumulated Absences - Intra-Group Debtor	13	1,527	
2,741	12,984	Short Term Debtors	2,226	15,522	14
10,983	10,983	Cash and Cash Equivalents	6,928	6,928	15
<b>26,351</b>	<b>37,905</b>	<b>Total Current Assets</b>	<b>18,268</b>	<b>33,199</b>	
<b>Current Liabilities</b>					
(868)	(14,669)	Short Term Creditors	(824)	(17,234)	17
0	0	Provisions	0	(385)	19
(27)	(1,146)	Short Term Accumulated Absences - Intra-Group Creditor	(13)	(1,527)	
<b>(895)</b>	<b>(15,815)</b>	<b>Total Current Liabilities</b>	<b>(837)</b>	<b>(19,146)</b>	
<b>Long Term Liabilities</b>					
(390)	(445)	Provisions	(509)	(509)	19
(32,911)	(32,911)	Long Term Borrowing	(31,090)	(31,090)	
(2,788)	(1,539,867)	Pensions Liability	(3,169)	(1,502,926)	20
(3,421)	0	Intra group creditor	(3,378)	0	
(1,537,079)	0	Pension Liabilities - Intra-Group Creditor	(1,499,757)	0	
<b>(1,576,589)</b>	<b>(1,573,223)</b>	<b>Total Long Term Liabilities</b>	<b>(1,537,903)</b>	<b>(1,534,525)</b>	
<b>(1,495,666)</b>	<b>(1,495,666)</b>	<b>Net Liabilities</b>	<b>(1,465,031)</b>	<b>(1,465,031)</b>	
<b>Represented by</b>					
(1,512,650)	(1,512,650)	Unusable Reserves	(1,475,024)	(1,475,024)	20
16,984	16,984	Usable Reserves	9,993	9,993	
<b>(1,495,666)</b>	<b>(1,495,666)</b>	<b>Total Reserves</b>	<b>(1,465,031)</b>	<b>(1,465,031)</b>	

*Signed by the Chief Finance Officer on 31 May 2018*

Alexis Garlick FCCA  
Chief Finance Officer to the Police and Crime Commissioner  
31 May 2018

## Cash Flow Statement

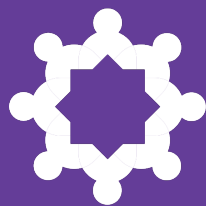
The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and the Police and Crime Commissioner during the reporting period. As there is no distinction between the Group and the Police and Crime Commissioner, there is no separate Statement for the Police and Crime Commissioner.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

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

2016/17		Notes	2017/18	
£'000	£'000		£'000	£'000
		<b>Operating Activities</b>		
		<b>Cash Outflows</b>		
132,821		Cash paid to or on behalf of employees	138,381	
29,221		Other operating costs	33,236	
	162,042			171,617
		<b>Cash Inflows</b>		
(53,373)		Precept - Council Tax income	(55,335)	
(17,332)		Non-Domestic Rate income	(17,090)	
(76,267)		Home Office Grants	(48,577)	
(19,113)		Grants, Reimbursements and other income	(46,645)	
	(166,085)			(167,647)
	(4,043)	Operating Activities Net Cash Flow		3,970
		<b>Servicing of Finance</b>		
		<b>Cash Outflows</b>		
0		Interest paid	1	
		<b>Cash Inflows</b>		
(151)		Interest received	(88)	
	(151)			(87)
		<b>Investing Activities</b>		
		<b>Cash Outflows</b>		
4,801		Purchase of fixed assets	3,162	
		<b>Cash Inflows</b>		
(868)		Sale of fixed assets	(74)	
(1,712)		Capital Grants received	(421)	
	2,221			2,667
		<b>Management of liquid resources</b>		
20,541		Short Term Lending	8,036	
(24,046)		Short Term Loans Repaid	(10,531)	
	(3,505)			(2,495)
	(5,478)	<b>Net cash inflow / outflow</b>		4,055
		<b>Other Movements</b>		
	0	Transfers		0
	(5,478)	<b>Net (increase) / decrease in cash</b>	21	<b>4,055</b>
	(5,505)	<b>Cash and cash equivalents at the beginning of the year</b>		<b>(10,983)</b>
	(10,983)	<b>Cash and cash equivalents at the end of the year</b>		<b>(6,928)</b>



# Notes to the Accounts



**DORSET**  
POLICE & CRIME  
COMMISSIONER

## **Note 1 Accounting Policies**

### **1. General Principles**

The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; and the Accounts and Audit Regulations 2015 supported by International Financial Reporting Standards (IFRS).

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

### **2. Accruals of Income and Expenditure**

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting opening balance and comparative amounts for the prior period as if the new policy had always been applied. For 2017/18, there are no accounting policy changes to the 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 affect.

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

### **6. Contingent Liabilities**

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

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

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

### **7. Council Tax**

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

## Note 1 Accounting Policies

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

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

### 8. Revenue Expenditure Funded from Capital under Statute

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

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

### 9. Foreign Currency Translation

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

### 10. Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement of Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustments Account once they have been applied to fund capital expenditure.

### 11. Financial Instruments

#### 11.1 Financial Liabilities

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

## Note 1 Accounting Policies

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

### 11.2 Financial Assets

Financial assets may be classified into two types:

- loans and receivables                      assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets                      assets that have a quoted market price and/or do not have determinable payments

### 11.3 Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Group becomes a party to the contractual provision of a financial instrument and is measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the loans that the Group has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where the Group has made loans to staff at less than market rates for policy purposes, the accounts are adjusted if the difference between actual and market interest rates is significant.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains or losses that arise on the derecognition of an asset are credited/debited to the Comprehensive Income and Expenditure Statement.

### 11.4 Available-for-Sale Assets

Available-for-Sale Assets are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Group.

Assets are maintained in the Balance Sheet at fair value. The Group only invests in instruments with quoted market price and the value is based on the market price.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets.

## 12. Cash and cash equivalents

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

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

## Note 1 Accounting Policies

### 13. Leases

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

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

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

#### 13.1 The Group as Lessee

##### 13.1.1 Finance Leases

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

Lease payments are apportioned between:

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

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

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

##### 13.1.2 Operating Leases

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

#### 13.2 The Group as Lessor

##### 13.2.1 Operating Leases

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

### 14. Joint Operations

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

## Note 1 Accounting Policies

### 15. Overheads

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

### 16. Pensions

#### 16.1 Benefits Payable during Employment

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

#### 16.2 Termination Benefits

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

#### 16.3 Post-Employment Benefits

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

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

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

##### 16.3.1 Police Officers' Pension Schemes

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

The liabilities of the Police Officers' Pension Schemes are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.55% (the annualised yield at the 19 year point on the Merrill Lynch AA rated corporate bond curve) which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities.

##### 16.3.2 The Local Government Pension Scheme

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

## Note 1 Accounting Policies

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

Liabilities are discounted to their value at current prices, using a discount rate of 2.60% (the annualised yield at the 23 year point on the AA Merrill Lynch Corporate bond curve) which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the employer's liabilities.

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

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

### 16.3.3 Net Pensions Liability Analysed

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

Service cost comprising:

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

Remeasurements comprising:

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

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

- cash paid as to pensioners including injury pension payments.

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

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

### 16.3.4 Police Officers' Injury Benefits

The Group makes payment under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officers' pension schemes. The figures are included within the

## Note 1 Accounting Policies

unfunded pension calculation as per IPSAS 25 Employee Benefits, as the injury benefits may be financially significant with volatile actuarial gains and losses. These have been estimated by the independent actuary.

### 16.3.5 Impact on Reserves

For all of the Pension Schemes, statutory provisions require the General Fund Balance to be charged with the amount payable by the Group to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement of Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash

paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### 16.4 Discretionary Benefits

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

## 17. Provisions

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

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

When payments are eventually made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where the provision is no longer required or the estimated amount can be decreased, the provision is reversed or reduced and credited back to the relevant service.

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

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

## 18. Reserves

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

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



## Note 1 Accounting Policies

### 19. Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

#### 19.1 Recognition

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

#### 19.2 Measurement

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

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

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

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

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

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

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

#### 19.3 Impairment

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

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

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

## Note 1 Accounting Policies

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

### 19.4 Depreciation

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

Depreciation is calculated on the following bases:

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

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

### 19.5 Disposals

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

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

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

### 19.6 Non-Current Assets Held for Sale

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

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

## **Note 1     Accounting Policies**

### **19.7 Surplus Assets**

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

### **20.     Intangible Assets**

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

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

#### **20.1 Measurement**

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

#### **20.2 Amortisation**

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

#### **20.3 Impairment**

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

### **21.     VAT**

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

### **22.     Inventories**

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

### **23.     Long Term Contracts**

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

### **24.     Exceptional Items**

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

## Note 1 Accounting Policies

### 25. Charges to Revenue Non-Current Assets

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

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

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

### 26. Private Finance Initiatives (PFI)

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

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

No-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

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

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

## Note 2 Accounting Standards Issued, Not Adopted

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:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including
- Amendments to IAS 12 Income Taxes; Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

All of these standards will be incorporated into the Code from 2018/19 and will be complied with. However, none are expected to have material impact for the Group and none warrant disclosure in these accounts.

## Note 3 Significant Estimates and Judgements

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

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

## Note 4 The Police and Crime Commissioner as an Accounting Entity

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

# Police and Crime Commissioner for Dorset

## Note 4 The Police and Crime Commissioner as an Accounting Entity

The Police and Crime Commissioner receives all government funding and income and the Chief Constable while fulfilling his responsibilities under the 2011 Act does not hold any cash or reserves. For the period 1 April 2017 to 31 March 2018, all contracts were in the name of the Police and Crime Commissioner. When Police and Crime

Commissioner's resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies.

For accounting and regulatory purposes the Police and Crime Commissioner and the Chief Constable are classed as local authorities and are covered by the CIPFA Code of Practice for Local Authority Accounting 2017/18.

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

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

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

# Police and Crime Commissioner for Dorset

## Note 4 The Police and Crime Commissioner as an Accounting Entity

Intra-Group Transactions	2016/17		2017/18	
Comprehensive Income and Expenditure Statements	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Net Cost of Policing	(112,237)	112,237	(129,779)	129,779
Pensions Interest Cost and Pensions Top Up Grant	37,313	(37,313)	39,490	(39,490)
Actuarial gains/(losses) on pensions funds	(37,313)	37,313	(39,490)	39,490
Balance Sheet	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
<b>Non-Current Assets/Liabilities</b>				
Pensions Long Term Intra-Group Debtor	1,537,079		1,499,757	
Pensions Long Term Liabilities	(1,537,079)		(1,499,757)	
Pensions Long Term Intra-Group Creditor		(1,537,079)		(1,499,757)
IT and Equipment Assets	6,951		5,942	
IT and Equipment Intra-Group Creditor	(6,951)		(5,942)	
IT and Equipment Intra-Group Debtor		6,951		5,942
<b>Current Assets/Liabilities</b>				
Intra-Group Debtors	1,119		1,514	
Current Liabilities	(1,119)		(1,514)	
Intra-Group Creditors		1,119		(1,514)
Unusable Reserves for Intra-Group Transactions		(1,529,009)		(1,495,329)

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

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Police and Crime Commissioners Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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

### **6.1 Property, Plant and Equipment**

#### **Uncertainties**

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

#### **Effect if Actual Results Differ from Assumptions**

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

### **6.2 Provisions**

#### **Uncertainties**

The Police and Crime Commissioner has made a provision of £509k to cover the cost of self-insured public and employers' liability claims. The cost of these claims has been estimated by the Force Legal Team, the nature of these claims means that the amounts on settlement could fluctuate.

#### **Effect if Actual Results Differ from Assumptions**

A 10 percent increase in the cost of the outstanding claims would increase the charge to the Comprehensive Income and Expenditure Account by £51k.

### **6.3 Pensions Liability**

#### **Uncertainties**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Police and Crime Commissioner with expert advice about the assumptions to be applied. The total value of pension liabilities as at 31 March 2018 is £1,502,926.

#### **Effect if Actual Results Differ from Assumptions**

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



# Police and Crime Commissioner for Dorset

## Note 7 Expenditure and Funding Analysis

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

Net Expenditure Chargeable to the General Fund Balance	2016/17		Net Expenditure in the Comprehensive Income and Expenditure Statement		2017/18		Net Expenditure in the Comprehensive Income and Expenditure Statement
	Adjustments between Funding and Accounting Basis				Net Expenditure Chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	
£'000	£'000	£'000			£'000	£'000	£'000
39,989	72,250	112,237	Chief Constable		43,785	85,994	129,779
(472)	4,839	4,367	Office of the Police and Crime Commissioner		(1,205)	5,288	4,083
389	278	667	Commissioning and Partnership Working		357	426	783
39,906	77,367	117,271	<b>Net Cost of Services</b>		42,937	91,708	134,645
			<b>Other Operating Income &amp; Expenditure</b>				
0	(240)	(240)	Net (gain) / loss on disposal of non-current assets		0	(18)	(18)
0		0	Trading Account Deficit / (Surplus)		0		0
			<b>Financing &amp; Investment Income &amp; Expenditure</b>				
6		6	Interest Payable		1		1
(151)		(151)	Interest and Investment Income				
					(88)		(88)
78,749	(35,878)	42,872	Pensions Interest Cost & Expected Return on Assets		79,658	(38,394)	41,264
1,829	(1,829)	0	Movements to/from reserves		(1,342)	1,342	0
2,305	(2,305)	0	MRP		2,954	(2,954)	0
			<b>Taxation &amp; Non-Specific Grant Income</b>				

## Police and Crime Commissioner for Dorset

(41,236)		(41,236)	Home Office Grant	(40,659)		(40,659)
0		0	Revenue Support Grant	0		0
(17,333)		(17,333)	Non Domestic Rates	(17,090)		(17,090)
(54,548)	1,175	(53,373)	Council Tax Precept	(55,590)	255	(55,335)
(7,918)		(7,918)	Council Tax Legacy Grants	(7,918)		(7,918)
(1,711)		(1,711)	Capital Grants	(421)		(421)
(40,008)	(39,077)	(79,085)	<b>Total Other Income and Expenditure</b>	<b>(40,495)</b>	<b>(39,769)</b>	<b>(80,264)</b>
(102)	38,290	38,187	<b>Deficit for the year</b>	<b>2,442</b>	<b>51,939</b>	<b>54,381</b>
(7,314)			Opening General Fund Balance as at 31 March 2017	(7,416)		
(102)			Surplus / Deficit on General Fund Balance	2,442		
<b>(7,416)</b>			<b>Closing General Fund Balance as at 31 March 2018</b>	<b>(4,974)</b>		

# Police and Crime Commissioner for Dorset

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

2016/17 Total Adjustments	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	2017/18 Other Differences	Intra Group Funding	Total Adjustment s
		(Note 1)	(Note 2)	(Note 3)		
£'000		£'000	£'000	£'000		£'000
72,250	Chief Constable	3,566	82,428	0		85,994
4,839	Office for Police and Crime Commissioner	2,925	1,983	380		5,288
0	Commissioning and Partnership Working	0	426	0		426
0		0	0	0		-
77,089	<b>Net Cost of Services</b>	6,491	84,837	380		91,708
(39,077)	Other Income and Expenditure from the Funding analysis	(3,513)	(38,394)	2,138		(39,769)
38,012	Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	2,978	46,443	2,518		51,939

# Police and Crime Commissioner for Dorset

## Note 1

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

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

## Note 2

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

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

## Note 3

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

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

# Police and Crime Commissioner for Dorset

## Note 7 Expenditure and Funding Analysis

### 7.1 Adjustment for Capital Purposes

This column adds in the depreciation and impairment and revaluation gains and losses in the services line, and for:

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

### 7.2 Net Change for Pensions' Adjustments

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

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

### 7.3 Other Differences

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

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

# Police and Crime Commissioner for Dorset

## Note 8 Expenditure and Funding Analysed by Nature

2016/17 £'000	Expenditure/Income	2017/18 £'000
	<b>Expenditure</b>	
2,643	Police and Crime Commissioner	2,692
117,390	Employee benefit expenses	135,376
26,271	Other Service expense	30,155
6,683	Depreciation, amortisation, impairment	6,491
6	Interest Payments	1
0	Loss on the disposal of assets	0
42,872	Pensions Interest cost and Expected return on assets	41,264
<b>195,865</b>	<b>Total Expenditure</b>	<b>215,979</b>
	<b>Income</b>	
(8,603)	Fees charges and other service income	(11,369)
(240)	Net Gain on disposal of non-current assets	(18)
(151)	Interest and investment income	(88)
(53,373)	Income from Council Tax	(55,335)
(27,113)	Specific Grants	(28,700)
(68,198)	Government Grants and Contributions	(66,088)
<b>(157,678)</b>	<b>Total Income</b>	<b>(161,598)</b>
<b>38,187</b>	<b>Deficit on the Provision of Services</b>	<b>54,381</b>

## Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

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

### 9.1 General Fund Balance

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

### 9.2 Capital Receipts Reserve

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

### 9.3 Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital project for which the Group has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

# Police and Crime Commissioner for Dorset

## Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

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

# Police and Crime Commissioner for Dorset

## Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

Comparative Year	2016/17		Unusable Reserves
	Usable Reserves		
	General Balances £'000	Capital Receipts Reserve £'000	
<b>Adjustments to Revenue Resources</b>			£'000
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:.			
Pensions costs (transferred to ( or from) the Pensions Reserve)	(34,459)	0	(34,459)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	0	0	0
Council Tax and NDR (transfers to or from Collection Fund)	(1,175)	0	(1,175)
Holiday pay (transferred to the Accumulated Absences Reserve)	(348)	0	(348)
Equal pay settlements (transferred to the Unequal Pay/Back Pay AC	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	(6,443)		(6,443)
<b>Total Adjustments to Revenue Resources</b>	(42,425)	0	(42,425)
<b>Adjustments between Revenue and Capital Resources</b>			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve		(868)	(868)
Transfer of Grants from Revenue to the Capital Grant Reserve	1,711	0	1,711
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	0	0
Voluntary provision for the repayment of debt (transfer to the CAA)	120	0	120
Capital expenditure financed from revenue balances (transfer to the CAA)	2,305	0	2,305
<b>Total Adjustments between Revenue and Capital Resources</b>	4,136	(868)	3,268
<b>Adjustments to Capital Resources</b>			
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0
Application of capital grants to finance capital expenditure	0	0	0
Cash payments in relation to deferred capital receipts	0	0	0
<b>Total Adjustments to Capital Resources</b>	0	0	0
<b>Total Adjustments excluding Earmarked Adjustments</b>	(38,289)	(868)	(39,157)
<b>Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis</b>			0
<b>Total Adjustments including Earmarked Adjustments</b>			(39,157)



## Police and Crime Commissioner for Dorset

### Note 10 Movement in Earmarked Reserves

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

	Balance as at 1 April 2016	Balance as at 31 March 2017	Transfer Out 2017/18	Transfer In 2017/18	Balance as at 31 March 2018
	£'000	£'000	£'000	£'000	£'000
Budget Management Fund	0	0		200	200
Capital Financing Reserve	1,826	1,826	(1,623)	0	203
Major Operations Reserve	1,200	1,200	(462)	0	738
Police and Crime Plan	0	0	0	857	857
Workforce Change Reserve	2,665	2,665	(855)	0	1,810
<b>Total</b>	<b>5,691</b>	<b>5,691</b>	<b>(2,940)</b>	<b>1,057</b>	<b>3,808</b>

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

<b>Budget Management Fund</b>	To hold year end under-spends for carry-forward to the following year.
<b>Capital Financing Reserve</b>	To fund capital investment.
<b>Major Operations Reserve</b>	To meet the costs of major policing operations.
<b>Police and Crime Plan</b>	To fund planned Police and Crime Plan developments.
<b>Workforce Change Reserve</b>	To fund one-off and transitional costs of change programmes including the Strategic Alliance with Devon & Cornwall Police.

# Police and Crime Commissioner for Dorset

## Note 11 Property, Plant and Equipment

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

<b>PCC Group - Movements in 2017/18</b>				
	<b>Operational and Non-Operational Assets</b>			<b>Total</b>
	<b>Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Surplus Assets Held For Disposal</b>	
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 April 2017</b>	<b>65,231</b>	<b>45,115</b>	<b>6,485</b>	<b>116,831</b>
Additions	1,071	2,486	200	3757
Revaluation increases/(decreases) recognised in the Revaluation Reserve	603	0	101	704
Derecognition-Disposals	0	(997)	0	(997)
Asset reclassification (to)/from Held for Sale	934	0	0	934
Other reclassification	6,066	0	(6,066)	0
<b>At 31 March 2018</b>	<b>73,905</b>	<b>46,605</b>	<b>720</b>	<b>121,229</b>
Accumulated Depreciation and Impairments				
At 1 April 2017	(22,586)	(39,766)	(614)	(62,966)
Depreciation Charge	(1,442)	(2,757)	(7)	(4,206)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(547)	0	0	(547)
Derecognition-Disposals	0	940	0	940
Asset reclassification (to)/from Held for Sale	70	0	0	70
Other reclassification	(607)	0	607	0
<b>At 31 March 2018</b>	<b>(25,112)</b>	<b>(41,583)</b>	<b>(14)</b>	<b>(66,709)</b>
Net Book Value				
At 31 March 2017	42,645	5,349	5,871	53,865
At 31 March 2018	48,793	5,022	706	54,520

# Police and Crime Commissioner for Dorset

## Note 11 Property, Plant and Equipment

<b>PCC Group - Movements in 2016/17</b>				
	<b>Operational and Non-Operational Assets</b>			<b>Total</b>
	<b>Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Surplus Assets Held For Disposal</b>	
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 April 2016</b>	<b>63,886</b>	<b>43,232</b>	<b>7,035</b>	<b>114,153</b>
Additions	2,528	2,332	0	4,860
Revaluation increases/(decreases) recognised in the Revaluation Reserve	6,414	0	0	6,414
Derecognition-Disposals	0	(449)	(683)	(1,132)
Asset reclassification (to)/from Held for Sale	(7,464)	0	0	(7,464)
Other reclassification	(133)	0	133	0
<b>At 31 March 2017</b>	<b>65,231</b>	<b>45,115</b>	<b>6,485</b>	<b>116,831</b>
Accumulated Depreciation and Impairments				
At 1 April 2016	(20,221)	(36,960)	(669)	(57,850)
Depreciation Charge	(1,517)	(3,255)	0	(4,772)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,212)	0	0	(1,212)
Derecognition-Disposals	0	449	0	449
Asset reclassification (to)/from Held for Sale	364	0	0	364
Other Classification	0	0	55	55
<b>At 31 March 2017</b>	<b>(22,586)</b>	<b>(39,766)</b>	<b>(614)</b>	<b>(62,966)</b>
Net Book Value				
At 31 March 2016	43,665	6,272	6,366	56,303
At 31 March 2017	42,645	5,349	5,871	53,865

# Police and Crime Commissioner for Dorset

## Note 11 Property, Plant and Equipment

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

<b><u>PCC - Movements in 2017/18</u></b>			
			<b>Total</b>
<b>Cost or Valuation</b>	<b>Land &amp; Buildings</b>	<b>Surplus Assets Held For Disposal</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 April 2017</b>	<b>65,231</b>	<b>6,485</b>	<b>71,716</b>
Additions	1,071	0	1,071
Revaluation increases/(decreases) recognised in the Revaluation Reserve	603	101	<b>704</b>
Derecognition-Disposals	0	0	<b>0</b>
Asset reclassification (to)/from Held for Sale	934	0	<b>934</b>
Other reclassification	6,066	(6,066)	<b>0</b>
<b>At 31 March 2018</b>	<b>73,905</b>	<b>520</b>	<b>74,425</b>
Accumulated Depreciation and Impairments			
At 1 April 2017	(22,586)	(614)	<b>(23,200)</b>
Depreciation Charge	(1,442)	0	<b>(1,442)</b>
Impairment (losses) / reversals recognised in the Surplus/Deficit on the Provision of Services	(547)	0	<b>(547)</b>
Asset reclassification (to)/from Held for Sale	70	0	<b>70</b>
Other reclassification	(607)	607	<b>0</b>
<b>At 31 March 2018</b>	<b>(25,112)</b>	<b>(7)</b>	<b>(25,119)</b>
Net Book Value			
At 31 March 2017	42,645	5,871	<b>48,516</b>
At 31 March 2018	48,793	513	<b>49,306</b>

# Police and Crime Commissioner for Dorset

## Note 11 Property, Plant and Equipment

<b><u>PCC - Movements in 2016/17</u></b>			
			<b>Total</b>
<b>Cost or Valuation</b>	<b>Land &amp; Buildings</b>	<b>Surplus Assets Held For Disposal</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 April 2016</b>	<b>63,886</b>	<b>7,035</b>	<b>70,921</b>
Additions	2,528	0	2,528
Revaluation increases/(decreases) recognised in the Revaluation Reserve	6,414	0	6,414
Derecognition-Disposals	0	(683)	(683)
Asset reclassification (to)/from Held for Sale	(7,464)	0	(7,464)
Other reclassification	(133)	133	0
<b>At 31 March 2017</b>	<b>65,231</b>	<b>6,485</b>	<b>71,716</b>
Accumulated Depreciation and Impairments			
At 1 April 2016	(20,221)	(669)	(20,890)
Depreciation Charge	(1,517)	0	(1,517)
Impairment (losses) / reversals recognised in the Surplus/Deficit on the Provision of Services	(1,212)	0	(1,212)
Asset reclassification (to)/from Held for Sale	364	0	364
Other reclassification	0	55	55
<b>At 31 March 2017</b>	<b>(22,586)</b>	<b>(614)</b>	<b>(23,200)</b>
Net Book Value			
At 31 March 2016	43,665	6,366	50,031
At 31 March 2017	42,645	5,871	48,516

### 11.1 Recognition

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

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

# Police and Crime Commissioner for Dorset

## Note 11 Property, Plant and Equipment

### 11.2 Surplus Assets

One property has been taken out of use during the year but does not meet the criteria for Assets Held for Sale and have therefore been classified as Surplus Assets. Of the four properties held as Surplus Assets in 2016/17, one remains as a surplus asset, two have been reclassified back to existing use and one has been classified as an Asset Held for Sale.

### 11.3 Depreciation

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

#### 11.3.1 Land and Buildings

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

#### 11.3.2 Vehicles

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

#### 11.3.3 Information Technology (IT)

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

#### 11.3.4 Plant and Equipment

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

All depreciation is calculated on a straight-line basis.

### 11.4 Significant Capital Commitments

As at 31 March 2018 the Police and Crime Commissioner had significant capital commitments of £673K in relation to property projects, equipment and vehicles. This relates to the following:-

Vehicles	£199K
Command & Control System	£422K
Network Infrastructure	£52K

### 11.5 Revaluations

Land and buildings are revalued annually by a represented sample of 25% of properties which is reviewed and revalued. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. A revaluation exercise was undertaken in 2017/18 with valuations and remaining useful lives provided as at 1 January 2018. Between revaluations, the external valuer undertakes an annual review to identify any significant impairments or any other significant change in the valuation of assets.

# Police and Crime Commissioner for Dorset

## Note 12 Intangible Assets

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

2016/17 Non-Operational Assets £'000		2017/18 Non-Operational Assets £'000
	<b>Balance at start of year</b>	
1,108	Gross carrying amounts	2,363
(184)	Accumulated amortisation	(761)
<b>924</b>	<b>Net carrying amount at start of year</b>	<b>1,602</b>
1,255	Additions	128
(577)	Amortisation for the period	(810)
<b>678</b>	<b>Net carrying amount at end of year</b>	<b>(682)</b>
	<b>Comprising:</b>	
2,363	Gross carrying amounts	2,491
(761)	Accumulated Amortisation	(1,571)
<b>1,602</b>		<b>920</b>

### 12.1 Amortisation

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

### 12.2 Depreciation

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

## Note 13 Capital Receipts Reserves

A description of these reserves can be found in the Adjustments between Accounting Basis and Funding Basis under Regulations Note.

	Capital Receipts Reserve £'000
<b>Balance at 1 April 2016</b>	<b>3,877</b>
Proceeds of Disposals	868
Financing of Fixed Assets	(2,580)
Capital Grants Receivable	1,712
<b>Balance at 31 March 2017</b>	<b>3,877</b>
Proceeds of Disposals	74
Financing of Fixed Assets	(2,740)
<b>Balance at 31 March 2018</b>	<b>1,211</b>
<b>Net Movement for 2016/17</b>	<b>0</b>
<b>Net Movement for 2017/18</b>	<b>(2,666)</b>

# Police and Crime Commissioner for Dorset

## Note 14 Debtors

31 March 2017			31 March 2018	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
1,025	1,872	Central government bodies	773	1,883
1,716	6,719	Other local authorities	1,453	4,281
0	4,393	Other entities and individuals	0	9,358
<b>2,741</b>	<b>12,984</b>	<b>Total Debtors</b>	<b>2,226</b>	<b>15,522</b>

## Note 15 Cash and Cash Equivalents

31 March 2017			31 March 2018	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
35	35	Cash held by the PCC	50	50
100	100	Bank current accounts	75	75
10,848	10,848	Short-term deposits	6,803	6,803
<b>10,983</b>	<b>10,983</b>	<b>Total Cash and Cash Equivalents</b>	<b>6,928</b>	<b>6,928</b>
<b>5,500</b>	<b>5,500</b>	<b>Short Term Investments</b>	<b>3,005</b>	<b>3,005</b>

## Note 16 Assets Held for Sale

2016/17		2017/18
£'000		£'000
0	Balance outstanding at start of year	7,100
7,100	Assets newly classified as held for sale	396
0	Reclassification	(1,400)
<b>7,100</b>	<b>Balance outstanding at year end</b>	<b>6,096</b>

There are currently four Assets Held for Sale. No properties were sold in 2017/18, however one property reverted back to existing use.

## Note 17 Creditors

31 March 2017			31 March 2018	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
840	2,811	Central government bodies	781	1,031
0	3,191	Other local authorities	0	5,452
0	0	NHS	0	17
28	8,667	Other entities and individuals	43	10,734
<b>868</b>	<b>14,669</b>	<b>Total Creditors</b>	<b>824</b>	<b>17,234</b>



# Police and Crime Commissioner for Dorset

## Note 18 Financial Instruments

### 18.1 Categories of Financial Instruments

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

	31 March 2017 £'000	Long Term 31 March 2018 £'000	31 March 2017 £'000	Current 31 March 2018 £'000
<b>Investments</b>				
Loans and receivables	0	0	5,500	3,005
Available for sale Financial Assets	0	0	0	0
Financial assets at fair value through profit and loss	0	0	0	0
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>5,500</b>	<b>3,005</b>
<b>Cash and Cash Equivalents</b>				
Cash and Cash Equivalents	0	0	10,983	6,928
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>10,983</b>	<b>6,928</b>
<b>Debtors</b>				
Loans and receivables	0	0	4,393	9,359
Financial assets carried at contract amounts	0	0	0	0
<b>Total included in Debtors</b>	<b>0</b>	<b>0</b>	<b>4,393</b>	<b>9,359</b>
<b>Long-Term Liabilities</b>				
Financial liabilities at amortised cost	1,325	1,205	0	0
PFI	31,586	29,885	0	0
<b>Total Long-Term Liabilities</b>	<b>32,911</b>	<b>31,090</b>	<b>0</b>	<b>0</b>
<b>Creditors</b>				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities at fair value through profit and loss	0	0	8,667	10,734
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>8,667</b>	<b>10,734</b>

#### 18.1.2 Loans and receivables

Loans and receivables consist of fixed interest deposits.

#### 18.1.3 Financial assets

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

# Police and Crime Commissioner for Dorset

## Note 18 Financial Instruments

### 18.1.4 Cash and cash equivalents

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

### 18.2 Income, Expense, Gains and Losses

	2017/18				
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Available for Sale	Assets and Liabilities at Fair Value through Profit and Loss	Total
	£'000	£'000	£'000	£'000	£'000
Interest Expense	1	0	0	0	1
Total expense in Surplus or Deficit on the Provision of Services	1	0	0	0	1
Interest Income	0	(42)	(46)		(88)
Total income in Surplus or Deficit on the Provision of Services	0	(42)	(46)		(88)
<b>Net (Gain)/Loss for year</b>	<b>1</b>	<b>(42)</b>	<b>(46)</b>		<b>(87)</b>

	2016/17				
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Available for Sale	Assets and Liabilities at Fair Value through Profit and Loss	Total
	£'000	£'000	£'000	£'000	£'000
Interest Expense	6	0	0	0	6
Total expense in Surplus or Deficit on the Provision of Services	6	0	0	0	6
Interest Income	0	0	(151)	0	(151)
Total income in Surplus or Deficit on the Provision of Services	0	0	(151)		(151)
<b>Net (Gain)/Loss for year</b>	<b>6</b>	<b>0</b>	<b>(151)</b>		<b>(145)</b>

### 18.3 Fair Value of Financial Assets and Financial Liabilities

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

# Police and Crime Commissioner for Dorset

## Note 18 Financial Instruments

- The fair value balances for financial assets as at 31 March 2018 have been calculated using interest rates in force as at 31 March 2017 and 2018.
- The long-term borrowing as at 31 March 2017 and 31 March 2018 have been calculated by reference to the premature repayment set of rates in force as at the respective dates.
- The fair value of trade or other receivables is taken to be the invoiced or the billed amount.

	31 March 2017 Carrying Amount	31 March 2017 Fair Value	31 March 2018 Carrying Amount	31 March 2018 Fair Value
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
Loans and Receivables				
• Short Term Investments	5,500	5,500	3,005	3,005
• Cash and cash equivalents	10,983	10,983	6,926	6,926
Debtors	4,393	4,393	9,359	9,359
	<u>20,876</u>	<u>20,876</u>	<u>19,290</u>	<u>19,290</u>
	31 March 2017 Carrying Amount	31 March 2017 Fair Value	31 March 2018 Carrying Amount	31 March 2018 Fair Value
	£'000	£'000	£'000	£'000
<b>Financial Liabilities</b>				
Borrowing	1,325	1,325	1,205	1,205
Creditors	8,667	8,667	10,734	10,734
	<u>9,992</u>	<u>9,992</u>	<u>11,939</u>	<u>11,939</u>

# Police and Crime Commissioner for Dorset

## Note 19 Provisions

<b>2017/18</b>	<b>Insurance £'000</b>	<b>Remuneration £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>Balance at 1 April 2017</b>	<b>390</b>	<b>55</b>	<b>0</b>	<b>445</b>
Additional provisions made	119	0	407	526
Amounts used	0	(55)	(22)	(77)
<b>Balance at 31 March 2018</b>	<b>509</b>	<b>0</b>	<b>385</b>	<b>894</b>
<b>2016/17</b>	<b>Insurance £'000</b>	<b>Remuneration £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>Balance at 1 April 2016</b>	<b>711</b>	<b>55</b>	<b>0</b>	<b>766</b>
Additional provisions made	0	0	22	22
Amounts used	(321)	0	(22)	(343)
<b>Balance at 31 March 2017</b>	<b>390</b>	<b>55</b>	<b>0</b>	<b>445</b>

### 19.1 Insurance Provision

The Police and Crime Commissioner is uninsured for the first £0.1m of each public and employers liability claim up to a total stop loss of £0.8m for claims. The insurance provision is to cover any claims from 2017/18 and previous years. The majority of payments from the provision are expected to be made over the next five years. An assessment of liabilities as at 31 March 2018 has been undertaken and the provision has been increased to a level estimated to be sufficient to meet all the forecast obligations.

### 19.2 Remuneration Provision

This provision is no longer required and has been released to the Comprehensive Income and Expenditure Statement.

### 19.3 Other Provision - Contractual pay claims

The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2018/19.

# Police and Crime Commissioner for Dorset

## Note 20 Unusable Reserves

31 March 2017			31 March 2018
£'000	Note		£'000
18,242	20.1	Revaluation Reserve	19,820
9,194	20.2	Capital Adjustment Account	8,936
(1,539,867)	20.3	Pensions Reserve	(1,502,926)
927	20.4	Collection Fund Adjustment Account	672
(1,146)	20.5	Accumulated Absences Account	(1,527)
<b>(1,512,650)</b>		<b>Total Unusable Reserves</b>	<b>(1,475,025)</b>

### 20.1 Revaluation Reserve

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

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

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

2016/17			2017/18	
£'000	£'000	Revaluation Reserve	£'000	£'000
	<b>11,981</b>	<b>Balance at 1 April</b>		<b>18,242</b>
6,536		Upward/(Downward) revaluation of assets and impairment losses not posted to the Surplus/Deficit on the Provision of Services	1,632	
(78)		Difference between fair value depreciation and historical cost depreciation	(54)	
(197)		Amount written off to the Capital Adjustment Account	0	
	<b>18,242</b>	<b>Balance at 31 March</b>		<b>19,820</b>

### 20.2 Capital Adjustment Account

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

# Police and Crime Commissioner for Dorset

## Note 20 Unusable Reserves

2016/17 £'000		2017/18 £'000
11,228	<b>Capital Adjustment Account</b>	
	<b>Balance at 1 April</b>	<b>9,194</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(6,483)	• Charges for depreciation and impairment of non-current assets	(5,509)
(122)	• Revaluation losses on Property, Plant and Equipment	(928)
	• Revaluation losses on Assets Held for Sale	0
	• Amortisation of intangible assets	0
	• Revenue expenditure funded from capital under statute	0
(629)	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(57)
<b>(7,234)</b>		<b>(6,494)</b>
197	Adjusting amounts written out of the Revaluation Reserve	0
<b>(7,037)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(6,494)</b>
	<b>Capital Financing applied in the year:</b>	
868	Use of the Capital Receipts Reserve to finance new capital expenditure	2,740
1,711	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	422
2,305	Statutory provision for the financing of capital investment charged against the General Fund balances	2,954
120	Reduction in Deferred Liability	120
	Capital expenditure charged against the General Fund balances	0
<b>5,004</b>		<b>6,236</b>
<b>9,194</b>	<b>Balance at 31 March</b>	<b>8,936</b>

### 20.3 Pension Reserve

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

# Police and Crime Commissioner for Dorset

## Note 20 Unusable Reserves

<b>PCC Group</b>		<b>PCC Group</b>
<b>£'000</b>	<b>Pension Reserve</b>	<b>£'000</b>
<b>1,172,133</b>	<b>Balance at 1 April</b>	<b>1,539,867</b>
333,275	Remeasurements of the net defined benefit liability/(asset)	(83,384)
70,337	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	84,838
(35,878)	Employer's pensions contributions and direct payments to pensioners payable in the year	(38,394)
<b>1,539,867</b>	<b>Balance at 31 March</b>	<b>1,502,926</b>

### 20.4 Collection Fund Adjustment Account

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

<b>2016/17</b>		<b>2017/18</b>
<b>£'000</b>	<b>Collection Fund Adjustment Account</b>	<b>£'000</b>
<b>2,102</b>	<b>Balance at 1 April</b>	<b>927</b>
(1,175)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(255)
<b>927</b>	<b>Balance at 31 March</b>	<b>672</b>

### 20.5 Accumulated Absences Account

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

# Police and Crime Commissioner for Dorset

## Note 20 Unusable Reserves

2016/17			2017/18	
PCC £'000 (9)	PCC Group £'000 (799)	Accumulated Absences Account Balance at 1 April	PCC £'000 (4)	PCC Group £'000 1,146
9	799	Settlement or cancellation of accrual made at the end of the preceding year	4	(1,146)
17	1,494	Amounts accrued at the end of the current year	24	1,907
(21)	(348)	<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>	(11)	(380)
(4)	1,146	<b>Balance at 31 March</b>	13	1,527

## Note 21 Movement in Cash and Cash Equivalent

This table reconciles the net revenue account surplus or deficit to the net increase or decrease in cash.

2016/17			2017/18	
£'000	£'000		£'000	£'000
	(102)	Net (surplus) / deficit on Revenue Account		2,442
	2,221	Net (surplus) / deficit on Capital Account		0
		Movement in accruals items:-		
0		Long Term Debtors	0	
(128)		Stocks	(71)	
(3,976)		Debtors	2,538	
(1,830)		Creditors	(2,565)	
321		Provisions	(449)	
	(5,613)			(547)
		Movement in non-cash items:-		
0		Specific Reserves	1,883	
1,175		Collection Fund Adjustment Account	255	
347		Accumulated Absences Account	380	
0		Capital Receipts Reserve	2,666	
	1,522			5,184
		Movement in financing items:-		
0		Increase in underlying need to borrow	(529)	
(3,505)		Short Term Loans	(2,495)	
	(3,505)			(3,025)
	<b>(5,478)</b>	<b>(Increase) / Decrease in Cash</b>		<b>4,055</b>



# Police and Crime Commissioner for Dorset

## Note 22 Movements in Net Fund

	Balance 1 April 2017 £'000	Movement in year £'000	Balance 31 March 2018 £'000
Cash in hand and at bank	10,983	(4,055)	6,928
Temporary investments and borrowing	5,500	(2,495)	3,005
	<u>16,483</u>	<u>(6,550)</u>	<u>9,933</u>

## Note 23 Movements in Liquid Resources

2016/17 £'000		2017/18 £'000
9,005	Temporary Investments as at 1 April	5,500
(3,505)	Increase / (Decrease) in Temporary Investments	(2,495)
<u>5,500</u>	Temporary Investments as at 31 March	<u>3,005</u>

## Note 24 External Audit Costs

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

2016/17			2017/18	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
29	44	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	29	44
0	4	Fees payable to external auditors for other services	0	0
<u>29</u>	<u>48</u>		<u>29</u>	<u>44</u>

# Police and Crime Commissioner for Dorset

## Note 25 Officers' Remuneration

### 25.1 Remuneration

This note shows the officer remuneration costs for the Office of the Police and Crime Commissioner and for the Chief Constable. The Police and Crime Commissioner (PCC) is an elected official and is excluded from this note. The salary and expenses of the PCC are published on the PCC's website.

	Year	Note	Salary, Fees and Allowances £	Bonuses £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Compensation for loss of Employment £	Total Remuneration incl Pension Contributions £
<b><u>Office of the Police &amp; Crime Commissioner</u></b>										
<b><u>Salary £50,000 to £149,999 per year</u></b>										
Police and Crime Commissioner	2017/18		70,000	0	0	3,685	73,685	9,275	0	82,960
Police and Crime Commissioner	2016/17		70,000	0	0	7,297	77,297	8,680	0	85,977
OPCC Chief Executive from 18/09/17 to 31/03/18	2017/18	1	45,569	0	0	0	45,569	6,038	0	51,607
OPCC Chief Executive from 01/04/16 to 06/05/16	2016/17	1	32,687	0	0	184	32,871	1,044	48,951	82,866
Chief Finance Officer from 10/07/17 to 31/03/18	2017/18	4	30,484	0	0	0	30,484	4,039	0	34,523
<b><u>Chief Constable</u></b>										
<b><u>Salary £150,000 plus per year</u></b>										
Chief Constable – Debbie Simpson	2017/18		155,124	0	0	6,782	161,905	0	0	161,905
Chief Constable – Debbie Simpson	2016/17		153,583	0	0	6,064	159,648	0	0	159,648
<b><u>Salary £50,000 to £149,999 per year</u></b>										
Deputy Chief Constable	2017/18		121,017	0	0	2,286	123,304	27,807	0	151,111
Deputy Chief Constable	2016/17		117,254	0	0	3,608	120,862	27,532	0	148,394
Assistant Chief Constable from 01/04/17 to 31/10/17	2017/18		62,610	0	0	2,791	65,401	12,000	0	77,401
Assistant Chief Constable from 16/10/17 to 31/03/18	2017/18		47,433	0	0	1,338	48,771	10,962	0	59,733
Assistant Chief Constable	2016/17		101,677	0	0	2,915	104,592	20,428	0	125,020

## Police and Crime Commissioner for Dorset

Assistant Chief Constable	2017/18	2	114,276	0	0	4,986	119,262	26,811	0	146,073
Assistant Chief Constable	2016/17	2	113,179	0	0	3,047	116,226	26,546	0	142,772
Assistant Chief Officer	2017/18		105,251	0	0	3,500	108,751	13,946	0	122,696
Assistant Chief Officer	2016/17		104,209	0	0	2,722	106,931	12,922	0	119,853
Director of Human Resources	2017/18	3	105,251	0	0	3,600	108,851	13,946	0	122,796
Director of Human Resources	2016/17	3	104,209	0	0	2,834	107,043	12,922	0	119,965
Chief Superintendent - Territorial Policing	2017/18		88,753	0	0	1,688	90,441	20,633	0	111,074
Chief Superintendent - Territorial Policing from 01/04/16 to 29/01/17	2016/17		71,535	0	0	0	71,535	17,010	0	88,545
Chief Superintendent - Territorial Policing from 30/01/17 to 31/03/18	2016/17		14,377	0	0	588	14,965	3,419	0	18,384
Chief Superintendent - Crime & Criminal Justice	2017/18		84,771	0	0	2,394	87,165	20,321	0	107,485
Chief Superintendent - Crime & Criminal Justice	2016/17		80,678	0	0	1,362	82,040	19,524	0	101,564
Chief Superintendent - Seconded to College of Policing	2017/18		91,850	0	216	0	92,066	20,633	0	112,699
Chief Superintendent - Seconded to College of Policing	2016/17		89,270	0	216	0	89,486	20,407	0	109,893
Chief Superintendent - Project from 01/04/17 to 07/09/17	2017/18		38,193	0	0	0	38,193	8,950	0	47,143
Chief Superintendent - Project from 30/01/17 to 31/03/17	2016/17		14,377	0	0	0	14,377	3,419	0	17,796
Chief Superintendent - Seconded to College of Policing	2017/18		0	0	0	0	0	0	0	0
Chief Superintendent - Seconded to College of Policing from 01/04/16 to 31/07/16	2016/17		29,094	0	0	0	29,094	6,770	0	35,864
Chief Superintendent - Project	2017/18		0	0	0	0	0	0	0	0
Chief Superintendent - Project from 01/08/16 to 29/01/17	2016/17		43,061	0	0	1,177	44,238	10,240	0	54,478

## Police and Crime Commissioner for Dorset

Chief Superintendent - Corporate Development from 29/07/17 to 31/03/18	2017/18	56,807	0	0	2,204	59,010	13,234	0	72,244
Chief Superintendent - Corporate Development	2016/17	0	0	0	0	0	0	0	0
Chief Superintendent - Secondment to College of Policing 03/07/17 to 31/03/18	2017/18	62,670	0	161	620	63,451	14,593	0	78,044
Chief Superintendent - Secondment to College of Policing	2016/17	0	0	0	0	0	0	0	0
Chief Superintendent - Project from 01/11/17 to 31/03/18	2017/18	37,203	0	0	0	37,203	8,633	0	45,836
Chief Superintendent - Project	2016/17	0	0	0	0	0	0	0	0

## Note 25 Officers' Remuneration

### 25.1 Notes

1. An Interim Chief Executive was supplied by an agency at a cost of £77,831 in 2016/17 and £16,925 in 2017/18 before the appointment on 18/09/17.
2. This is a regional Assistant Chief Constable post but the Assistant Chief Constable is employed by Dorset Police. Dorset Police fund 11.76% of this post.
3. The Director of Human Resources post is shared between Devon & Cornwall Police and Dorset Police. The contract of employment is with Dorset Police and for this reason the remuneration disclosure is made in the Statement of Accounts of Dorset Police. Devon & Cornwall Police refund Dorset 60% of the costs of the post.
4. The Treasurer of the Police and Crime Commissioner in 2016/17 was employed by Dorset County Council. The PCC purchased this service from the County Council. In 2016/17 the cost of this service was £44,100 and the cost in 2017/18 was £11,136. A Chief Finance Officer is now directly employed and works part time (22.2 hours per week) and her full time equivalent salary is £70,000. She started on 10 July 2017.

### 25.2 Group Termination Costs

The total termination costs (exit costs) shown in the table below are the payments made to individuals plus payments to recompense the pension fund for the strain payments that have been calculated on an actuarial basis in 2016/17 and 2017/18. They relate to staff employed by the Group. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of cost with Devon and Cornwall Police under the Strategic Alliance Agreement, these adjustments are set out below the table.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £'000	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
£0 – £20,000	2	0	1	6	3	6	15	57
£20,001 - £40,000	1	0	5	3	6	3	174	100
£40,001 - £60,000	0	1	1	3	1	4	49	210
£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- £120,000	0	0	0	0	0	0	0	0
£120,001- £140,000	0	0	0	0	0	0	0	0
£140,001- £160,000	0	0	0	0	0	0	0	0
£160,001- £180,000	0	0	0	0	0	0	0	0
£180,001- £200,000	0	0	1	0	1	0	188	0
<b>Total included in bandings and in CIES</b>	<b>3</b>	<b>1</b>	<b>8</b>	<b>12</b>	<b>11</b>	<b>13</b>	<b>426</b>	<b>367</b>
<b>Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement</b>								
Redundancy cost recharged from Devon and Cornwall Police as part of Strategic Alliance agreement							36	21
Redundancy cost recharged to Devon and Cornwall Police as part of Strategic Alliance agreement							(230)	(178)
<b>Exit Costs charged to the Comprehensive Income and Expenditure Statement</b>							<b>232</b>	<b>210</b>

### 25.3 Remuneration Bands

These figures presented below do not include the remuneration of the senior employees and relevant police officers as they have been disclosed separately but do include other police staff and police officers remuneration. The legislative requirement is to include only police officers above the rank of superintendent. The Police and Crime Commissioner has chosen to disclose all those earning more than £50,000.

# Police and Crime Commissioner for Dorset

## Note 25 Officers' Remuneration

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

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

### 25.4 Remuneration Bands

<u>2016/17</u>		<u>2017/18</u>
Number of employees	Remuneration Band	Number of employees
71	£50,000 - £54,999	97
47	£55,000 - £59,999	58
9	£60,000 - £64,999	13
5	£65,000 - £69,999	5
3	£70,000 - £74,999	2
5	£75,000 - £79,999	3
4	£80,000 - £84,999	3
1	£85,000 - £89,999	0
0	£90,000 - £94,999	1
0	£95,000 - £99,999	0
0	£100,000 - £104,999	1
<b>145</b>	<b>Total</b>	<b>183</b>

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

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

# Police and Crime Commissioner for Dorset

## Note 26 Grant Income

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

2016/17		2017/18
£'000		£'000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
(41,236)	Police Grant	(40,659)
(25,251)	Ex DCLG Formula Funding	(25,008)
(1,712)	Capital Grant and Contributions	(421)
<b>(68,199)</b>	<b>Total</b>	<b>(66,088)</b>
	<b>Credited to Services</b>	
(5,238)	PFI Grant	(5,238)
(836)	PCC Specific Grants - Victims Support	(835)
(1,014)	Security Grant	(810)
(252)	Other Local Grants	(500)
(62)	Pre 90 Loan Charges Grant	(63)
0	PCC Specific Grants - Domestic Violence	(62)
0	Police Transformation Fund	(50)
<b>(7,402)</b>	<b>Total</b>	<b>(7,558)</b>
	<b>Credited to Other Operating Expenditure</b>	
<b>(19,712)</b>	Pensions Top Up Grant	<b>(21,253)</b>

## Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations

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

### 27.1 Related Party Transactions

#### 27.1.1 Central Government

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

#### 27.1.2 Members

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

Tom Grainger a member of the Independent Audit Committee (IAC) has declared that he is a trustee of Safewise, a charity aided by Dorset Police and provider of premises for occasional use by Dorset Police.

## Police and Crime Commissioner for Dorset

### Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations

#### 27.1.3 Officers

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

The Director of Finance and Resources is a member of the South West Audit Partnership that supplies Internal Audit services to the Force. In order to receive the services, Forces have to nominate a member. No personal benefit is received by the Director of Finance and Resources.

#### 27.1.4 Other Public Bodies

Most of the revenue to pay for the costs of policing comes from government grants co-ordinated nationally. District councils, borough councils and unitary authorities collect the balance by charging their council tax payers a police precept.

31 March 2016			31 March 2017
£'000	Billing Authority	Note	£'000
12,396	Bournemouth		12,122
3,805	Christchurch		3,868
7,133	East Dorset		7,288
4,868	North Dorset		5,098
10,664	Poole		11,111
3,606	Purbeck		3,772
8,019	West Dorset		8,202
4,057	Weymouth & Portland		4,129
(1,175)	Adjustment Accrual	20	(255)
<b>53,373</b>			<b>55,335</b>

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

#### 27.2 Commissioning and Partnerships

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



# Police and Crime Commissioner for Dorset

## Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations

2016/17			2017/18		
Expenditure	Income	Notes	Expenditure	Income	
£'000	£'000		£'000	£'000	
		<b>OPCC Commissioning and Partnerships</b>			
474	0	1 Commissioners Safety Fund	580	0	
139	0	2 Local Innovation Fund	138	0	
54	0	3 One Off Fund	49	0	
898	(898)	4 Victims Services, CSA and PTF	948	(948)	
0	0	5 Other Local Grants (SDF)	53	(53)	
0	0	IAS 19 Costs	17	0	
<b>1,565</b>	<b>(898)</b>		<b>1,784</b>	<b>(1,001)</b>	

Full details of the Police and Crime Commissioners future plans and intentions with regard to commissioning and partnerships can be found in the Commissioning Intentions Plan and the Police and Crime Plan on the OPCC website. The funding mechanisms for partnerships are complex, and the table above shows expenditure that has passed through the Police and Crime Commissioners accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2018.

### 27.2.1 Commissioners Safety Fund

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

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

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

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

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

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

**Missing Young People – Barnardos** - Providing a Return Home Interview (RHI) service for children previously reported as missing, including identification of risks of Child Sexual Exploitation (CSE).

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

### 27.2.2 Local Innovation Fund

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

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

# Police and Crime Commissioner for Dorset

## Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations

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

### 27.2.3 One off Fund

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

**Children and Young Persons ISVA** - Children and Young Persons Independent Sexual Violence Advisor (CYP ISVA) for Dorset to support any child or young person (under 18 years old) who has experienced any form of sexual violence including rape.

**Street Sex Case Manager** - Helping to reduce the impact on the local community and to help individual sex workers wishing to live offence free lives - contribution towards 2 x Sexual Health Workers in association with Bournemouth Borough Council.

### 26.2.4 Victims Services, CSA and Police Transformation Funding

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

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

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

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

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

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

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

### 27.2.5 Other Local Grants (SDF)

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

### 27.3 Collaborations

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

2016/17			2017/18
Expenditure £'000	Notes	Joint Operation	Expenditure £'000
862	1	South West Regional Special Branch	874
3,406	2	South West Regional Forensics Services	3,273
180	3	South West Procurement Services	193
852	4	Zephyr	889
	5	Regional Programme	112
<b>5,300</b>			<b>5,341</b>

# Police and Crime Commissioner for Dorset

## Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations

### 27.3.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Dorset Police and Wiltshire Police. Each Force has a committed number of staff who are based within their own Force area, but work on behalf of the four Forces. The force cost for the year was £874k. The total cost of £3,658k is split on a percentage basis, with Dorset Police contributing 23.9%, Avon and Somerset contributing 28.4%, Devon and Cornwall contributing 28.9% and Wiltshire Police contributing 18.8%.

### 27.3.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Devon and Cornwall Police as the lead Force. There are bases in all four Forces, with each force employing a number of staff. The Force cost for the year was £3,273k. Most of the £17,846k total cost is split on a percentage basis, with Dorset contributing 18.7%, Avon and Somerset contributing 36.6%, Devon and Cornwall contributing 30.5% and Wiltshire Police contributing 14.2%.

### 27.3.3 South West Regional Forensics Services

South West Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police and Devon and Cornwall Police as the host Force. Staff are based across the region, with them all employed by Devon & Cornwall Police. The Force cost for the year was £193k. The total cost of £991k was split on a percentage basis with Dorset Police contributing 19.5%, Wiltshire Police contributing 17.2%, Gloucestershire Police contributing 17.0% and Devon and Cornwall Police contributing £46.3%.

### 27.3.4 South West Regional Organised Crime Unit (ROCU)

ROCU is a partnership with Devon & Cornwall Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Two additional units were added part way through 2017/18 hence the increase in contribution. Staff are employed by each partnering Police Force and based within one of two hubs (North & South). The Force cost for the year was £889k. The total cost of £7,561k is split on a percentage basis with Dorset Police contributing 11.76%, Devon and Cornwall contributing 33.3%, Wiltshire Police contributing 11.68%, Gloucestershire Police contributing 10.83

### 27.3.5 South West Collaboration Programme

The South West Police Collaboration Programme is a partnership with Devon and Cornwall, Gloucestershire Police and Wiltshire Police with Avon and Somerset as the lead force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects. Costs are shared with the Forces that are involved in each project. The Force cost for the year was £112k. Most of the £1,015k total cost is split on a percentage basis with Dorset Police contributing 11.76%, Devon & Cornwall Police contributing 33.3%, Wiltshire Police contributing 11.68%, Gloucestershire Police contributing 10.83% and Avon & Somerset contributing 32.43%.

## Note 28 Contingent Liabilities

The Chief Constable of Dorset Police, along with other Chief Constables and the Home Office, currently has 58 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in 2016/17 these claims were heard in the Employment Tribunal.

In 2017/18 the Judiciary and Firefighter claims were heard in the Appeal Tribunal. Subsequent to this the respondents are appealing against the Appeal Tribunal judgements. In the case of the Firefighters the claimants are also appealing against aspects of the judgement. The outcome of these further appeals may influence the outcome of the Police claims. The Tribunal has agreed to stay the Police hearing and the Home Office has requested that the stay is extended in light of the further appeals. In the event that the Police claims are successful it is unclear what remedy would be applied, whether this would require further legislation and who it would impact.

## Police and Crime Commissioner for Dorset

### Note 28 Contingent Liabilities

Given the fact that the Judiciary and Firefighter claims are subject to further appeal and the Police claims are yet to be heard, and the uncertainty regarding remedy and quantum at this point in time it is not possible to provide an estimate of the financial effect in the event that the claims are partially or fully successful. Therefore it has been assessed that the Chief Constable has no liability at the Balance Sheet date.

### Note 29 Capital Expenditure and Financing

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

2016/17		2017/18	
PCC Group		PCC	PCC Group
£'000		£'000	£'000
34,020	Opening Capital Financing Requirement	35,132	35,132
	<b>Capital Investment:</b>		
1,212	Land and buildings	547	547
1,091	Vehicles and Other Transport	0	1,072
1,242	Equipment and IT	0	1,415
1,256	Intangible Assets	0	128
4,801		547	3,162
	<b>Less Sources of Finance:</b>		
(1,711)	Government Grants	(421)	(421)
(868)	Capital Receipts	(125)	(2,740)
0	Minimum Revenue Provision	(530)	(530)
(1,109)	PFI repayments	(1,821)	(1,821)
(3,688)		(2,897)	(5,512)
<b>35,132</b>	<b>Closing Capital Financing Requirement</b>	<b>32,781</b>	<b>32,781</b>
	<b>Explanations of Movement In Year</b>		
34,020	Opening Capital Financing	35,132	35,132
1,112	Increase / Decrease in underlying need to borrow	(2,351)	(2,351)
<b>35,132</b>		<b>32,781</b>	<b>32,781</b>

### Note 30 OPCC Costs Including Members' Allowances

2016/17		2017/18
£'000		£'000
132	Police and Crime Commissioner	154
448	Statutory and other OPCC staff	634
410	Other costs	239
<b>990</b>	<b>Sub-total</b>	<b>1,027</b>
26	IAS 19 Costs	131
3,351	Depreciation	2925
<b>4,367</b>	<b>Total</b>	<b>4,083</b>

## Police and Crime Commissioner for Dorset

### Note 31 Operating Leases

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

31 March 2017		31 March 2018
£'000		£'000
183	Not later than one year	117
338	Later than one year and not later than five years	243
169	Later than five years	167
<b>690</b>		<b>527</b>

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

### Note 32 Defined Benefit Pension Schemes

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

# Police and Crime Commissioner for Dorset

## Note 32 Defined Benefit Pension Schemes

### 32.1 Police Officer Schemes

#### 32.1.1 Participation in Pension Schemes

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

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

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

Reconciliation of present value of the scheme liabilities:

2016/17 £'000		2017/18 £'000
<b>(1,100,935)</b>	<b>Opening balance at 1 April</b>	<b>(1,423,684)</b>
(19,187)	Current service cost	(30,369)
(40,238)	Interest cost	(38,069)
(6,132)	Contributions from scheme participants	(6,291)
	Remeasurement (gains) and losses:	
0	• Actuarial gains/(losses) arising from changes in demographic assumptions	0
(295,214)	• Actuarial gains/(losses) arising from changes in financial assumptions	66,802
0	• Experience gains/(losses) on defined benefit obligation	0
0	(Gains)/losses on curtailment (where relevant)	0
0	Liabilities assumed on entity combinations	0
36,962	Benefits paid	39,249
1,060	Injury pension payments	1,038
<b>(1,423,684)</b>	<b>Closing balance at 31 March</b>	<b>(1,391,324)</b>

#### 32.1.3 Transactions relating to Retirement Benefits

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

# Police and Crime Commissioner for Dorset

## Note 32 Defined Benefit Pension Schemes

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.

2016/17 £'000	Comprehensive Income and Expenditure Account	2017/18 £'000
	<b>Cost of Services</b>	
19,187	Current service cost	30,369
	<b>Financing and Investment Income and Expenditure</b>	
40,238	Net interest expense	38,069
<b>59,425</b>	<b>Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>68,438</b>
	<b>Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	
	Remeasurement of the net defined benefit liability comprising:	
0	• Actuarial (gains) and losses arising on changes in demographic assumptions	0
295,214	• Actuarial (gains) and losses arising on changes in financial assumptions	(66,802)
0	• Other	0
<b>354,639</b>	<b>Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements</b>	<b>1,636</b>
	<b>Movement In Reserves Statement</b>	
59,425	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	68,438
	<b>Actual amounts charged against the General Fund Balance for pensions in the year:</b>	
12,181	Employers' contributions payable to scheme	12,743
19,712	Home Office Top Up Grant	21,253

# Police and Crime Commissioner for Dorset

## Note 32 Defined Benefit Pension Schemes

### 32.1.4 Impact on the Police and Crime Commissioner's Cashflow

The liabilities show the underlying commitments that arise from the fact that Police and Crime Commissioner has to pay retirement benefits over a long-term period. The total liability of £1,503m has a substantial impact on the net worth of the Group as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Police and Crime Commissioner remains healthy:

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

The total contributions expected to be made to the Police Pension Fund Account by the Police and Crime Commissioner in the year to 31 March 2019 is £11m.

### 32.1.5 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 2018.

The significant assumptions used by the actuary have been:

2016/17	Mortality Assumptions:	2017/18
	<b>Longevity at 65 for current pensioners:</b>	
22.2	Men	22.3
24.7	Women	24.8
	<b>Longevity at 65 for future pensioners:</b>	
24.4	Men	24.5
27.1	Women	27.2
	<b>Financial Assumptions:</b>	
2.7%	Rate of Inflation	2.3%
4.2%	Rate of increase in salaries	3.8%
2.7%	Rate of increase in pensions	2.3%
2.7%	Rate for discounting scheme liabilities	2.6%

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

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



# Police and Crime Commissioner for Dorset

## Note 32 Defined Benefit Pension Schemes

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	55,337	(53,159)
Rate of increase in salaries (increase or decrease by 0.1%)	372	(371)
Rate of increase in pensions (increase or decrease by 0.1%)	27,656	(27,106)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(27,384)	27,986

### 32.2 Police Staff Scheme

#### 32.2.1 Participation in Pension Schemes

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

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

#### 32.2.2 Participation in Pension Schemes

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

# Police and Crime Commissioner for Dorset

## Note 32 Defined Benefit Pension Schemes

2016/17		Comprehensive Income and Expenditure Account	2017/18	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
		<b>Cost of Services</b>		
		Service cost comprising:		
186	7,751	• Current service cost	369	13,000
10	427	• Past service cost	3	93
2	100	• Administration Expenses	3	111
0	0	• (Gain)/loss from settlements	0	0
		<b>Financing and Investment Income and Expenditure</b>		
63	2,634	Net interest expense	91	3,195
<b>262</b>	<b>10,912</b>	<b>Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>466</b>	<b>16,399</b>
		<b>Other Post-Employment Benefits Charged to Comprehensive Income and Expenditure Statement</b>		
		Remeasurement of the net defined benefit liability comprising:		
(517)	(21,533)	• Return on plan assets (excluding the amount included in the net interest expense)	(101)	(3,565)
111	4,636	• Actuarial (gains) and losses arising on changes in demographic assumptions	0	0
1,458	60,738	• Actuarial (gains) and losses arising on changes in financial assumptions	(369)	(13,017)
(130)	(5,402)	• Other	0	0
0	0	<b>Apportionment Adjustment</b>	511	0
(9)	(379)	Experience (gain)/loss on defined benefit obligation	0	0
<b>1,175</b>	<b>48,972</b>	<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>507</b>	<b>(183)</b>

# Police and Crime Commissioner for Dorset

## Note 32 Defined Benefit Pension Schemes

2016/17		Movement in Reserves Statement	2017/18	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(262)	(10,912)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(466)	(16,399)
<b>Funded Liabilities</b>			<b>Funded Liabilities</b>	
PCC £'000	PCC Group £'000	Actual amount charged against the General Fund Balance for pensions in the year:	PCC £'000	PCC Group £'000
96	3,973	Employers' contributions payable to scheme	125	4,383
<b>Unfunded Liabilities</b>			<b>Unfunded Liabilities</b>	
PCC £'000	PCC Group £'000	Actual amount charged against the General Fund Balance for pensions in the year:	PCC £'000	PCC Group £'000
0	16	Retirement benefits payable to pensioners	0	16

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

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

31 March 2017			31 March 2018	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(6,544)	(272,653)	Present value of the defined benefit obligation	(7,885)	(277,645)
3,755	156,470	Fair value of plan assets	4,716	166,043
<b>(2,790)</b>	<b>(116,183)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(3,169)</b>	<b>(111,602)</b>

# Police and Crime Commissioner for Dorset

## Note 32 Defined Benefit Pension Schemes

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

31 March 2017			31 March 2018		
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000	
2,954	123,069	Opening fair value of scheme assets	3,755	156,470	
113	4,712	Interest income	125	4,405	
		Remeasurment gain/(loss):			
517	21,533	• The return on plan assets, excluding the amount included in the net interest expense	101	3,565	
0	0	Apportionment Adjustment	688	0	
(3)	(100)	Administration expenses	(2)	(110)	
96	3,989	Contributions from employer	125	4,397	
48	1,995	Contributions from employees into the scheme	60	2,112	
(99)	(4,128)	Benefits paid	(136)	(4,796)	
130	5,401	Other actuarial gains and (losses)	0	0	
3,755	156,470	Closing fair value of scheme assets	4,716	166,043	

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

31 March 2017			31 March 2018		
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000	
(4,662)	(194,267)	Opening balance at 1 April	(6,544)	(272,653)	
(186)	(7,751)	Current service cost	(369)	(13,000)	
(176)	(7,346)	Interest cost	(216)	(7,600)	
(48)	(1,995)	Contributions from scheme participants	(60)	(2,112)	
		Remeasurement gain/(loss):			
(111)	(4,636)	• Actuarial gains/(losses) arising from changes in demographic assumptions	0	0	
(1,458)	(60,738)	• Actuarial gains/(losses) arising from changes in financial assumptions	371	13,018	
8	379	• Experience gain/(loss) on defined benefit obligation	0	0	
0	0	Apportionment Adjustment	(1,200)	0	
(10)	(427)	Past service cost including gains/(losses) on curtailments	(3)	(94)	
99	4,128	Benefits paid	136	4,796	
(6,544)	(272,653)	Closing balance at 31 March	(7,885)	(277,645)	

The Police and Crime Commissioner's Group contribution to the Local Government Pension Scheme for the accounting period to 31 March 2019 is estimated to be £4,994k.

# Police and Crime Commissioner for Dorset

## Note 32 Defined Benefit Pension Schemes

### 32.2.6 Local Government Pension Scheme assets comprised

31 March 2017			31 March 2018	
PCC £'000	PCC Group £'000	Fair Value of Scheme assets	PCC £'000	PCC Group £'000
		<b>Cash and cash equivalents</b>		
2,107	87,781	UK Equities	2,549	89,750
163	6,783	Diversified Growth Fund	285	10,039
557	23,227	Gilts	617	21,740
430	17,933	Other Bonds	331	11,638
330	13,758	Property	475	16,737
125	5,227	Infrastructure	170	5,993
1	25	Hedge Fund	0	0
42	1,736	Cash	66	2,332
0	0	Multi Asset Credit	222	7,814
<b>3,755</b>	<b>156,470</b>	<b>Total</b>	<b>4,716</b>	<b>166,043</b>

### 32.2.7 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 2018.

The significant assumptions used by the actuary have been:

2016/17		2017/18
	<b>Long-term expected rate of return on assets in the scheme:</b>	
2.8%	Equity investments	2.6%
2.8%	Bonds	2.6%
2.8%	Other	2.6%
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners:</b>	
23.9	Men	24.0
26.0	Women	26.1
	<b>Longevity at 65 for future pensioners:</b>	
26.1	Men	26.2
28.3	Women	28.4
	<b>Financial Assumptions:</b>	
2.7%	Rate of inflation	2.3%
4.2%	Rate of increase in salaries	3.8%
2.7%	Rate of increase in pensions	2.3%
2.8%	Rate for discounting scheme liabilities	2.6%

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

# Police and Crime Commissioner for Dorset

## Note 32 Defined Benefit Pension Schemes

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

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

	Increase in Assumption £'000	Decrease in Assumption £'000
<b>PCC</b>		
Mortality age rating assumption (increase or decrease in 1 year)	279	(269)
Rate of increase in salaries (increase or decrease by 0.1%)	25	(21)
Rate of increase in pensions (increase or decrease by 0.1%)	156	(129)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(177)	153
<b>PCC Group</b>		
Mortality age rating assumption (increase or decrease in 1 year)	9,820	(9,476)
Rate of increase in salaries (increase or decrease by 0.1%)	881	(876)
Rate of increase in pensions (increase or decrease by 0.1%)	5,502	(5,372)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(6,223)	6,371

### 32.2.9 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.

### 32.2.10 Impact on the Police and Crime Commissioner's Cash Flows

The objectives of the scheme, as administered by Dorset County Council, are to keep employer's contributions at as constant a rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The next triennial valuation will be as at 31 March 2018.

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

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

## Note 33 Private Finance Initiative

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

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

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

## Police and Crime Commissioner for Dorset

31 March 2017			31 March 2018	
Payments	Grants		Payments	Grants
£'000	£'000		£'000	£'000
3,645	(2,346)	Western Scheme	3587	(2,346)
4,220	(2,892)	DESPI	4289	(2,892)
<u>7,865</u>	<u>(5,238)</u>	<b>Total PFI</b>	<u>7876</u>	<u>(5,238)</u>

Repayments to be made (to the end of the contracts) under PFI arrangements are analysed as follows:

	Western	DESPI
	£'000	£'000
Capital Repayment	12,211	28,976
Interest Charges	3,876	11,403
Service Charges	<u>30,579</u>	<u>35,713</u>
	46,666	76,092

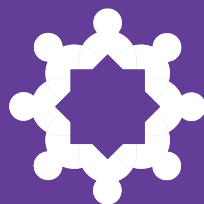
Movements of PFI Asset and Liability balances are analysed as follows:

31 March 2017			31 March 2018	
Western	DESPI		Western	DESPI
£'000	£'000	Assets	£'000	£'000
6,390	6,608	<b>Opening Balance</b>	7,092	6,767
1,119	196	Additions/Development/Lifecycle	449	275
(320)	72	Revaluations	(872)	103
0	0	Impairments	0	0
(97)	(109)	Depreciation	<u>(106)</u>	<u>(116)</u>
<u>7,092</u>	<u>6,767</u>	<b>Closing Balance</b>	<u>6,563</u>	<u>7,029</u>

31 March 2017			31 March 2018	
Western	DESPI		Western	DESPI
£'000	£'000	Liabilities	£'000	£'000
(6,635)	(25,940)	<b>Opening Balance</b>	(6,869)	(24,716)
(1,119)	(196)	Additions/Development/Lifecycle	(449)	(275)
885	1,420	Repayments	971	1,454
<u>(6,869)</u>	<u>(24,716)</u>	<b>Closing Balance</b>	<u>(6,347)</u>	<u>(23,537)</u>

31 March 2017			31 March 2018	
PCC	PCC Group		PCC	PCC Group
£'000	£'000	Contractual Maturity	£'000	£'000
1744	1744	Less than one year	1962	1962
4925	4925	Between one and five years	7402	7402
24917	24917	Due after 5 years	20521	20521
<u>31586</u>	<u>31586</u>	<b>Total Long Term Borrowing</b>	<u>29885</u>	<u>29885</u>

# Pension Fund Accounting Statements



**DORSET**  
POLICE & CRIME  
COMMISSIONER



# Police and Crime Commissioner for Dorset

## Police Officers' Pension Fund Statement

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

<b>31 March 2017 £'000</b>		<b>31 March 2018 £'000</b>
	<b>Contributions Receivable</b>	
(10,817)	Employers (normal)	(11,172)
(6,127)	Employees (normal)	(6,291)
(302)	Ill Health capital charge	(533)
	<b>Transfers In</b>	
(355)	Individual transfers from other schemes	(241)
	<b>Benefits payable</b>	
31,681	Pensions	32,670
5,632	Commutations & lump sum retirement benefits	6,820
	<b>Payment to and on account of leavers</b>	
0	Individual transfers to other schemes	0
<b>19,712</b>	<b>Net amount paid during the year</b>	<b>21,253</b>
<b>(19,712)</b>	<b>Transfer from Police Fund*</b>	<b>(21,253)</b>
<b>0</b>	<b>Net amount payable / receivable for the year</b>	<b>0</b>
<b>*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office as follows:</b>		
18,939	Received in year	20,218
773	Debtor	1,035
<b>19,712</b>		<b>21,253</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.

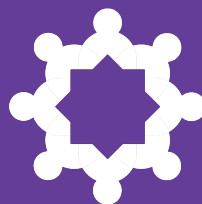
The main benefits payable are police officer pensions, lump sums that represent the commutation of pensions and other lump sum payments. The Chief Constable paid a contribution equal to 24.2% of police officer pay for 2017/18. (GAD valuation calculated this contribution to now be 21.3% but Home Office 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 2018.

# Annual Governance Statement



**DORSET**  
POLICE & CRIME  
COMMISSIONER

**OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR DORSET**

This statement is written on behalf of the Police and Crime Commissioner for Dorset. It sets out the position as at 31st March 2018 including plans for the financial year 2018/2019.

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

To deliver good governance the OPCC must try to achieve its objectives while working in the public interest at all times. Acting in the public interest implies a primary consideration of the benefits to society.

The Annual Governance Statement is written in two parts. Part one describes the governance arrangements in place during 2017-2018. Part two reports on the review and outcomes of these arrangements.

**PART ONE**

**1.0 SCOPE OF RESPONSIBILITY**

The Police and Crime Commissioner for Dorset ('the PCC') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The PCC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the PCC is also responsible for putting into place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring that a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the PCC places reliance on the Chief Constable to support the governance and risk management processes.

This Annual Governance Statement makes close reference to the governance processes within Dorset Police, as reflected in the Chief Constable's Annual Governance Statement which is published alongside the accounts of the Chief Constable.

**2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

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 (e.g. the PCC and Chief Constable) must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force. In turn, the PCC is required to hold the Chief Constable to account for the exercise of those functions, and those of the persons under his direction and control. It therefore follows

that the PCC must satisfy himself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

### **3.0 THE GOVERNANCE FRAMEWORK**

The Governance Framework comprises the systems, processes, culture and values by which the PCC is directed and controlled, and the activities through which he accounts to and engages with the community. It enables the PCC to monitor the achievement of his strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide a reasonable, and not an absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the PCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

#### **Policing governance in Dorset**

There are three main bodies which make up local police governance: the Chief Constable, the Police and Crime Commissioner (PCC), and the Police and Crime Panel (PCP).

- The Chief Constable is accountable in law for the exercise of police powers. He is responsible for keeping our communities safe and secure. He is statutorily responsible for the delivery of efficient and effective policing through the management of resources and expenditure by the Force. He is operationally independent and free from political interference. He is required to appoint a Chief Financial Officer to oversee the proper administration of Dorset Police's financial affairs.
- The PCC was re-elected by the people of Dorset on a mandate to deliver his police and crime plan. The role of the PCC is to represent the voice of the people and hold the Chief Constable to account. He has the power to appoint or dismiss the Chief Constable, set the police budget, and is responsible for the totality of policing.
- The PCP 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 PCC, to promote openness in the transaction of police business and also to support the PCC in the effective exercise of their functions.

### **3.1 The Law and Regulations**

The PCC and Chief Constable are the two separate legal entities who govern both jointly and separately to ensure the organisation is "doing the right things, in the right way, for the right people in an open, inclusive and accountable way".

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

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

[Policing Protocol Order 2011](#)

[Financial Management Code of Practice for the Police 2013](#)

[Strategic Policing Requirement 2015](#)

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

[The role of the Chief Financial Officer in local government CIPFA 2016](#)

[Code of Ethics \(College of Policing 2014\)](#)

[Public Sector Equality Duty - Equality Act 2010](#)

This framework sets out the systems, processes, culture and values by which the affairs of the PCC and Chief Constable should be managed to provide good performance, good public engagement, good stewardship of public money and ultimately good outcomes for citizens and users.

### **3.2 The Corporate Governance Framework**

The structures described in this Corporate Governance Framework are those in place during the financial year 2017-2018. It should be noted that these continue to evolve as the Strategic Alliance with Devon & Cornwall Police develops.

Together the PCC and Chief Constable have established a corporate governance framework to support the delivery of their legal responsibilities.

The joint corporate framework consists of the following:-

Code of Corporate Governance Framework which incorporates:

- the Statement of Corporate Governance
- Code of Corporate Governance
- Scheme of Corporate Governance
- Financial Regulations and Instructions
- Contract Regulations
- Scheme of Consent
- Scheme of Delegation

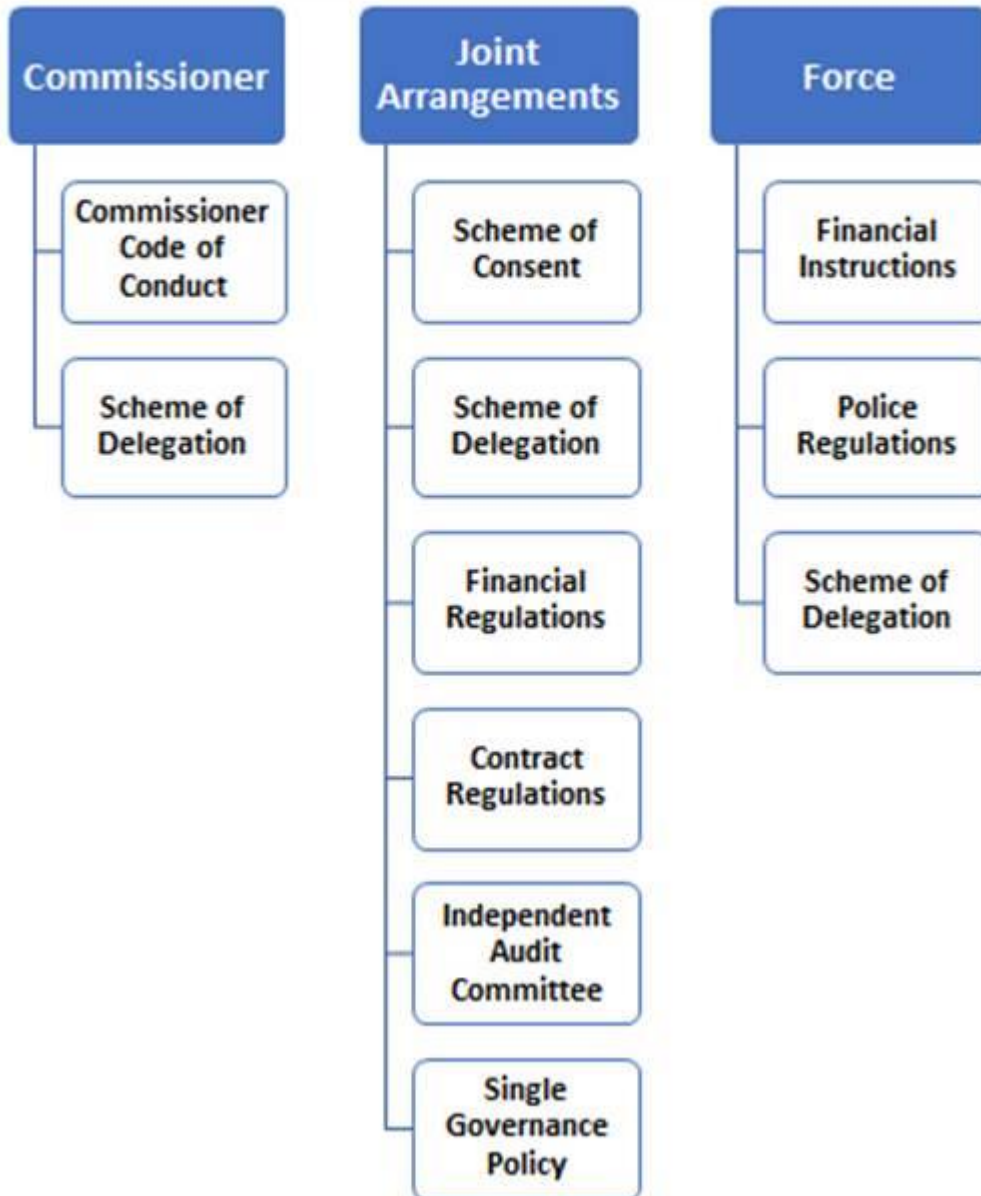
[Single Governance Policy](#)

[Policies and procedures](#)

The responsibilities for these are assigned in the framework structure below.

## Statement and Code of Corporate Governance

### Scheme of Corporate Governance



### 3.3 Governance Responsibilities and Management

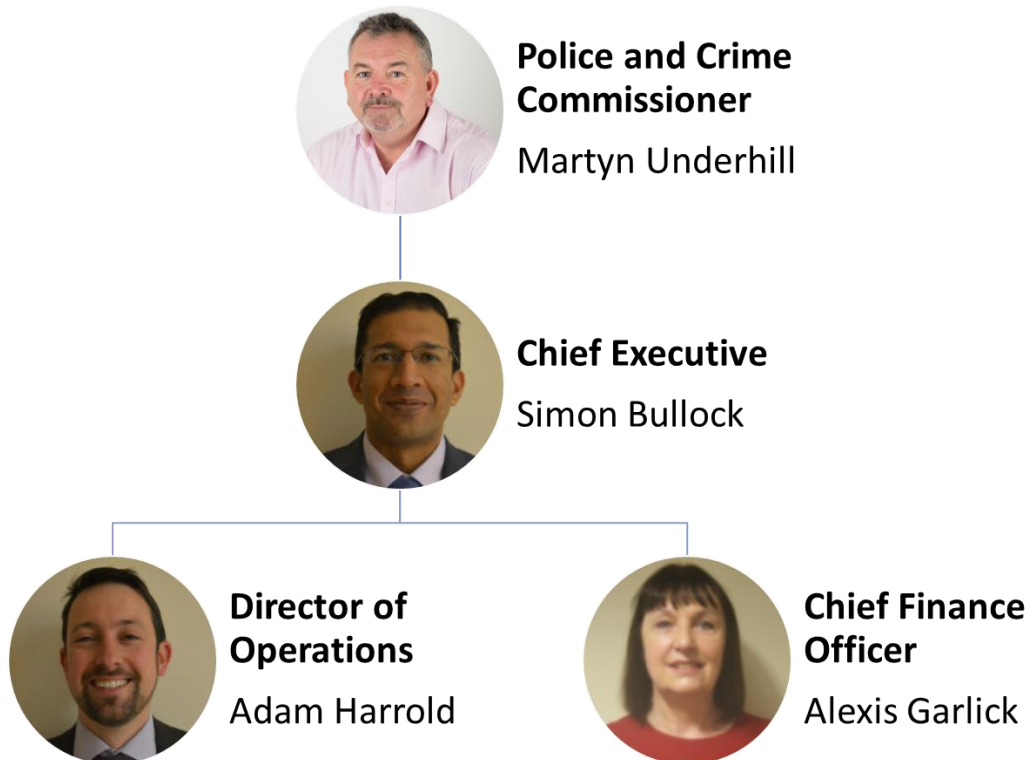
The PCC is supported by the Office of the PCC in the delivery of his statutory responsibilities, which include developing and delivering his strategic objectives through the police and crime plan, fulfilling statutory duties and responsibilities such as the public sector equality duty, as

## THE ANNUAL GOVERNANCE STATEMENT 2017/18

well as holding the Chief Constable to account for the delivery of an efficient and effective policing service in Dorset.

Debbie Simpson was Dorset's Chief Constable until 6th April 2018 when she retired and James Vaughan was appointed as temporary Chief Constable whilst a potential merger with Devon & Cornwall Police continues to be explored.

The Senior Management Team (SMT) for the OPCC is recorded below:



Colin Pipe retired from his role as Deputy Police and Crime Commissioner in October 2017, and was not replaced. The position of Deputy PCC has now been deleted.

In July 2017 Simon Bullock was confirmed as permanent full time Chief Executive and Alexis Garlick was appointed as Chief Finance Officer. Richard Bates stepped down as Treasurer for Dorset OPCC following termination of the arrangement with Dorset County Council for the provision of financial services.

### 3.4 Strategic Board Structure

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

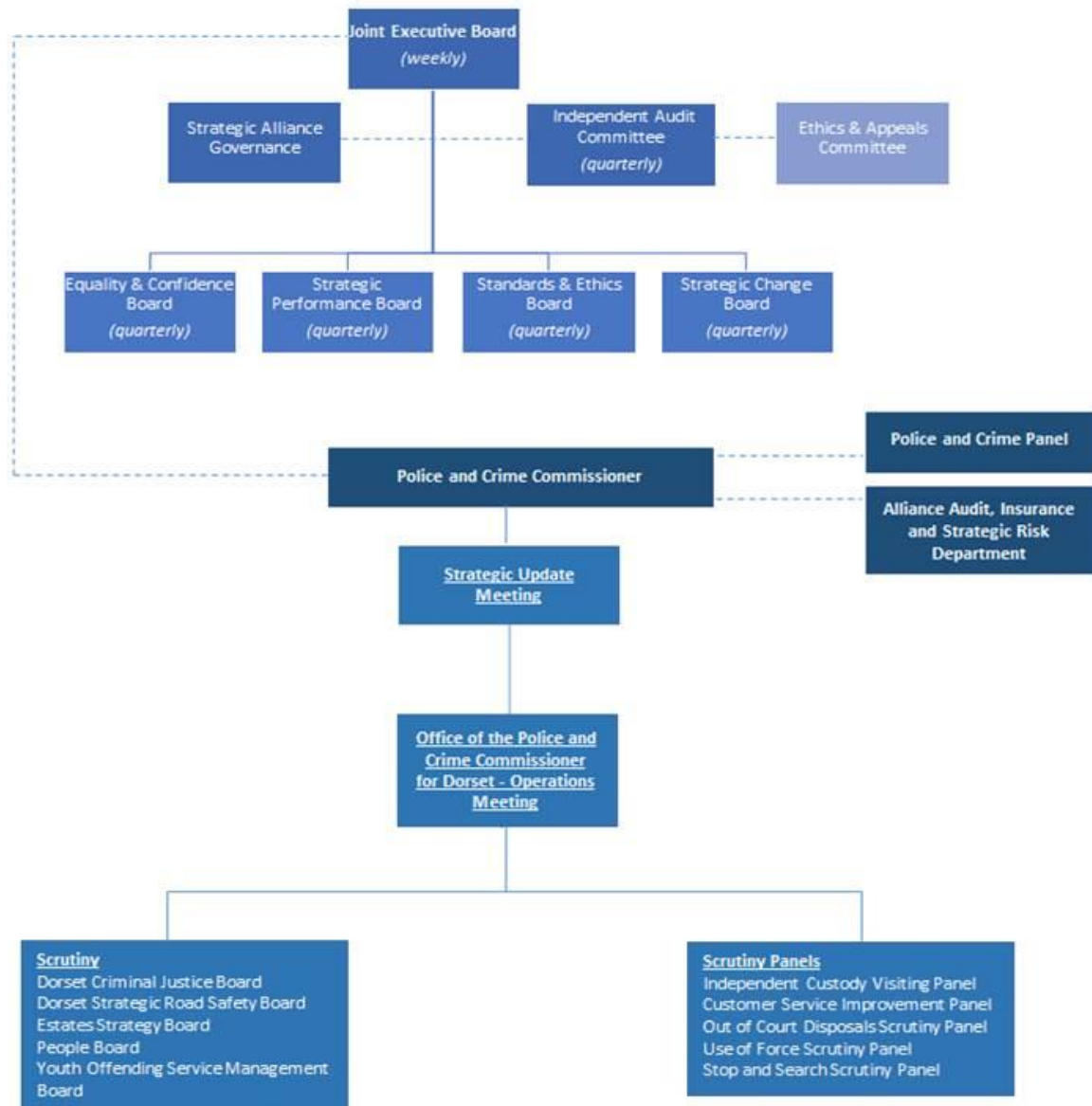
As part of the Single Governance Model for the Force and OPCC, the Chief Officer team govern the Force through a series of strategic meetings. Each board has a set membership and terms of reference that defines its purpose and agenda. The PCC or a representative attends all strategic-level boards, some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



## THE ANNUAL GOVERNANCE STATEMENT 2017/18

A separate governance structure is also in place for oversight of the strategic alliance programme, including an Executive Board, Programme Board and Delivery Group. A streamlined governance structure exploring the potential to further converge the work of Dorset Police and Devon & Cornwall Police also exists. The PCC and/or representatives from the OPCC sit on each of these meetings.

The hierarchy board meeting structure is provided below:



### 3.5 Independent Audit Committee

The Financial Management Code of Practice for Policing sets out a requirement for the establishment of an independent audit committee who provide assurance on governance arrangements through scrutiny and challenge. This was provided to both the Force and the PCC through the Joint Independent Audit Committee (JIAC).

A joint Strategic Alliance Audit Committee (SAAC) was also established to provide assurance on alliance governance arrangements. This committee comprised the full membership of the

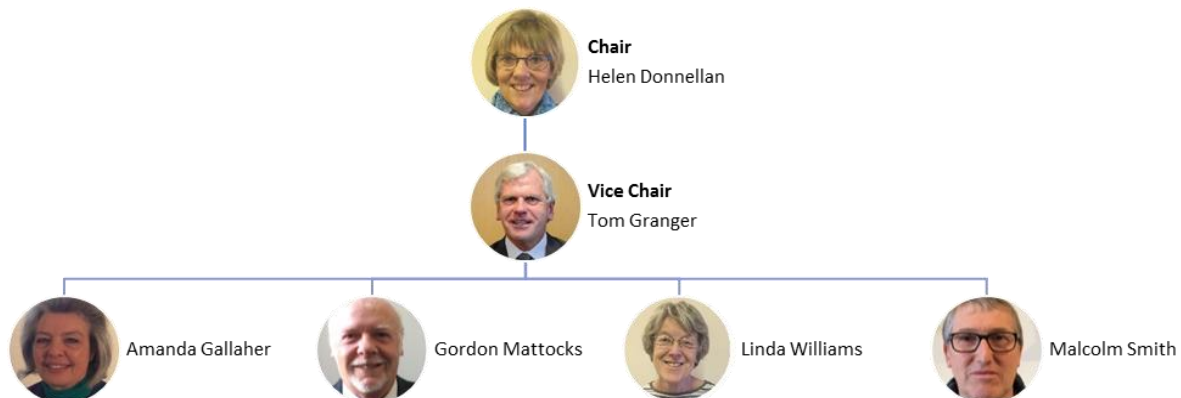


## THE ANNUAL GOVERNANCE STATEMENT 2017/18

two independent audit committees of Devon & Cornwall and Dorset and ran parallel to them for a transitional period until it became the sole Audit Committee on 8<sup>th</sup> June 2017.

Due to the size of the SAAC, the membership and terms of reference were reviewed leading to the creation of the new Independent Audit Committee (IAC). This committee comprises six members who were recruited from across the three counties for their blend of knowledge, experience and skills. The first meeting of the new committee was held in December 2017.

The Independent Audit Committee structure chart is provided below.



### 3.6 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 OPCCs. The audit reports provide assurance on working practices across all four legal entities.

### 3.7 External Audit

External audit is an essential part of the process of accountability for public money. It makes an important contribution to the stewardship of public resources and the corporate governance of public services. External auditors in the public sector give an independent opinion on public bodies' financial statements and on its arrangements for securing value for money.

### 3.8 Ethics and Appeals Committee

The Ethics and Appeals Committee (EAC) provides the Police and Crime Commissioner and Chief Constable with independent assurance and advice on ethics and integrity matters. During 2017 this became a standalone committee in Dorset. This will continue to be kept under review during 2018 as to whether the EAC should become a joint committee with Devon and Cornwall.

The structure and membership of the Ethics and Appeals Committee is provided below:



**Chair**

Colin Weston MBE  
JP



**Vice Chair**

Andrew J Clarke



Steve Hoskins

### **3.9 Scrutiny Panels**

The PCC has established a suite of independent scrutiny mechanisms.

The best known of these is the Independent Custody Visitors (ICV) Scheme which provides an independent check on the welfare of people who are detained in custody. There are currently 21 volunteer ICVs. The ICV Panel meets on a quarterly basis. The ICVs receive regular training from both Dorset Police, and by the OPCC on topics/material provided by the Independent Custody Visiting Association (ICVA).

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

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

During 2017, the scope of the Customer Service Improvement Panel (formerly the 101 Service Improvement Panel) was 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 method used to allow the police to deal efficiently and effectively with less serious and often first time offending that can be proportionately and more appropriately handled without going to court. The OoCD panel considers the appropriateness of the disposal as a remedy for the offence by review of a dip sample of cases.

The Use of Force scrutiny panel was set up in November 2017 as the first Strategic Alliance independent scrutiny panel to consider the use of force by both Devon and Cornwall Police and Dorset Police.

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

Additionally it is proposed to establish a Hate Crime scrutiny panel later this year.

#### **4.0 Strategic Alliance**

In March 2015 an agreement was signed between Devon & Cornwall Police and Dorset Police and their respective PCCs formally entering into a strategic alliance. The four legal entities of the alliance support a commitment to work together as a single team to support the delivery of an efficient and effective police service across the three counties.

#### **4.1 The Alliance Governance Framework**

The alliance senior management team is accountable to the four entities for the delivery of the transformational programme objectives. To support this, a separate governance structure has been established to ensure robust and effective reporting and decision-making processes.

#### **4.2 Alliance Governance Responsibilities and Management**

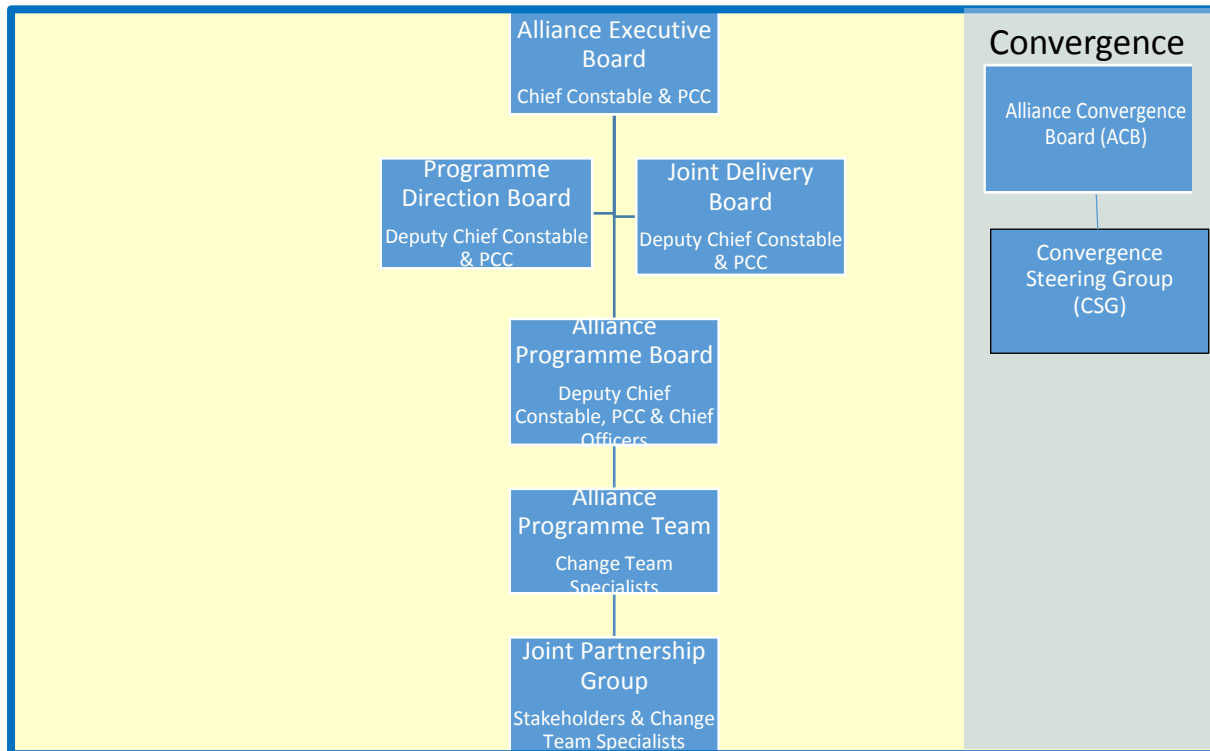
The Alliance Senior Management team is supported by a team of specialist officers who have individual responsibilities for the delivery of the programme.

#### **4.3 Alliance Strategic Management Board Structure**

The Chief Officer team assigned to the Alliance programme monitor governance arrangements through a series of meetings. Each board has a set membership and terms of reference that defines its purpose and agenda. Oversight of the programme is carried out by the attendance of the PCC and/or a representative at a selection of alliance board meetings and through reports submitted to the Independent Audit Committee.

The alliance board meeting structure is provided below.

## THE ANNUAL GOVERNANCE STATEMENT 2017/18



<b>EXECUTIVE</b>	<b>Alliance Executive Board</b> Provides final sign off and oversight of Alliance detailed business cases
	<b>Programme Direction Group</b> The decision making group for business cases during implementation
	<b>Joint Delivery Board</b> The decision making forum for business cases post implementation
	<b>Alliance Programme Board</b> Scrutinises detailed business cases prior to sign off at the executive board
<b>PRACTITIONER</b>	<b>Alliance Programme Team</b> The specialist change team responsible for the implementation of business cases following sign off
	<b>Joint Partnership Group</b> All business case stake holders including trade unions who scrutinise detailed business cases during development and prior to review at the programme board
<b>CONVERGENCE</b>	<b>Alliance Convergence Board (ACB) and Convergence Steering Group (CSG)</b> The ACB and the CSG were established in order to manage the proposed merger between Devon and Cornwall Police and Dorset Police forces. The ACB is the decision making group for merger related issues. The CSG manages the dynamic tactical issues in relation to the convergence programme.

#### 4.4 Police Response Investigation and Safeguarding Model (PRISM)

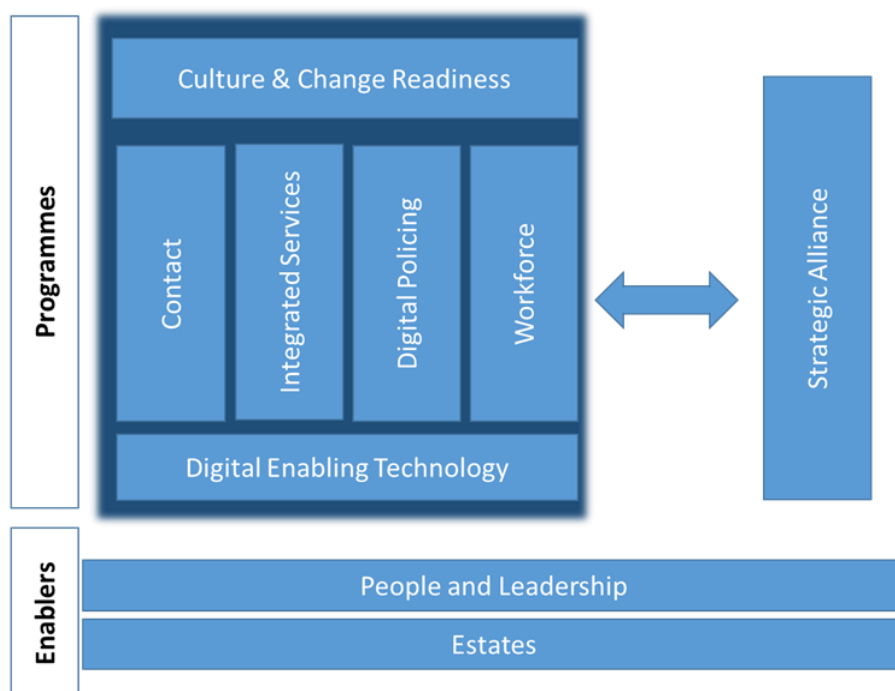
Further to the Strategic Alliance programme, changing demands and reducing resources have required the organisation to transform rather than reform all aspects of service delivery.

A joint PRISM transformational portfolio has been agreed to provide a consistent governance structure for all change activity across Dorset and Devon & Cornwall and has been designed to continue improving service delivery beyond 2025.

PRISM is a five year transformational project using a tranche based approach. Tranche 1 is shown below. PRISM forms an integral part of the Strategic Alliance programme and focuses on working closely with other partnership organisations to ensure an efficient and effective policing service.

The aim is to ensure that both Devon and Cornwall Police and Dorset Police forces can offer an improved service to the public by ensuring their systems and processes are as efficient and effective as possible.

##### The PRISM Framework



The PRISM governance board structure can be found in the Annual Governance Statement for the Force.

#### 4.5 Merger Exploration

In September 2017, a joint statement from the Chief Constables of Devon and Cornwall and Dorset announced plans to develop a 'closer relationship' between the two forces.

One of the options being considered is a full merger between the two forces into one force, building on the strategic alliance programme to further progress an improvement in effectiveness and efficiency of policing.

An initial outline business case for a merger between the two Forces was commissioned by the four corporations sole. This has been drafted by an independent agency and in mid-April 2018 the four corporation sole agreed that there was sufficient benefit set out in the outline business case that a full business case should be developed. Work is underway to deliver this full business case to the Home Office by their deadline of mid October 2018. This will require an extensive programme of stakeholder engagement which will take place both internally and externally. Both Chief Constables and PCC's will be actively involved in this alongside other senior leaders.

## PART TWO

### 5.0 THE ANNUAL GOVERNANCE FRAMEWORK REVIEW

This statement is written on behalf of the PCC. It sets out the position as at 31 March 2018 and includes plans for the financial year 2018/19.

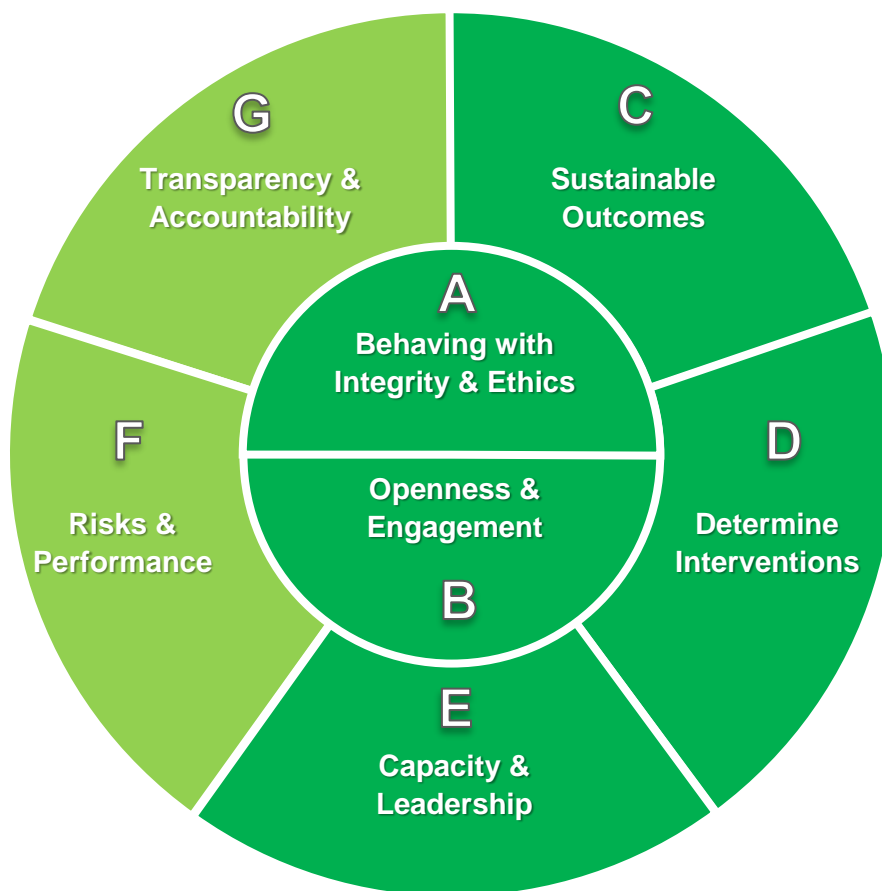
Each year the OPCC reviews its current governance arrangements against the delivery of service.

This review provides the public with assurance on current practice, long term delivery and the PCCs commitment to work in the public's best interest at all times.

The assessment framework below is taken from the CIPFA guidance 'delivering good governance: guidance for policing bodies in England and Wales 2016 edition'. This framework ensures that all aspects of governance are reviewed for their effectiveness.

#### 5.1 The Corporate Governance Framework Review 2017-2018

The diagram below is taken from the guidance and shows the relationship between the seven core principles of good governance. The central two principles underpin the whole framework and relate to 'acting in the public interest'. These two are implicit in the remaining five which concern 'achieving good governance'.



## THE ANNUAL GOVERNANCE STATEMENT 2017/18

The assessment of effectiveness considered the range of evidence available: internal and externally published material, professional independent opinion (e.g. internal and external audit), and the views of senior management, the Police and Crime Panel and professional leads. Links to publically available supporting documentation are provided in Appendix A.

A summary of that assessment is shown below:

Good Governance Category		Assurance
Acting in the Public Interest	Behaving with Integrity & Ethics	Substantial
	Openness & Engagement	Substantial
Achieving Good Governance	Sustainable Outcomes	Substantial
	Determine Interventions	Substantial
	Capacity & Leadership	Substantial
	Risks & Performance	Reasonable/Partial
	Transparency & Accountability	Reasonable/ Partial

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 were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<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 found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

A summary of the evidence in support of this assessment is provided at Appendix B.



## 6.0 ACTIONS

No significant governance issues have been identified for 2018-2019; however, for completeness the following action plan addresses the minor issues identified.

Reference	Risk Area/ Weakness	Action to be delivered in 2018/19 and beyond
<b>G. Transparency and Accountability</b>	The complexity of current governance arrangements following the creation of the alliance and the development of PRISM has led to a potential lack of clarity regarding the board structure and roles and responsibilities that support decision making. This can in turn lead to delays in ensuring the correct information reaches the right forum for timely decision making.	The business case for the merger proposal to be delivered in late 2018 will include suggestions for how the governance can be strengthened and decision making can be made more efficient.
<b>G. Transparency and Accountability</b>	As part of the continued work to ensure appropriate transparency of decision making to the public under Freedom of Information and Data Protection criteria, particularly in relation to Alliance decisions, the implications are being considered of the General Data Protection Regulation (GDPR) which is due to come into effect in May 2018.	The OPCC is working closely with Force colleagues to ensure GDPR compliance. Work is underway in conjunction with Force colleagues to clarify how best to meet the requirements of GDPR and the associated changes in data protection legislation, including data sharing arrangements and other supporting documents as appropriate. Guidance is being provided by the Force DPO and via the Association of Policing and Crime Chief Executives to ensure compliance during 2018.
<b>F. Risks and Performance</b>	The Force is challenged to deliver against a background of finite resources available to meet increased public demand.	In the context of the Strategic Alliance, the PCC will continue to scrutinise and monitor Force performance and delivery against plan objectives.

**THE ANNUAL GOVERNANCE STATEMENT 2017/18**

Reference	Risk Area/ Weakness	Action to be delivered in 18/19 and beyond
<b>F. Managing risks and performance through robust internal control and strong public financial management</b>	Effective financial management	The PCC will monitor the implementation of the agreed enhanced budget monitoring procedures towards the objective of ensuring that financial reporting is not only accurate and timely but also transparently comprehensive, consistent and comparable.
	Commitment to reform	The PCC will monitor progress towards improving productivity and efficiency to deliver a better, more transparent service to the public in accordance with the Government's stated priorities.

## 6.1 Progress against actions identified in the 2016/17

No significant governance issues were identified in 2016-2017; however, for completeness the updated action plan of minor issues is reported below.

Issue raised in last year's AGS (2016/17)	Progress
<b>Monitoring capacity</b>	<p>The PCC has continued to monitor Force efforts in enhancing the capacity of vetting and anti-corruption processes within Dorset through the Strategic Alliance with Devon &amp; Cornwall which is providing a single Professional Standards Department.</p> <p>The PCCs of Dorset and Devon &amp; Cornwall set up a steering group and undertook a significant amount of work towards setting up an Alliance Customer Services Team to pilot the transition of some elements of complaints governance from the Force to PCC, under the Policing and Crime Act 2017.</p> <p>ONGOING</p>
<b>Governance arrangements</b>	<p>The PCC has continued to work with their Alliance partners, as the Alliance moves from managing the Programme to managing Delivery, to put in place effective governance arrangements. This will provide clearer responsibilities and will increase the speed with which decisions are made; robust reporting arrangements for updating on delivery against the Police and Crime Plan have also been developed. Further work remains outstanding to avoid over complexity of governance arrangements as a result of the Strategic Alliance.</p> <p>ONGOING</p>
<b>Risk Management</b>	<p>The PCC has continued to work with their Alliance partners to put in place during 2017/18 a single risk management strategy that supports each force and OPCC to achieve their objectives individually and collectively.</p> <p>ONGOING</p>
<b>Transparency of decision making</b>	<p>Review has taken place of the application of Freedom of Information and Data Protection criteria to ensure appropriate transparency of decision making to the public, particularly in relation to Alliance decisions. As part of this work the PCC has also looked forward to the implication of the General Data Protection Regulation which is due to come into effect in May 2018.</p> <p>ONGOING</p>

## THE ANNUAL GOVERNANCE STATEMENT 2017/18

Issue raised in last year's AGS (2016/17)	Progress
<b>Timeliness of reporting to the public</b>	<p>The content of the OPCC website has been subject to regular review and update to ensure that publication requirements are met and timely information provided to the public. The availability of said information has also been widely publicised to the public. In recognition of the website, Dorset OPCC were awarded the 2017/18 Quality Mark for Transparency from CoPaCC – a national organisation which monitors police governance.</p> <p>COMPLETE</p>

### OPINION

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

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

The PCC is committed to a process of continual improvement of governance and as part of next annual review will monitor the implementation of:

- the business case for the merger proposal;
- General Data Protection Regulation compliance;
- Force performance and delivery against plan objectives;
- the agreed enhanced budget monitoring procedures; and
- the continued programme of transparency

### Signed

***Signed by the Police & Crime Commissioner on 31 May 2018***

Police & Crime Commissioner: Martyn Underhill  
30 May 2018

***Signed by the Chief Executive & Monitoring Officer on 31 May 2018***

Chief Executive & Monitoring Officer: Simon Bullock  
30 May 2018

## APPENDIX A: LINKS TO SUPPORTING INFORMATION

### Office of the Police & Crime Commissioner for Dorset Links

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

### Dorset Police Links

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

### Independent Office for Police Conduct (IOPC): Dorset information

- [Investigations and Commissioner's reports](#)
- [News releases](#)
- [Performance data](#)
- [Recommendations for Dorset Police](#)

### Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)

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

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

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

### **Dorset PCC Evidence : Substantial**

Annual reviews of police effectiveness, efficiency, legitimacy and leadership (PEEL), are undertaken by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

The HMICFRS PEEL annual inspection provides evidence that the PCC has been effective in holding the Force to account.

HMICFRS assessed Dorset Police's legitimacy as 'good' in their report dated December 2017. Policing by consent is vital to ensure that we continue to be effective and efficient in keeping our local communities safe. HMICFRS considers a police force to be legitimate if it has the consent of the public, and if those working in the force consistently behave in a way that is fair, ethical, and within the law. As part of the inspection, aspects of leadership were also assessed as the two areas are considered to be closely linked. The report provides assurance that the Force remains dedicated to providing a good service to the residents of Dorset, and operates with fairness and respect, providing a strong commitment to equality and diversity, both within the organisation and in the service provided. Officers and staff are well trained in effective communication and use their coercive powers fairly, and only when necessary. Dorset Police was found to be good at ensuring its workforce behaves ethically and lawfully, with an established process for referring ethical problems. The Force was also noted for its efforts in making it easy for members of the public to make a complaint, and is good at keeping complainants updated on the progress of their complaint.

The PCC continues to adhere to the Code of Ethics and good standards of professional behaviour. Shared values are communicated with PCC staff, the community and partners. The PCC declaration of interests and register of gifts and hospitality for PCC staff are presented on a quarterly basis for review by Ethics and Appeals Committee.

Procedures were also in place to enable any conflicts of interest to be recorded if required.

The PCC's Chief Executive acts as Monitoring Officer to ensure that the PCC and the OPCC act within the law at all times. He is supported by the Chief Finance Officer who ensures financial propriety, and the Director of Operations who acts as Deputy Monitoring Officer. The PCC has established policies and procedures for dealing with complaints against the Chief Constable and the PCC and his staff.

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

### **Dorset PCC Evidence: Substantial**

Over the past year the PCC has continued his programme of ongoing public engagement. Effective public engagement is a statutory responsibility of PCCs, who must seek the views of the community in order to act as the bridge between policing and the public. This engagement informs local policing priorities set by the PCC on behalf of Dorset residents in the 2017-2021 Police and Crime Plan, to which Dorset Police is held to account.

The Police & Crime Plan was informed by public consultation that took place both online and face-to-face over a six week period. The views expressed by residents shaped the final priorities set for Dorset Police.

The PCC is responsible for setting the policing element of local council tax and consults with residents on this issue. This year, Dorset PCC achieved the highest number of responses he has ever had to the annual precept consultation (circa 4,800, with 79% supporting the PCC's proposal).

The PCC also undertook a public consultation over the drink drive limit to gain an insight into the views of Dorset residents on this issue; the results of this found that a majority of people (72%) would like to see a lower threshold introduced.

To launch the new priorities for Dorset Police, the PCC held four 'ask the experts' events to improve stakeholders' understanding of how residents' top priorities will be achieved over the course of his term of office.

During these events, expert panellists delivered inputs on each of the Police & Crime Plan priorities. Tangible examples of how progress towards meeting priorities were offered, and partnership involvement welcomed.

Residents are able to engage directly with the OPCC via telephone, website contact forms and by email. Between 1 April 2017 and 31 March 2018, the OPCC was contacted a total of 897 times.

PCC surgeries enable the PCC to meet residents face-to-face and in confidence, to listen to their concerns and try to help resolve any issues they might have. 17 surgery appointments were held by the PCC between 1 April 2017 and 31 March 2018.

## C. Defining outcomes in terms of sustainable service and economic benefits.

### Dorset PCC Evidence: Substantial

The Police & Crime Plan (P&CP) is the five year corporate plan set by the Police and Crime Commissioner for delivery by the Force, focused around four pillars:

# POLICE & CRIME PLAN 2017-2021

<p><b>PROTECTING PEOPLE AT RISK OF HARM</b></p> <p><i>Effectively targeting resources on the basis of threat, risk and harm to safeguard the most vulnerable and fulfil the core policing duty of protecting our communities.</i></p> <p><b>Case Study:</b> Within 100 days of office, resources were allocated to the Paedophile On-Line Investigation Team to increase the number of officers proactively seeking out offenders.</p> <p><b>Opportunities for progress:</b> Dorset Safeguarding Multi-Agency Hub, mental health initiatives, Vulnerable Persons' Directorate, increase Safer Schools and Communities Team.</p>	<p><b>WORKING WITH OUR COMMUNITIES</b></p> <p><i>Regularly engaging with local people and partners to bring the police to the heart of the communities they serve and to identify sustainable solutions to the issues of greatest concern in Dorset.</i></p> <p><b>Case Study:</b> A dedicated Rural Crime Team was implemented to provide a specialist approach to addressing the concerns of Dorset's rural sections.</p> <p><b>Opportunities for progress:</b> Web chats and contacting the police via Skype, Hotel Watch, Business Champion, Problem Solving Forum, CyberSafe campaign.</p>
<p><b>SUPPORTING VICTIMS, WITNESSES &amp; REDUCING REOFFENDING</b></p> <p><i>Providing the best possible support services to victims and witnesses of crime in Dorset, while taking steps to break the cycle of reoffending by rehabilitating our young and most prolific offenders.</i></p> <p><b>Case Study:</b> Improved restorative justice services are now available. The initiative enables victims to move forward and can be used for any type of crime where adult offenders accept responsibility.</p> <p><b>Opportunities for progress:</b> Repeat Victim Champion, offender tagging, peer mentoring schemes, Victims Lawyer.</p>	<p><b>TRANSFORMING FOR THE FUTURE</b></p> <p><i>Working in collaboration with partners, developing our technology and investing in our people to meet the challenge of emerging threats and operate effectively, both now and in the future.</i></p> <p><b>Case Study:</b> The 101 Improvement Panel was launched to review the service, identify ways to enhance processes and help make Dorset Police a 'listening and learning' organisation.</p> <p><b>Opportunities for progress:</b> The drone initiative, body worn video, CCTV investment, recruitment, re-shaping the complaints process, video-enabled court scheme.</p>

A clear planning cycle incorporates demand data, short and long term strategic assessments and the objectives of the P&CP. The Force has produced a ten year strategic assessment 2016-26 that indicates the changing nature of Dorset and its communities to prioritise its activities.

The PCC continues to have oversight of the Force discussions and plans for completion of the strategic alliance work through the PRISM programme including the development of integrated service delivery across Dorset and Devon & Cornwall. This will incorporate the modernisation of the police estate and the digitalisation work-stream that supports information and communication technological convergence across the forces.



The HMICFRS PEEL efficiency review of Dorset Police in November 2017 graded the force as good in its future planning and in particular its work to identify potential future demand and the development of a transformational approach to its future policing service that incorporates joint working, public feedback and the effect of technology.

Discussions are held on a regular basis between the PCC and Chief Constable and other senior officers regarding the information needs to support effective decision making. A record of decisions (decisions log) is maintained on the PCC website.

The PCC published his 2016/17 Annual Report after it was endorsed by the Police and Crime Panel. The report details the extensive work carried out by the PCC over the last financial year and gives the public the chance to review and appraise his progress in delivering his police and crime priorities.

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

##### **Dorset PCC Evidence : Substantial**

The PCC in holding the Chief Constable to account must ensure that the Force understands the type and number of resources and skills required to meet current and future demand for service.

The PCC is aware that Dorset Police has explored all opportunities to work in collaboration with others to increase efficiency and provide better more resilient services.

The PEEL efficiency report dated November 2017 graded Dorset Police as good in its use of police resources with a good understanding of the skills needed to operate effectively and well developed plans for recruitment and training. In addition to its close working relationship with Devon & Cornwall Police it has collaborative working arrangements with other police and partnerships across the region. The PCC has evidenced that there is a clear understanding of the benefits of joint working and it is open to new ideas and innovation to improve its operations.

The Police & Crime Panel scrutinise the finances of the policing budgets on a quarterly basis. There is a formal business case process whereby projects are considered and are either approved or rejected.

There is a robust process to ensure risks are captured and monitored via the corporate and department risk registers and reported by exception through the strategic boards and as appropriate to the Independent Audit Committee.

#### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

##### **Dorset PCC Evidence : Substantial**

The HMICFRS introduced a new self-assessment of demand process for all forces entitled the Force Management Statement. This evaluated current and predicted demand for the next four years. The information was provided by senior operational and departmental managers with analysis being undertaken prior to publication during May 2018.

Once predicted demand has been effectively analysed it will be used by workforce and succession planning to ensure that recruitment and training are undertaken so that the Force remains sustainable for the future. As a key driver the workforce plan is linked directly to the medium term financial strategy. The Medium Term Financial Strategy is reviewed annually to ensure it remains fit for purpose.



The integrated service delivery strand of the PRISM transformational change programme will review the structures, roles and systems that support the overall organisational business design for the future. This major change programme is robustly governed by the Executive Officers of both Forces and the four corporations sole. It supports the completion of the strategic alliance programme and links directly to the potential merger of Dorset and Devon & Cornwall Police.

The PCC continues to monitor Force efforts in enhancing the capacity of vetting and anti-corruption processes within Dorset through the Strategic Alliance with Devon & Cornwall which is providing a single Professional Standards Department.

The PCCs of Dorset and of Devon & Cornwall set up a steering group and undertook a significant amount of work towards setting up an Alliance Customer Services Team to pilot the transition of some elements of complaints governance from the Force to PCC, under the Policing and Crime Act 2017.

A programme of performance appraisals is conducted for staff in Dorset OPCC with the setting of annual objectives. The performance development review processes ensure that effective arrangements are in place for reviewing performance and agreeing an action plan(s) which include any training or development needs.

## **F. Managing Risks and Performance through Robust Internal Control and Strong Public Financial Management.**

### **Dorset PCC Evidence : Reasonable**

Overall the governance structure is operating well, however it is recognised that with any significant change programme, such as the alliance and now a potential merger, the additional mechanisms which are necessary to support the change programme impede the previous agility and responsiveness of the Force. Work has therefore commenced to review the meeting structure across the alliance and to propose options that would speed up the decision making process and sustain the Force through a potential merger.

The PCC continues to work with Alliance partners, as the Alliance moves from managing the Programme to managing Delivery, to put in place effective governance arrangements. This will provide clearer responsibilities and will increase the speed with which decisions are made; robust reporting arrangements for updating on delivery against the Police and Crime Plan have also been developed. Further work is ongoing to reduce over complexity of governance arrangements as a result of the Strategic Alliance.

A programme risk review within Dorset Police and a risk harmonisation programme for risk management practices and procedures across Dorset Police and Devon & Cornwall Police is planned to be implemented over the current year as part of the change programme. This will further strengthen the wider governance arrangements and further support the decision making process moving forwards.

The Annual Audit Letter summarises the outcome of the annual audit of accounts independently undertaken by KPMG. The value for money aspect of the review concluded that the strategic alliance has been well managed and has successfully delivered the cost savings critical to achieving the objectives of the medium term financial plan (MTFP). The robustness of the MTFP is critical to the delivery of operational policing and since staff costs are a large proportion of the cost base effective workforce planning is essential. In respect of the financial year 2016/17 KPMG considered both the implementation of the alliance and workforce planning to be effective and controls in place to be reasonable.

An unqualified opinion was published on 28<sup>th</sup> September 2017 that concluded that the financial statements for 2016/17 provided a true and fair view of the financial position of the PCC and Chief Constable and of the expenditure and income for the year.

The PCC continues to work with Alliance partners to put in place, during 2018/19, a single risk management strategy that supports each force and OPCC to achieve their objectives both individually and collectively.

Enhanced budget monitoring procedures have been agreed with the Force and work will continue during 2018/19 to ensure their effectiveness.

The PCC holds the Chief Constable to account for the performance of the Force against his key priorities. The Force's performance is monitored through the Strategic Performance Board, which meets on a quarterly basis. The Police and Crime Panel and the HMICFRS also monitor the PCC and the Force respectively.

The PCCs scheme of corporate governance defines the parameters for key roles in the corporations' sole including schemes of delegations and/or consents from the PCC or Chief Constable, financial regulations and contract regulations.

## **G. Implementing Good Practices in Transparency, Reporting, and Audit to Deliver Effective Accountability.**

### **Dorset PCC Evidence : Reasonable**

The PCC holds the Chief Constable to account for the delivery of the objectives of the Police & Crime Plan. In turn the Commissioner reports to Police & Crime Panel who represent the local communities served by the Commissioner and who hold him to account.

The HMICFRS and other regulatory agencies review Force effectiveness and report to the Police and Crime Commissioner and in turn the Police & Crime Panel.

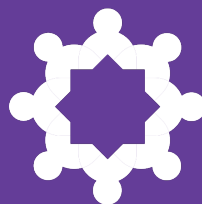
The content of the OPCC website has been subject to regular review and update to ensure that publication requirements are met and timely information provided to the public. The availability of information has also been widely publicised. In recognition of the website, Dorset OPCC was awarded the 2017/18 Quality Mark for Transparency from CoPaCC – a national organisation which monitors police governance.

The OPCC and Force are compliant with the requirements of the Financial Management Code of Practice and the scheme of corporate governance which highlights the parameters for key roles in the corporations sole, including consents from the PCC or chief constable, financial regulations and standing orders.

Review has taken place of the application of Freedom of Information and Data Protection criteria to ensure appropriate transparency of decision making to the public, particularly in relation to Alliance decisions. As part of this work the PCC is actively considering the implications of the General Data Protection Regulation, due to come into effect in May 2018, to ensure compliance with changes in data protection legislation and best practice in this area.

The key decisions made during the year were published on the PCC's website, along with the Annual Report. The Police and Crime Panel have scrutinised and endorsed the key decisions taken, as well as the Annual Report. All the information required under the Elected Local Policing Bodies (Specified Information) Order 2011 was also published on the web site.

# Glossary



**DORSET**  
POLICE & CRIME  
COMMISSIONER

# Police and Crime Commissioner for Dorset

## 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.)

# Police and Crime Commissioner for Dorset

## Glossary

<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.

# Police and Crime Commissioner for Dorset

## Glossary

<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>Loans and Receivables</b>	These occur when money, goods or services are provided to a debtor and payment or repayment will be by fixed determinable payments. Such arrangements are not normally tradable.
<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.

# Police and Crime Commissioner for Dorset

## Glossary

<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.