



# Annual Accounts 2015/2016





# Statement of Accounts 2015-16

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# **Independent auditor's report to the Dorset Chief Constable**

We have audited the financial statements of the Dorset Chief Constable for the year ended 31 March 2016 on pages 8 to 10 and 12 to 26. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Chief Constable for Dorset, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Chief Constable for Dorset, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Chief Constable for Dorset, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the *Chief Financial Officer* and auditor**

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

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable for Dorset's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable for Dorset as at 31 March 2016 and of the Chief Constable for Dorset's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

## **Matters on which we are required to report by exception**

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement set out on pages 27 to 47 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or

- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

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

### **The Chief Constable's responsibilities**

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

### **Auditor's responsibilities**

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable for Dorset has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable for Dorset has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable for Dorset's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether the Chief Constable for Dorset had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable for Dorset put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

## Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, the Chief Constable for Dorset put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

## Certificate

We certify that we have completed the audit of the financial statements of the Chief Constable for Dorset in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

A handwritten signature in black ink, appearing to read 'Darren Gilbert', with a stylized flourish at the end.

Darren Gilbert  
for and on behalf of KPMG LLP, Appointed Auditor  
*Chartered Accountants*  
3 Assembly Square,  
Britannia Quay,  
Cardiff,  
CF10 4AX

29 September 2016

# NARRATIVE STATEMENT TO THE ACCOUNTS

## **Introduction**

The primary function of the Police and Crime Commissioner is to secure the maintenance of an efficient and effective police force in Dorset, and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996.

All the financial transactions incurred during 2015-16 for policing Dorset have been recognised and recorded within this Statement of Accounts, which sets out the overall financial position of the Chief Constable for the year ended 31 March 2016. These Accounts are subsidiary to the Group Accounts of the Police and Crime Commissioner for Dorset.

This Foreword provides an overview of the accounting arrangements and outlines the financial performance of PCC Dorset and PCC Dorset Group during 2015-16.

## **The Statement of Accounts**

The 2015-16 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2015-16.

The accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Local Audit and Accountability Act 2014;
- Accounts & Audit Regulations 2015
- The Police Reform and Social Responsibility Act 2011 (the Act);
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2012;
- Scheme of Delegation between the Police and Crime Commissioner for Dorset and the Chief Constable;
- PCC Dorset Financial Regulations – Police and Crime Commissioner and Chief Constable;
- PCC Dorset Standing Orders on Contracts - Police and Crime Commissioner and Chief Constable.

The accounting arrangements between PCC Dorset and the Chief Constable are such that PCC Dorset is responsible for the finances of the whole Group and controls all assets, liabilities and reserves. PCC Dorset receives all income and funding and makes all the payments for the Group from the Police Fund. Since 1 April 2014 staff have been split between PCC Dorset and the Chief Constable, with PCC Dorset retaining only those staff running the office of the Commissioner. In turn the Chief Constable fulfils its functions under the Act within an annual budget set by PCC Dorset in consultation with the Chief Constable. A scheme of delegation is in operation between the two bodies determining their respective responsibilities.

## ***Revenue Budget***

In February 2015 the Police and Crime Commissioner set the revenue budget for 2015-16 at £110.9 million. As part of efforts to tackle the national deficit, the Government announced significant spending cuts in October 2010 in its Comprehensive Spending Review (CSR). As a result, Government funding for the police service in Dorset for 2015-16 was cut by £3.17 million, representing a cash reduction on the previous years police funding of 5.1%. Over the CSR to 2015-16 the overall grant reduction resulted in the need to reduce costs by £22.5

## NARRATIVE STATEMENT TO THE ACCOUNTS

million in real terms. The Band D council tax was frozen at £187.11 in 2015-16. The Policing share of the average council tax bill for the year was about 11%.

### ***Comparison of Actual Expenditure with Budget***

Actual spending for the year was £110.761 million compared to the funding of £110.9 million, resulting in an underspend of £0.139 million. This can be seen in the Group Accounts of the Police and Crime Commissioner for Dorset.

Savings were achieved during the year due to strict financial controls on all areas of spending and additional income, but these were fully reinvested into the provision of policing services during the year. The reinvestment included the recruitment of additional police officers to address short term operational performance.

*The main variations were:*

- Overall Police officer pay costs were £1,637k underspent. The main reason for this was that there was a far higher number of leavers than budgeted for (45 FTE). The underspend was partly mitigated by additional intakes but recruitment timeframes meant that costs were reduced.
- Included in the figures is expenditure of £100k arising as a result of the recent UK Employment Appeals Tribunal in the case of Bear Scotland Ltd v Fulton and Others. Additional costs of an estimated £200k per annum have been built in to the 2016-17 budget and MTFS.
- Savings were also realised in the Estates Premises budgets due to lower than expected inflation and the Transport budget due to lower utility costs and fuel prices. Savings were also made in maintenance costs as the average age of the vehicle fleets is reduced..
- Income also increased in 2015-16 due to a number of high cost operations. As well as this the return on investments was also higher than budgeted (£150k compared to a budget of £40k)

Overall, the revenue outturn position shows an underspend of £0.139 million, which results in an increase in general balances.

This small variance from the original budget, as amended during the year by the PCC, indicates sound financial management within the Force during a difficult financial year.

### ***Additional Funding Streams***

During 2015-16 additional funding was allocated to the PCC from the Ministry of Justice in respect of local commissioning of Victims Services. This was the third year for which such grants were made available, and the grants totalled £0.8 million including funding brought forward from the previous year.



# NARRATIVE STATEMENT TO THE ACCOUNTS

## ***Other Information***

The accounts are prepared in accordance with the Accounts & Audit Regulations 2015 including the Annual Governance Statement on pages 27-47, the Code of Practice on Local Authority Accounting (The Code) and the Service Reporting Code of Practice (SERCOP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In complying with The Code, these Financial Statements also comply with International Financial Reporting Standards (IFRS) as they apply to Local Authorities in England.

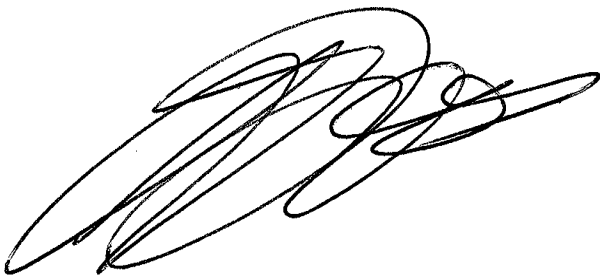
The Financial Statements for Dorset Chief Constable have been prepared on an IFRS basis.

The accounts that follow show the Dorset Chief Constable's financial outturn for the year 2015-16. The accounts comprise: -

- the comprehensive income and expenditure account. These figures are compared with the estimates that were updated continuously throughout the year and with the actual expenditure for 2014-15;
- the balance sheets which show the consolidated assets and liabilities of the Chief Constable;
- the movement in reserves statement (MiRS) is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year split between usable and unusable reserves;
- the cash-flow statement, which shows the sources and applications of the Chief Constable funds during the year;
- the notes to the above Core Statements, which provide further explanations and disclosures relating to the accounts.

I confirm that the Statement of Accounts presents a true and fair view of the financial position of the Dorset Chief Constable as at 31 March 2016, and its income and expenditure for that year.

These Financial Statements were authorised for issue as draft, subject to Audit, on 30<sup>th</sup> June 2016 and authorised again as a final, audited set of financial statements on 26<sup>th</sup> September 2016.



*John Jones CPFA  
Chief Finance Officer to the Chief Constable*

*26 September 2016*

# ACCOUNTING POLICES

## **1. Introduction**

These accounts have been prepared in accordance with the principles recommended in the Code of Practice on Local Authority Accounting (The Code) and the Service Reporting Code of Practice (SERCOP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In complying with The Code, these Financial Statements also comply with International Financial Reporting Standards (IFRS) as they apply to Local Authorities in England.

## **2. Accounting Conventions**

The Financial Statements of the CC are prepared on the basis of historic cost except where disclosed otherwise in Accounting Policies or notes, where required by IFRS. Areas where there is divergence from the historic cost convention typically include the revaluation of property, plant and equipment; inventories and certain financial assets and liabilities.

The financial statements have been prepared with due regard to the pervasive accounting concepts of accruals, going concern and primacy of legislative requirements.

## **3. Change of Accounting Policies**

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting Financial Statements. An entity is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

If a change in accounting policy is required by a change in reporting standards, the change is accounted for as required by that new pronouncement. If the new pronouncement does not include specific transition provisions, then the change in accounting policy is applied retrospectively. Retrospective application means adjusting the opening balance of each affected component for the earliest prior period presented, along with other comparative amounts disclosed for each

prior period presented, and restating them as if the new accounting policy had always been applied.

Additionally, any accounting changes required by a new standard that have been issued but not adopted by 1 January prior to the Balance Sheet date must be covered by a disclosure note, setting out the impact of the change.

## **4. Prior Period Adjustments**

Prior period adjustments are material adjustments applicable to prior periods arising from either changes in accounting policies, or the correction of material errors.

Prior period adjustments are accounted for by restating the comparative figures for each prior period presented in the primary statements and notes and adjusting the opening balances for the current period for the cumulative effect.

## **5. Events after the Balance Sheet Date**

These are defined as events, which could be favourable or unfavourable, that occur between the end of the reporting period and the date that the Financial Statements are authorised for issue.

An adjusting event is an event that provides evidence of conditions that existed at the end of the reporting period, including an event that indicates that the going concern assumption in relation to the whole or part of the enterprise is not appropriate. An adjusting event is one where the Financial Statements are adjusted to reflect the event.

A non-adjusting event is an event that is indicative of a condition that arose after the end of the reporting period. Non-adjusting events are disclosed in the Financial Statements if it is considered that non-disclosure would affect the ability of users to make proper evaluations and decisions, but the Financial Statements themselves are not adjusted to include the financial impact of it.

## **6. Grants and Third Party Contributions**

All grants and contributions are realised in the Comprehensive Income & Expenditure Statement once there is reasonable assurance that any conditions applying to the income will be fulfilled in accordance with IAS 20.

## **7. Interest**

## ACCOUNTING POLICES

Interest receivable on temporary investments is reported in the Comprehensive Income & Expenditure Statement in the period to which it relates. Interest payable on external borrowing is fully accrued in order that the period bears the full cost of interest related to its actual borrowing.

### **8. Investments**

The CC holds no investments in companies or marketable securities. Short-term cash surpluses are invested with other Local Authorities, banks and building societies in accordance with the CIPFA Code on Treasury Management as detailed in the notes to the Financial Statements.

### **9. Overheads**

Support Services are corporate activities of a professional, technical and administrative nature that are carried out in support of the direct service provision of the CC. The Best Value Accounting Code of Practice requires Authorities to adopt consistent policies when allocating the costs of these services to users. These activities are fully allocated over all services on the basis of use.

### **10. Pensions**

Officer pensions are funded by flat rate employee and employer contributions, and a Home Office top-up grant. Any deficit or surplus is adjusted by claiming additional grant from, or refunding excess to, the Home Office.

Liabilities in relation to retirement benefits were recognised only when employer's contributions became payable to the pension fund. IAS19 better reflects our commitment in the long term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

The overall amount to be met from Government grants and local taxpayers remains unchanged, but the costs reported for individual services are adjusted by the difference between the employer's contributions and the current service costs defined under IAS 19. This adjustment is reversed in the Movement in Reserves Statement.

The attributable liabilities of both pension schemes are measured on an actuarial basis using the projected unit method.

The current service costs are included within the 'Net Cost of Services' and the net total of interest cost and expected return on assets is included in 'Net Operating Expenditure' in the Comprehensive Income & Expenditure Statement, in respect of the County and Police scheme. Actuarial gains and losses arising from new valuations or revaluations are also recognised in the Comprehensive Income & Expenditure Statement. The independent actuary has determined these amounts in accordance with the FRS and government regulations.

The costs of 'added years' awarded to ex-staff are charged centrally as non-distributed costs.

### **11. Reserves**

A number of earmarked reserves have been established in the PCC's accounts to meet future expenditure. These include capital reserves relating to particular projects and reserves to smooth irregular expenditure. New reserves have also been established with the transition to IFRS, due to the change in accounting policy for grants and other contributions. The CC holds no Reserves.

### **12. Cash and Cash Equivalents**

Cash is defined as cash in hand and deposits with any financial institution repayable without penalty or notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **13. Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the CC's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual

## ACCOUNTING POLICES

results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **14. Critical Judgements in Applying Accounting Policies**

The critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the entity's accounting policies are disclosed in the individual notes to the accounts, where appropriate.

### **15. Key Sources of Estimation Uncertainty**

The main assumption concerning the future, and other key sources of estimation uncertainty at the Balance Sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

**Provisions:** Provisions are made for known about 'live cases' which are still ongoing under the review and appeal processes. Provisions are made based on a list of the known cases as at 31 March each year.

**Other:** All other key sources of estimation and uncertainty are disclosed as appropriate within the notes to the Financial Statements.

## STATEMENT OF RESPONSIBILITIES

### **The Chief Finance Officer is responsible for: -**

- ◆ the preparation of the Chief Constable's statement of accounts so as to present fairly the financial position at the accounting date, and its income and expenditure for the year;
  - ◆ selecting suitable accounting policies and applying them consistently;
  - ◆ making reasonable and prudent judgments and estimates;
  - ◆ complying in all material aspects with the Code of Practice on Local Authority Accounting in Great Britain;
  - ◆ ensuring that proper, up to date, accounting records are kept, and
  - ◆ taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 

## FURTHER INFORMATION

The Force's Corporate Governance Policy, the Annual Police and Crime Plan, and other reports are all available on the Dorset Police web-site, which can be visited at [www.dorset.police.uk](http://www.dorset.police.uk)

The Annual Report and Accounts of the Dorset County Pension Fund, which Police Support Staff are eligible to join, can be obtained from the Chief Financial Officer, County Hall, Dorchester, Dorset DT1 1XJ.

### **Access to Information Act 1985**

The public and press are able to attend all meetings of the Dorset Police and Crime Commissioner and most of its committees, and to have access to reports and background papers, subject to the exemptions and confidentiality provisions of the Local Government Act 1972.

### **Questions and Comments**

Any questions or comments about the Dorset Police and Chief Constable, or requests for further information, should be directed either to the Chief Executive and Monitoring Officer of the Police and Crime Commissioner, Police HQ, Winfrith, Dorset, DT2 8DZ, or to the Chief Constable at the same address or by e-mail to [council.tax@dorset.pnn.police.uk](mailto:council.tax@dorset.pnn.police.uk)

### **Complaints**

Persons who consider they have a justified complaint against the conduct of Officers of the Dorset Police Force should submit their complaint to the Deputy Chief Constable, Police HQ, Winfrith, Dorset, DT2 8DZ. Resulting enquiries are reviewed by the Independent Police Complaints Commission.

## CHIEF CONSTABLES'S COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This page shows the Comprehensive Income and Expenditure Account of the Chief Constable

The figures for the Cost of Service section are allocated in the format required under the Service Reporting Code of Practice (SERCOP).

2014-15 Net Spending £'000		2015-16 Net Spending £'000
	<b>Division of Service</b>	
50,379	Local Policing	45,776
13,551	Dealing with the Public	11,894
11,660	Criminal Justice Arrangements	10,608
2,470	Road Policing	2,173
8,072	Operations Support	8,886
6,629	Intelligence	5,832
21,655	Specialist Investigation	20,398
4,157	Investigative Support	5,158
1,690	National Policing	1,288
838	Corporate and Democratic Core	875
0	Non Distributed Costs	0
121,101	<b>Total financial resources of the PCC utilised at the request of the Chief Constable</b>	112,888
(121,101)	Inter-group adjustment	(112,888)
0	<b>Net cost of Police Services</b>	0
	<b>Financing &amp; Investment Income &amp; Expenditure</b>	
44,085	Pensions Interest Cost & Expected Return on Assets	41,982
37,882	Pension Top Up Grant Expenditure	43,895
(37,882)	Pension Top Up Grant Income	(43,895)
44,085	<b>Total Finance</b>	41,982
44,085	<b>Deficit for the year</b>	41,982
210,100	Actuarial Loss (gain) on Pension Fund Assets & Liabilities	(112,778)
(254,185)	Inter- group adjustment actuarial gain / loss on pensions	70,796
0	<b>Total Comprehensive Income &amp; Expenditure</b>	0

## CHIEF CONSTABLE'S BALANCE SHEET

This Balance Sheet is a record of the financial position of the Chief Constable as at 31 March 2016, with comparative figures for 31 March 2015. The Chief Constable does not hold any reserves at the year end as these are accounted for in the Police and Crime Commissioner financial statements.

31 March 2015		Notes	31 March 2016	
£'000	£'000		£'000	£'000
0			924	
	<b>Intangible Assets</b>			
	<b>Tangible Fixed Assets</b>	11		
	Operational Assets			
0	Land & Buildings		0	
7,037	Vehicles, Plant & Equipment		6,271	
	Non-operational Assets			
0	Surplus assets, held for disposal		0	
				7,195
	<b>Current Assets</b>			
308	Inventories	12	320	
11,092	Debtors & Payments in advance	13	12,095	
1,044	Accumulated Absences Inter-group Debtor		780	
1,251,110	Pensions Inter-group Debtor		1,170,467	
0	Temporary Investments		0	
0	Cash and Cash Equivalents		0	
			1,183,662	
1,263,554				
	<b>Current Liabilities</b>			
(13,231)	Creditors & Receipts in advance	14	(11,722)	
(1,044)	Accumulated Absences	16	(780)	
			(12,502)	
	<b>Net Current Assets</b>			1,171,160
1,249,279				
1,256,316	<b>Total Assets less Current Liabilities</b>			1,178,355
0	Long Term Liabilities			
(5,155)	Inter-group creditor			(7,833)
(51)	Provisions	15		(55)
(1,251,110)	Pensions Asset / (Liability)	17		(1,170,467)
0	<b>Total Net Assets / (Liability)</b>			0

## CHIEF CONSTABLE'S MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Specific Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Change in Total Usable Reserves	Collection Fund Adjustment Account	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Accumulated Absences Account	Change in Total Unusable Reserves	Change in Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance as at 31 March 2014</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Movement in reserves during 2014-15</b>												
(Surplus) /Deficit on Provision of Services	44,085				44,085						0	44,085
<b>Other Comprehensive Income &amp; Expenditure</b>												
Revaluation Losses / (Gains)							0				0	0
Actuarial Loss / (Gain) on Pension Fund Assets & Liabilities								0			0	0
	44,085	0	0	0	44,085	0	0	0	0	0	0	44,085
<b>Adjustments between accounting basis and funding basis under regulations</b>												
Charges for depreciation & impairment of non-current assets	0				0		0		0		0	0
Net Gain / (Loss) on disposal of non current assets	0		0		0				0		0	0
Reversal of items relating to retirement benefits charged in the Comprehensive Income & Expenditure Statement	(44,085)				(44,085)			44,085			44,085	0
Amount by which Council tax income in the Comprehensive Income & Expenditure Statement differs from statutory requirements	0				0	0					0	0
Other comprehensive income and expenditure IAS19							(44,085)				(44,085)	(44,085)
Statutory provision for financing of capital investment	0				0				0		0	0
Voluntary provision for repayment of debt	0				0				0		0	0
Capital Expenditure charged to the General Fund Balance	0				0				0		0	0
Employer's pensions contributions and direct payments to pensioners payable in the year	0				0			0			0	0
Usable Capital Receipts funding revenue income from finance leases					0						0	0
Transfer Capital Grants to Capital Adjustment Account	0				0				0		0	0
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis differs from statutory requirements	0				0					0	0	0
<b>Total Adjustments</b>	(44,085)	0	0	0	(44,085)	0	0	0	0	0	0	(44,085)
Transfer to Capital Grants Unapplied Reserves					0						0	0
Net transfer to / (from) Earmarked Reserves	0	0			0						0	0
Other transfers			0		0						0	0
Transfer between Capital Reserves and Earmarked Reserves					0		0		0		0	0
<b>Total Transfers</b>	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) / Decrease in year	0	0	0	0	0	0	0	0	0	0	0	0
<b>Balance as at 31 March 2015</b>	0	0	0	0	0	0	0	0	0	0	0	0



## CHIEF CONSTABLE'S MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Specific Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Change in Total Usable Reserves	Collection Fund Adjustment Account	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Accumulated Absences Account	Change in Total Unusable Reserves	Change in Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance as at 31 March 2015</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Movement in reserves during 2015-16</b>												
(Surplus) /Deficit on Provision of Services	41,982				41,982						0	41,982
<b>Other Comprehensive Income &amp; Expenditure</b>												
Revaluation Losses / (Gains)							0				0	0
Actuarial Loss / (Gain) on Pension Fund Assets & Liabilities								0			0	0
	41,982	0	0	0	41,982	0	0	0	0	0	0	41,982
<b>Adjustments between accounting basis and funding basis under regulations</b>												
Charges for depreciation & impairment of non-current assets	0				0		0		0		0	0
Net Gain / (Loss) on disposal of non current assets	0		0		0				0		0	0
Reversal of items relating to retirement benefits charged in the Comprehensive Income & Expenditure Statement	(41,982)				(41,982)			41,982			41,982	0
Amount by which Council tax income in the Comprehensive Income & Expenditure Statement differs from statutory requirements					0	0					0	0
Other comprehensive income and expenditure IAS19					0			(41,982)			(41,982)	(41,982)
Statutory provision for financing of capital investment	0				0				0		0	0
Voluntary provision for repayment of debt	0				0				0		0	0
Capital Expenditure charged to the General Fund Balance	0				0				0		0	0
Employer's pensions contributions and direct payments to pensioners payable in the year	0				0			0			0	0
Usable Capital Receipts funding revenue income from finance leases					0						0	0
Transfer Capital Grants to Capital Adjustment Account	0				0				0		0	0
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis differs from statutory requirements	0				0					0	0	0
<b>Total Adjustments</b>	(41,982)	0	0	0	(41,982)	0	0	0	0	0	0	(41,982)
Transfer from Capital Grants Unapplied to CAA					0						0	0
Net transfer to / (from) Earmarked Reserves	0	0			0						0	0
Other transfers					0						0	0
Transfer between Capital Receipts Reserve and Capital Adjustment Account			0		0				0		0	0
Transfer between Capital Reserves and Earmarked Reserves					0		0		0		0	0
<b>Total Transfers</b>	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) / Decrease in year	0	0	0	0	0	0	0	0	0	0	0	0
<b>Balance as at 31 March 2016</b>	0	0	0	0	0	0	0	0	0	0	0	0

## CHIEF CONSTABLE'S CASH FLOW STATEMENT

2014-15			2015-16	
£'000	£'000	39	£'000	£'000
<b>Operating Activities</b>				
		Cash Outflows		
131,708		Cash paid to or on behalf of employees	137,590	
26,888		Other operating costs	26,980	
	158,596			164,570
		Cash Inflows		
0		Precept - Council Tax income	0	
0		Non-Domestic Rate income	0	
0		Revenue Support Grant	0	
0		Home Office Grants	0	
0		Cash received for goods and services	0	
	0			0
158,596		Operating Activities Net Cash Flow		164,570
<b>Servicing of Finance</b>				
		Cash Outflows		
0		Interest paid	0	
		Cash Inflows		
0		Interest received	0	
	0			0
<b>Investing Activities</b>				
		Cash Outflows		
0		Purchase of fixed assets	0	
		Cash Inflows		
0		Sale of fixed assets	0	
0		Capital Grants received	0	
	0			0
<b>Management of liquid resources</b>				
0		Short Term Lending	0	
0		Short Term Loans Repaid	0	
<b>Financing</b>				
0		Short Term Borrowing	0	
0		Short Term Borrowing Repaid	0	
	0			0
158,596		<b>Net cash inflow / outflow</b>		164,570
<b>Other Movements</b>				
(158,596)		Adjustment for net surplus or deficit on provision of services		(164,570)
0		<b>Net (increase) / decrease in cash</b>		0

## **NOTES TO THE CORE FINANCIAL STATEMENTS**

### **1. GENERAL**

The general principles adopted in compiling the accounts of the DPCC are in accordance with the recommendations of CIPFA. They accord with CIPFA's Code of Practice on Local Authority Accounting 2015-16, the Service Reporting Code Practice (SeRCOP) 2015-16 and the Accounts and Audit Regulations 2015 and are based on the following standards:

Following the introduction of the Police Reform and Social Responsibility Act 2011 and the Home Office guide to financial management code of practice for the police service for England and Wales, Dorset Police Authority was replaced by two corporate entities being the Police and Crime Commissioner for Dorset (PCC) and the Dorset Police Chief Constable (DPCC). Both entities have prepared a statement of accounts for the year 1 April 2015 to 31 March 2016 based on consistent accounting policies.

### **2. COST RECOGNITION**

All expenditure is currently funded by and recognised in the accounts of the PCC Group. This includes the salaries and wages of both police officers and staff. There are no actual cash transactions between the PCC and the DPCC. Costs that are recognised within the DPCC accounts reflect the use of resources and the economic benefit in providing a service to the PCC.

### **3. REVENUE TRANSACTIONS**

Revenue transactions are recorded on an accruals basis. This means that income is recorded in the accounts when it becomes due, rather than when it is received, and the outstanding amounts are included as debtors. Expenditure is included in the accounts when the goods or services are received or supplied and any outstanding amounts are included as creditors.

### **4. VAT**

The PCC does not submit a Value-Added Tax return to HMRC as this is submitted as a single return for the group by the PCC. Expenditure and income in the DPCC's operating cost statement excludes VAT

### **5. PENSION BENEFITS**

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

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

Police staff including PCSO's are part of the Local Government Pension Scheme, in which case, the PCC and the staff in the scheme pay into the pension fund at agreed rates. When an individual retires the fund pays all the usual benefits. However, occasionally, extra costs have to be met when an employee retires early or retires due to ill health. These costs are charged to the operating cost statement.

Long term pension liabilities have been included fully within the balance sheet of the PCC as the liability to pay these costs is with the PCC. This is a requirement under IAS 19 – Employee benefits. The police pension fund account and disclosures are shown in both the PCC and DPCC accounts.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 6. OPERATING COST STATEMENT

The operating cost statement shows the resources consumed by the Chief Constable in undertaking operation policing activities. These costs have been funded through the Police and Crime Commissioner through and intra group adjustment.

<b>2014-15 Net Spending</b>		<b>2015-16 Net Spending</b>
£'000	<b>Division of Service</b>	£'000
50,379	Local Policing	45,776
13,551	Dealing with the Public	11,894
11,660	Criminal Justice Arrangements	10,608
2,470	Road Policing	2,173
8,072	Specialist Operations	8,886
6,629	Intelligence	5,832
21,655	Specialist Investigation	20,398
4,157	Investigative Support	5,158
1,690	National Policing	1,288
838	Corporate and Democratic Core	875
0	Non Distributed Costs	0
121,101	<b>Total financial resources of the PCC utilised at the request of the Chief Constable</b>	112,888
(121,101)	<b>Intra Group adjustment</b>	(112,888)
0	<b>Net Cost of Service</b>	0

### 7. STAFFING STATEMENT

The staff numbers for Police Officers, Police Staff and Community Support Officers are expressed as whole time equivalents, while the number for the Special Constabulary and Volunteers are the number of individuals.

<b>2014-15</b>		<b>2015-16</b>
<b>In post</b>		<b>In post</b>
1,251	Police Officers	1,205
916	Police Staff	916
162	Community Support Officers	136
2,329		2,257
249	Special Constabulary	197
188	Volunteers	234

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 8. REMUNERATION OF SENIOR STAFF

The accounts and audit regulations cover the requirement to disclose remuneration of senior employees. The requirement includes the duty to disclose details of the numbers of staff with remuneration and benefits, including redundancy, in excess of £50,000 per annum to be reported. The figures below represent the amounts paid in each year taking account of starting and leaving dates where retiring staff have been replaced during the year, and include officers seconded to other Forces. The figures derive from gross pay and do not include employers pensions contributions.

2014-15		2015-16
38	£50,000 - £54,999	44
48	£55,000 - £59,999	38
6	£60,000 - £64,999	8
8	£65,000 - £69,999	5
4	£70,000 - £74,999	9
3	£75,000 - £79,999	0
3	£80,000 - £84,999	3
3	£85,000 - £89,999	4
1	£90,000 - £94,999	0
1	£95,000 - £99,999	1
1	£100,000 - £104,999	1
1	£105,000 - £109,999	1
0	£110,000 - £114,999	0
1	£115,000 - £119,999	1
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,999	0
0	£145,000 - £149,999	0
1	£150,000 - £154,999	1

Police salary scales and conditions of service are negotiated and agreed at national level.

#### SENIOR OFFICERS AND RELEVANT POLICE OFFICERS EMOLUMENTS WHERE SALARY IS £150,000 OR MORE PER YEAR (ENGLAND) 2014-15

Post Holder Information	Salary (including fees and allowances) £	Bonuses £	Expenses Allowances £	Benefits in Kind (Car Allowances) £	Total Remuneration Excluding Pensions Contributions £	Pensions Contributions £	Total Remuneration £
Chief Constable Miss Debbie Simpson	150,593			6,858	157,451	14,907	172,358

#### SENIOR OFFICERS AND RELEVANT POLICE OFFICERS EMOLUMENTS WHERE SALARY IS £150,000 OR MORE PER YEAR (ENGLAND) 2015-16

Post Holder Information	Salary (including fees and allowances) £	Bonuses £	Expenses Allowances £	Benefits in Kind (Car Allowances) £	Total Remuneration Excluding Pensions Contributions £	Pensions Contributions £	Total Remuneration £
Chief Constable Miss Debbie Simpson	152,081		0	6,858	158,939	0	158,939

## NOTES TO THE CORE FINANCIAL STATEMENTS

### SENIOR OFFICERS AND RELEVANT POLICE OFFICERS EMOLUMENTS WHERE SALARY IS BETWEEN £50,000 AND £150,000 PER YEAR (ENGLAND) 2014-15

Post Holder Information	Salary (including fees and allowances) £	Bonuses £	Expenses Allowances £	Benefits in Kind (Car Allowances) £	Total Remuneration Excluding Pensions Contributions £	Pensions Contributions £	Total Remuneration £
Deputy Chief Constable	115,014			3,159	118,173	26,990	145,163
Assistant Chief Constable	101,806			3,859	105,665	23,793	129,458
Chief Superintendent (Operational Support)	82,373			1,393	83,766	18,764	102,530
Chief Superintendent (Crime and Criminal Justice)	23,448			510	23,958	4,867	28,825
Chief Superintendent (Territorial Policing)	79,941			6,902	86,843	18,983	105,826
Chief Superintendent (Seconded to HMIC)	86,109			0	86,109	20,026	106,135
Chief Superintendent (Crime and Criminal Justice)	87,401			4,464	91,865	18,983	110,848
Chief Superintendent (Seconded to HMIC)	80,998			1,239	82,237	19,167	101,404
Chief Superintendent (Operational Support until 10/9/2014)	37,920			1,949	39,869	8,854	48,723
Assistant Chief Officer	91,100			5,479	96,579	11,372	107,951
Director of Human Resources	98,827			4,285	103,112	13,003	116,115
	884,937	0		33,239	918,176	184,802	1,102,978

### SENIOR OFFICERS AND RELEVANT POLICE OFFICERS EMOLUMENTS WHERE SALARY IS BETWEEN £50,000 AND £150,000 PER YEAR (ENGLAND) 2015-16

Senior Officers and Relevant Police Officers emoluments-Salary is between £50,000 and £150,000 per year (England) 2015-16							
Post Holder Information	Salary (including fees and allowances) £	Bonuses £	Expenses Allowances £	Benefits in Kind (Car Allowances) £	Total Remuneration Excluding Pensions Contributions £	Pensions Contributions £	Total Remuneration £
Deputy Chief Constable	116,129		0	3,159	119,288	23,993	143,281
Assistant Chief Constable	105,884			3,859	109,743	21,811	131,554
Assistant Chief Constable (Seconded to Wiltshire Police from 04/01/16)	24,095			0	24,095	4,238	28,333
Chief Superintendent (Operational Support)	63,027			923	63,949	12,832	76,781
Chief Superintendent (Territorial Policing)	83,185			2,770	85,955	17,447	103,401
Chief Superintendent (Seconded to HMIC)	86,937			0	86,937	17,802	104,739
Chief Superintendent (Crime and Criminal Justice to 04/01/16)	64,059			2,247	66,306	13,208	79,515
Chief Superintendent (Crime and Criminal Justice from 04/01/16)	19,248			300	19,547	0	19,547
Chief Superintendent (Seconded to HMIC)	86,765			1,239	88,004	17,447	105,450
Assistant Chief Officer	96,861			5,057	101,918	12,794	114,712
Director of Human Resources	102,267			3,402	105,669	12,794	118,463
Chief Executive	84,645			6,141	90,786	10,496	101,282
	933,102	0	0	29,096	962,198	164,862	1,127,060

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 9. EXIT PACKAGES & TERMINATION BENEFITS

The revised Code requires the PCC to disclose details of the number and value of exit packages agreed in the bandings shown below in the table and to distinguish these by compulsory redundancies and other departures. Retirements on the grounds of health are not required to be disclosed.

Value of exit package	Number of compulsory redundancies		Number of other departures		Total Cost £'000	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
Up to £20,000	2	0	10	3	132	25
£20,001 to £40,000	2	3	7	2	248	141
£40,001 to £60,000	1	1	1	0	103	56
£60,001 to £80,000	0	0	1	1	63	61
£80,001 to £100,000	0	0	1	0	84	0
£100,001 to £120,000	0	0	1	0	101	0
£120,001 to £140,000	0	1	1	0	129	132
<b>Total</b>	<b>5</b>	<b>5</b>	<b>22</b>	<b>6</b>	<b>860</b>	<b>415</b>

	<b>£'000</b>	
Redundancy cost recharged from Devon and Cornwall Police as part of Strategic Alliance agreement	0	27
Redundancy cost recharged to Devon and Cornwall Police as part of Strategic Alliance agreement	0	-199
Exit Costs charged to the Comprehensive Income and Expenditure Statement		<b>243</b>

Of the exit packages for 2015-16 all relate to the force.

### 10. AUDIT FEES

Fees payable to the CC's external auditors, KPMG, relating to the year of account are as follows.

2014-15 £'000		2015-16 £'000
15	External Audit Services	19
15		19

### 11. PROPERTY, PLANT AND EQUIPMENT

The following table shows the overall movements in property, plant and equipment during the year. Intangible assets are computer software licences which have a useful economic life of more than one financial year. The table also shows the cost of assets under construction not yet in operational use, and those declared surplus awaiting disposal plans.

	<u>Intangible Assets</u>	<u>Operational Assets</u>	<u>Non-operational Assets</u>		
	£'000	Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Under construction £'000	Surplus Assets £'000
<b>2015-16</b>					
Gross Book Value 1 April	1,719	-	39,454	-	-
Accumulated Depreciation	(1,719)	-	(32,417)	-	-
Net Book Value 1 April	-	-	7,037	-	-
Transfers	-	-	-	-	-
Additions	1,108	-	2,611	-	-
Disposals	-	-	(552)	-	-
Revaluations	-	-	-	-	-
Depreciation for the year	(184)	-	(3,376)	-	-
Impairment (non enhancing exp)	-	-	-	-	-
Depreciation on assets sold	-	-	552	-	-
Impairment	-	-	-	-	-
Net Book Value 31 March	<b>924</b>	<b>0</b>	<b>6,272</b>	<b>0</b>	<b>0</b>
<b>Asset Financing</b>					
Owned	924	-	6,272	-	-
Leased	-	-	-	-	-
PFI	-	-	-	-	-

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12. INVENTORIES

The CC holds a number of stocks and stores. Stocks are regularly reviewed to ensure that only necessary items are held.

2014-15 £'000		2015-16 £'000
128	Uniform Stocks	155
31	Fuel Stocks	10
104	Vehicle Parts	108
39	Stationery Stocks	41
0	Machine Consumable Stocks	0
6	Forensic Consumable Stocks	6
<u>308</u>		<u>320</u>

### 13. DEBTORS AND PAYMENTS IN ADVANCE

An analysis of the amounts due to the CC at 31 March 2016 is shown below. The accounts include a provision for potential bad debts.

2014-15 £'000		2015-16 £'000
6,313	Central Government Departments	6,759
346	Other PCC's and Local Authorities	300
4,433	Others	5,036
<u>11,092</u>		<u>12,095</u>

### 14. CREDITORS AND RECEIPTS IN ADVANCE

An analysis of the amounts owed by the CC at 31 March 2016 is shown below.

2014-15 £'000		2015-16 £'000
2,138	Central Government Departments	357
1,859	Other PCC's and Local Authorities	812
9,234	Others	10,553
<u>13,231</u>		<u>11,722</u>

### 15. PROVISIONS AND CONTINGENT LIABILITIES

#### Provisions

The CC has made provision in respect of payments to officers who are in receipt of a Rent Allowance. It relates to the Compensatory Grant payable under their conditions of service, and is in respect of the additional tax liability payable in the following financial year. There is also a provision for time on cards that will be paid during 2016-17.

	Balance 2014-15 £'000	Income £'000	Expenditure £'000	Balance 2015-16 £'000
Taxation	0	22	22	0
Time on Cards	51	4	0	55
	<u>51</u>			<u>55</u>

#### Contingent Liabilities

There are no Contingent Liabilities to note in this statement of Accounts



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 16. ACCUMULATED ABSENCES ACCOUNT

The IFRS-based Code requires Local Authorities to account for benefits payable during employment in accordance with IAS 19 (Employee Benefits). One aspect of this is that accruals must be made at 31 March for any "accumulating, compensated absences", or untaken leave, time-off-in-lieu etc.

### 17. RETIREMENT BENEFITS

The CC participates in two different pension schemes that meet the needs of employees in particular services. Both are defined benefit schemes providing members with benefits related to pay and length of service. The schemes are as follows: -

a) The Local Government Pension Scheme (LGPS) for police staff, is administered by Dorset County Council. This is a funded scheme, meaning that the CC and the employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

b) The Police Pension Scheme for police officers. This is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet the actual pension payments as they eventually fall due.

Changes to the LGPS permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme.

The assumed life expectations from age 65 are as follows: -

2014-15		Local Government Pension Scheme	2015-16	
Male	Female		Male	Female
22.8	25.2	Retiring today	22.9	25.3
25.1	27.6	Retiring in 20 years	25.2	27.7

The assumed life expectations from age 65 are as follows: -

2014-15		Police Pension Scheme	2015-16	
Male	Female		Male	Female
22.6	24.9	Retiring today	22.1	24.6
24.8	27.2	Retiring in 20 years	24.3	27.0

The underlying assets and liabilities for retirement benefits attributable to the CC as at 31 March each year are shown in the following table, which also shows the distribution of its share of Local Government Pension Scheme (LGPS) assets by proportion of the total and the expected long-term return. The Police Pension Scheme has no assets to cover its liabilities. The LGPS assets are valued at fair value, principally market value for investments, and consist of the following categories: -

2014-15			2015-16	
% of Assets	£'000		% of Assets	£'000
57%	68,437	Equities	56%	67,715
12%	14,109	Gilts	10%	11,704
12%	14,817	Bonds	13%	15,113
5%	5,821	Diversified Growth Fund	5%	5,731
n/a	n/a	Absolute Return Portfolio	n/a	n/a
10%	11,372	Property	11%	13,258
1%	1,306	Infrastructure	1%	1,575
0%	460	Hedge Fund	0%	104
3%	3,062	Cash	4%	4,989
	<u>119,384</u>	Estimated Assets in the LGPS		<u>120,189</u>
	<u>193,229</u>	Present value of liabilities in the LGPS		<u>189,559</u>
	<u>171</u>	Present value of unfunded liabilities		<u>162</u>
	<u>193,400</u>	Total value of LGPS liabilities		<u>189,721</u>
	<u>(74,016)</u>	Net Staff Pensions (Deficit)		<u>(69,532)</u>
	<u>(1,177,094)</u>	Estimated Liabilities in Police Pension Scheme		<u>(1,100,935)</u>
	<u>(1,251,110)</u>	Net Pensions (Deficit)		<u>(1,170,467)</u>

## NOTES TO THE CORE FINANCIAL STATEMENTS

The CC is required to provide the reconciliation of opening and closing balances of the present value of the defined benefit obligation:

2014-15			2015-16	
Police £'000	LGPS £'000		Police £'000	LGPS £'000
946,822	156,043	Opening defined benefit obligation	1,177,094	193,400
0	(1,934)	Opening balance adj	0	(1,552)
30,341	6,441	Current service cost	23,449	8,238
41,910	6,918	Interest cost	39,458	6,568
147,845	26,880	Change in financial assumptions	(88,952)	(17,127)
41,520	0	Change in demographic assumptions	3,666	0
0	5	Experience loss/(gain) on defined benefit obligation	(15,678)	7
0	0	Liabilities assumed/(extinguished) on settlements	0	0
(37,079)	(3,113)	Estimated benefits paid (net of transfers in)	(43,285)	(3,970)
0	478	Past service costs including curtailments	0	0
6,661	1,700	Contributions by scheme participants	6,188	1,766
(926)	(18)	Unfunded pension payments	(1,005)	(16)
1,177,094	193,400	Closing defined benefit obligation	1,100,935	187,314

The CC is also required to provide a reconciliation between the opening and closing balances of the fair value of the LGPS scheme assets:

2014-15			2015-16	
	LGPS £'000			LGPS £'000
	106,327	Opening fair value of scheme assets		119,383
	(1,318)	Opening balance adj		528
	4,803	Interest on assets		4,103
	6,150	Return on assets less interest		(5,253)
	0	Other actuarial gains (losses)		0
	(81)	Administration expenses		(85)
	4,933	Contributions by employer (including unfunded)		3,733
	1,700	Contributions by scheme participants		1,766
	(3,131)	Estimated benefits paid		(3,986)
	0	Settlement prices received/(paid)		0
	119,383	Fair value of scheme assets at end of period		120,189

Analysis of the attributable movements in the surplus / (deficit) in the schemes during the year: -

2014-15			2015-16	
Police £'000	LGPS £'000		Police £'000	LGPS £'000
(946,822)	(49,716)	Surplus / (Deficit) as at 1 April	(1,177,094)	(74,016)
	616	Opening Balance adjustment		917
(30,341)	(6,919)	Current Service Cost	(23,449)	(8,201)
31,344	4,933	Employer Contributions	38,102	3,716
0	(81)	Administration Expenses	0	(85)
(41,910)	(2,115)	Net interest on the defined liability (asset)	(39,458)	(2,454)
(189,365)	(20,735)	Actuarial gain / (loss)	100,964	11,814
(1,177,094)	(74,016)	Surplus / (Deficit) as at 31 March	(1,100,935)	(68,308)

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 18. COLLABORATION

Special Branch policing for the 4 forces in the region is delivered through a collaborative approach under a section 22A agreement to deliver consistent and resilient counter terrorism policing for the region. The service is delivered as a joint service agreement rather than a lead force model. The overall cost for the year was £3,619k which is split based on numbers of posts (Officers and staff) in each force.

2014-15 £'000		<u>2015-16</u> £'000
996	Avon and Somerset Police (28%)	<b>1,013</b>
1,031	Devon and Cornwall Police (29%)	<b>1,050</b>
853	Dorset Police (24%)	<b>868</b>
675	Wiltshire Police (19%)	<b>688</b>
<u>3,555</u>	<b>Total</b>	<u><b>3,619</b></u>

South West Regional Organised Crime Unit (ROCU - Zephyr) - A regional response to serious and organised crime involving staff from all forces and a number of related agencies including UK Border Agency and Border Forces, Serious & Organised Crime Agency, HM Revenue & Customs & Crown Prosecution Service. The contributions for 2014-15 and 2015-16 are set out in the table below

2014-15 £'000		<u>2015-16</u> £'000
1,495	Avon and Somerset Police (32.4%)	<b>1,379</b>
1,250	Devon and Cornwall Police (33.3%)	<b>1,417</b>
517	Dorset Police (11.8%)	<b>502</b>
461	Gloucestershire Police (10.8%)	<b>460</b>
522	Wiltshire Police (11.7%)	<b>498</b>
<u>4,245</u>	<b>Total</b>	<u><b>4,256</b></u>

South West Procurement Services is a partnership between Devon and Cornwall Police, Dorset Police, Wiltshire Police and Gloucestershire Police. Staff are based across the region and are all employed by Devon and Cornwall. Dorset's contribution to this service was £188k in 2015/16 (19.5%). In 2014/15 their contribution was £173k.

### 19. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the policies set out in the Statement of Accounting Policies, the CC has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There is a continuing degree of uncertainty about future funding for Police. The CC has a risk assessed level of general balances which is reviewed on an annual basis as part of the Medium Term Financial Planning Process.

### 20. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Financial Statements contain some estimated figures that are based on assumptions made by the PCC about the future that are otherwise uncertain. Estimates are made 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 made.

The age and remaining lives of buildings and their elements have been advised by the CC's Valuer and assessed as at the valuation date. Asset lives have been provided based on the assumption that building elements will continue to be maintained normally over the period from the date of inspection to the valuation date and that there will be no untoward changes.

## PENSION FUND ACCOUNT

This account collects all the costs relating to retired police officer pensioners, the income from current contributors and any transfer values. The balance is recharged to the Comprehensive Income and Expenditure Account where it is funded by Home Office top-up grant.

<b>PENSION FUND ACCOUNT</b>		
2014-15		<b>2015-16</b>
£'000		£'000
(11,530)	Employers flat rate contribution	<b>(11,465)</b>
(6,294)	Employees contributions	<b>(6,188)</b>
(19)	Transfer values in	<b>(169)</b>
-	Recharges To Other Account Heads	-
-	Interest Receivable	-
<b>(17,843)</b>	<b>Contributions Receivable</b>	<b>(17,822)</b>
29,905	Pension Payments	<b>35,654</b>
7,253	Retirement Grants	<b>8,034</b>
724	Transfer Values out	<b>207</b>
-	Interest Payable	-
<b>37,882</b>	<b>Benefits Payable</b>	<b>43,895</b>
<b>20,039</b>	<b>Net Deficit</b>	<b>26,073</b>
(20,039)	<b>Recharged To I &amp; E Account</b>	<b>(26,073)</b>
-	<b>Net Expenditure</b>	<b>-</b>

<b>NET ASSETS STATEMENT</b>		
2014-15		<b>2015-16</b>
£'000		£'000
	<b>Current Assets and Liabilities</b>	
2,656	Debtors and Payments in Advance	-
-	Creditors and Receipts in Advance	-
<b>2,656</b>	<b>Net Assets as at 31 March</b>	<b>-</b>

## NOTES TO THE PENSION FUND ACCOUNT

(i) The police officer pension scheme is unfunded, which means that there are no investment assets to provide for future pensions.

(ii) The cost of these pensions is met each year by a combination of contributions from current employees, the new employer's flat rate contribution and Home Office top-up grant. The account is balanced to zero each year by recharging any deficit or surplus to the Income & Expenditure Account. The Home Office top-up grant is also credited to the Comprehensive Income & Expenditure Account, and additional top-up grant is claimed in respect of a deficit, or any surplus repaid, as appropriate.

(iii) These financial statements do not take account of liabilities to pay pensions and other benefits after the end of the 2015-16 year.



## ANNUAL GOVERNANCE STATEMENT

This statement is written on behalf of Dorset Police and the Chief Constable. It sets out the position as at 31<sup>st</sup> March 2016 including plans for the financial year 2016/2017.

## SCOPE AND RESPONSIBILITIES

Dorset Police is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Dorset Police 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, Dorset Police is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes ensuring that arrangements are in place for the management of risk.

Dorset Police has adopted a code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance Accountancy and Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) Framework: *Delivering Good Governance in Local Government*. A copy of the code is available from the Head of Audit, Insurance and Risk Management for Dorset Police. This statement explains how Dorset Police has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6 (1b) which requires all relevant bodies to review the internal control systems and prepare an annual governance statement.

## **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

The governance framework comprises the systems and processes, and culture and values by which Dorset Police is directed and controlled and its activities through which it accounts to and engages with and leads its communities. It enables Dorset Police to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

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

The governance framework has been in place at Dorset Police for the year ended 31<sup>st</sup> March 2016 and up to the date of approval of the (annual report) and statement of accounts.

## **1.0 THE GOVERNANCE FRAMEWORK**

Corporate Governance is defined by the Chartered Institute of Internal Auditors as “the systems and processes by which an organisation is directed and controlled.” It refers to the structure, roles and responsibilities that establish robust decision-making arrangements that help support an organisation to achieve its objectives. Whilst CIPFA/SOLACE emphasise that those working in the public sector must “try to achieve their entities objectives while acting in the public interest at all times.”

In Dorset Police the Chief Constable is responsible for putting in place proper governance arrangements for the Force and has overall direction and control of all police personnel and operational policing matters. The Police and Crime Commissioner is required to hold the Chief Constable to account for the exercise of these functions. It therefore follows that the Police and Crime Commissioner must satisfy himself that the Force has appropriate mechanisms in place for the maintenance and operation of good governance practices.

The Force and Police and Crime Commissioner have approved a single governance model outlined in the Single Governance Policy and Procedure, which is incorporated in the Statement of Corporate Governance and Code of Governance. The Single Governance Policy and the governance meeting structure are regularly reviewed for efficiency and effectiveness.

On the 26<sup>th</sup> May 2015 the four legal entities being the two Chief Constables of Devon & Cornwall Police and Dorset Police, and both Police and Crime Commissioners signed an agreement which signalled the start of a formal Alliance between the two Forces. This Strategic Alliance is designed to maintain a high standard of policing for the communities within both force areas by working together and sharing services. This will ensure provision of a cost effective, efficient police service while meeting current and future financial challenges. The Alliance is not a merger of forces and, therefore the two Police and Crime Commissioners and two Chief Constables remain as separate corporation soles. However, many policing services will be delivered jointly under consistent operating models, with shared leadership in some functions.

The key elements of the systems and processes that comprise the governance arrangements that have been put in place for the Force are:

### **1.1 Focusing on the purpose of the Police and Crime Commissioner and Dorset Police, on outcomes for local people and on creating and implementing a vision for the local area.**

The Police Reform and Social Responsibility Act 2011 determine the responsibilities of the Police and Crime Commissioner and Chief Constable in setting the objectives of the Police and Crime Plan and sets out scrutiny arrangements of the Police and Crime Commissioner through the Police and Crime Panel.

The Chief Constable is responsible for delivering policing in line with the Police and Crime Commissioner's Police and Crime Plan. The plans objectives are jointly determined using a number of sources including the Force Strategic Assessment which reviews past performance against the plans priorities as well

as identifying emerging threats to policing and also the annual demand assessment which looks at longer term changes in the volumes and types of demand on policing resources. Once threat and demand have been evaluated the Force undertakes an annual capability assessment to ensure that current and future needs can be met.

The Force undertakes extensive consultation surveys that contribute to the setting of priorities and inform policy and decision-making for the development and planning of police services. Detailed priority delivery plans and departmental service plans prioritise operational and service delivery against the priorities and activities set out in the plan. The joint Code of Corporate Governance outlines the governance structure for boards and committees and the process by which the Police and Crime Commissioner holds the Chief Constable to account for achieving the Police and Crime Plan objectives. The Single Governance Policy and Procedure is regularly reviewed and updated for effectiveness. This outlines the structure of boards and meetings by which the Police and Crime Commissioner holds the Chief Constable to account for the Forces ability to achieve the objectives set in the Police and Crime Plan.

The Chief Constable holds Chief Officers to account for performance and local outcomes at the weekly Force Control and monthly Joint Executive Board meetings. The Joint Executive Board and monthly Strategic Performance Board meetings are jointly attended and chaired with the Police and Crime Commissioner. The reports and performance information submitted to these meetings are received from a structured network of sub boards that are overseen by relevant Chief Officers.

In conjunction with the Police and Crime Commissioner the Chief Constable sets the annual budget in support of the Police and Crime Plan. The medium term financial strategy that is approved by the Police and Crime Commissioner provides the framework for this.

The Force audited annual accounts are approved by the Joint Independent Audit Committee and are published on the Police and Crime Commissioner's website. In addition the external audit statement and Force financial statement are published as evidence of the Force commitment to the provision of value for money.

The Dorset Management Information System (DorMIS) is an intranet based framework that provides organisational data at strategic, tactical and operational levels that support the identification of achieved performance based on the Force Control Strategy and plan priorities. DorMIS allows officers, staff and members of the Police and Crime Commissioner's office to review changes in performance against the plan priorities and other policing activity including crime and incident levels, repeat victimisation, stop and search, satisfaction and crime outcomes. Value for money processes and performance are independently assessed through detailed reviews undertaken by Her Majesty's Inspectorate of Constabulary and the National College of Policing. These thematic inspection reports are then benchmarked and compared nationally to other Forces to ensure effective and efficient processes are in place. Additional independent scrutiny is delivered by internal and external audit providers.

Between August 2013 and November 2014 Dorset Police undertook a review of how neighbourhood policing is delivered to its communities. This has enabled analysis of how neighbourhood policing has evolved since its introduction in



2006. The review confirmed the Force commitment to effective local policing and partnership working to ensure that local people and communities are at the centre of everything the Force undertakes.

There are three Community Safety Partnerships Bournemouth, Poole and Dorset which bring together representatives from key statutory organisations (local authorities, police, fire authority, national health and probation services) alongside other non-statutory agencies. The Police and Crime Commissioner and the Deputy Chief Constable bring together the three Community Safety Partnerships and the Dorset Criminal Justice Board to reduce crime and find solutions to community issues. The Police and Crime Commissioner has statutory responsibility for the funding of the Community Safety Partnerships which were set up following the Crime and Disorder Act 1998 and have since established effective local mechanisms, as well as pan-Dorset initiatives that have demonstrably improved community safety.

Local partnership arrangements are underpinned and controlled by the Force Partnership Policy. Police Community Support Officers operating within community Neighbourhood Police Teams have the responsibility for attendance at local partnership meetings and will record all decisions made and delivered outcomes on a central database designed to share best practice across the Force.

All complaints against the Force and the conduct of officers are managed by the Professional Standards Department with governance and oversight provided by the Standards and Ethics Board. A dip sample of complaints is independently reviewed and scrutinised by the Ethics and Appeals sub-committee.

## **1.2 Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles**

The College of Policing is responsible for defining national standards and professional practice in key areas of policing. This framework provides accountability for Chief Officers around their statutory and professional obligations. The remuneration of the Chief Constable and Police Officers is awarded in line with Police Regulations and Determinations 2003. All Police Staff are paid in accordance with Police Staff Council Pay and Conditions with pay awarded according to the job grade established through the Force job evaluation process. The Joint Independent Audit Committee acts as a pay review body for non-warranted Chief Officers.

All Force personnel have individual job descriptions and allocated responsibilities that are subject to annual performance and development reviews linked through operational and departmental service plans to the Police and Crime Plan objectives. The neighbourhood policing review has established new roles and responsibilities for neighbourhood policing teams to ensure delivery of local objectives. All departments under review by the Strategic Alliance between Devon & Cornwall and Dorset Police provide a detailed business case that presents options for change. This includes a review of all functions, roles and responsibilities to ensure continued delivery of services whilst providing cost savings and efficiencies.

The joint Code of Corporate Governance for the Police and Crime Commissioner and the Chief Constable of Dorset provides the framework that supports Force Financial Regulations. This includes separate Schemes of Delegation and

Consent, and Standing Orders regarding Force contracts. Alongside Force Financial Instruction these clearly define responsibilities for all Force financial arrangements which are regularly reviewed and monitored by the Joint Independent Audit Committee. These are all currently subject to review as part of the Strategic Alliance.

The Chief Financial Officer for Dorset Police has a legal and statutory obligation to report any financial irregularities and unlawful expenditure to the Chief Constable, the Treasurer, the Chief Executive and external audit to maintain compliance to the Financial Management Code of Practice issued by the Home Office and the Chartered Institute of Public Finance and Accountancy (CIPFA). This ensures robust financial practices that direct and deliver high standards of professional conduct. Internal and external audit conduct independent assessment of financial practice and provide assurance on current practices and procedures that includes objective evaluation of controls and recommendations for improvement. The single governance model and joint Code of Corporate Governance determine the meeting structure for all Force strategic boards and committees and outlines those jointly chaired by the Police and Crime Commissioner. All Force boards and committees have annually reviewed terms of reference which define their purpose and link to the objectives of the Police and Crime Plan.

The objectives of the Police and Crime Plan are reviewed annually by the Police and Crime Commissioner and these principles are delivered over a series of face to face meetings between the Police and Crime Commissioner and the Chief Constable. This is to ensure that all staff members are aware of their roles and responsibilities when working individually or in partnership to achieve the Police and Crime Plan purpose and objectives.

An overarching Section 22A agreement has been signed between the four legal entities that comprise of Dorset Police and the Office of the Police and Crime Commissioner for Dorset and that for Devon & Cornwall Police and the Office of the Police and Crime Commissioner for Devon & Cornwall, as formally entering into a Strategic Alliance, designed for mutual benefit through efficiency, financial savings and performance improvement and resilience. There is a separate governance structure specifically for the Strategic Alliance programme of work. The Force is represented at every level in this structure and reports are fed into the Force via the Joint Executive Board and the Strategic Change Board, who also have oversight of regional and national programmes.

Police Forces have a legal obligation to collaborate where possible. The collaborative programme for the south west region has developed over several years and aims to reduce costs and increase efficiency and capability through shared service delivery. Proposals for a combined governance framework for all south west forces have been agreed in principal by the Strategic South West Police Collaboration Board. The Gloucestershire Chief Constable Suzette Davenport is the Senior Responsible Officer for the collaboration board with agreement required from the five Chief Constables and five Police and Crime Commissioner's that forms the south west region before the implementation of any proposed programmes of work. Regional Assistant Chief Constable David Lewis has been appointed to oversee the delivery of operational regional collaboration including joint Special Branch arrangements, Major Crime, the Regional Organised Crime Unit, South West Forensics and the Counter

Terrorism Intelligence Unit. The South West Police Procurement Department are responsible for tender and contract arrangements across four Forces in the region designed to provide well negotiated and competitive contracted services. The Dorset Police Strategic Change Board has oversight of all collaborative programmes that involve the Force at national, regional and alliance levels.

### **1.3 Promoting the values for Dorset and demonstrating the values of good governance through upholding high standards of conduct and behaviour.**

The Policing Protocol 2011 requires the Chief Constable to comply with the principles determined in the Standards in Public Office Act 2001. This requires the Chief Constable, through strong leadership, to demonstrate high standards of personal and professional conduct. The College of Policing Code of Ethics and the Force values and policies reinforce these standards. Police Performance and Conduct Regulations 2012 determine the standards of behaviour for all Police Officers and Special Constables, Police Staff must comply with the standards of professional behaviour set by the Police Staff Council. All staff must uphold the Force values as determined in Force policy and procedure.

The College of Policing promote ethics, values and standards of integrity to raise the professional status of police officers and staff. A Code of Ethics has been determined and is used to support the high standards and behaviour expected of all members of Dorset Police. The HMIC PEEL Police Legitimacy inspection 2015 (Dorset) provided positive assurance that there is a recognised ethical culture within the Force and that the Chief Constable has invested significant personal commitment to ensuring that the public are treated fairly and without bias. This has included personal presentations from senior officers, and training on the Code of Ethics and the National Decision Model (NDM) which embeds the Code of Ethics at the centre of all decision making and ethical reasoning. A number of staff have received training in Ethical values with representatives attending the new joint Ethics Board with Devon and Cornwall police. This Board has been designed to consider, discuss and provide options on ethical issues across Devon and Cornwall Police and Dorset Police.

The Professional Standards Department upholds high standards of conduct and behaviour through its management of public complaints and internal conduct. The Police and Crime Commissioner is responsible for upholding the conduct of the Chief Constable. Details of Chief Officer's expenses and Force expenditure over the value of £500 is published on the Police and Crime Commissioners website to create a climate of openness and transparency.

A register of business interests and a gifts and hospitality register are maintained by the Professional Standards Department. Force policies and procedures determine the standards of conduct expected including arrangements for security vetting, discipline and grievances, alcohol and substance misuse, standards of dress and appearance and data protection and information sharing legislation.

The Standards and Ethics Board monitors and scrutinises the work of the Professional Standards Department. This includes oversight of any disciplinary procedures brought by the Complaints and Misconduct Department, or the Anti-Corruption Unit and therefore monitors Force management and support of confidential whistle blowing facilities. Where appropriate the misconduct

hearings of Police Officers are conducted in public to provide transparency of process and to build and maintain public confidence.

The Ethics and Appeals Sub Committee provides independent scrutiny of the decisions made by the Force and reports into the Standards and Ethics Board to ensure transparency and to uphold the principles of good governance. In addition, it scrutinises the Business Interests and the Gifts and Hospitality declarations of the Force. Assurance reports are presented to the Joint Executive Board and the Joint Independent Audit Committee (JIAC) attended by the internal and external auditors. JIAC also acts as the body to comment upon the Chief Officers remuneration policy.

In relation to the Strategic Alliance, a Strategic Alliance Audit Committee has been created, with all members of the independent audit committee in Dorset Police and Devon & Cornwall Police in attendance. This committee has been created to promote independent scrutiny and challenge to the Strategic Alliance process, and where appropriate make recommendations either jointly or separately to their respective Force and Office of the Police and Crime Commissioner.

The single governance model and joint Code of Corporate Governance require terms of reference for all boards and committees which define their purpose and link to the objectives of the Police and Crime Plan. The Police Reforms and Social Responsibility Act 2011 determine the Police and Crime Commissioners responsibility for monitoring Force complaints handling arrangements. Attendance as joint chair with the Chief Constable of the Standards and Ethics Board provides the basis of a positive, open and trusting relationship between the Chief Constable, Police and Crime Commissioner and stakeholders. Financial conduct is scrutinised as part of the statutory responsibilities of the Chief Constable's Chief Financial Officer in conjunction with the Treasurer.

#### **1.4 Taking informed and transparent decisions, which are subject to scrutiny and managing risk.**

Independent professional internal and external auditors provide objective assurance on governance, risk management and control processes. The risk based annual audit programme reports on compliance to regulation and legislation and offers opinion and assurance on the effective use of resources. The single governance model and structure determined in the joint Code of Corporate Governance provides the framework for the submission of reports and recommendations from the boards and auditors that offer assurance that the Force will achieve the objectives defined in the Police and Crime Plan.

All decisions at board level are made after consideration of papers submitted from responsible officers. The standard report template includes an implication section that requires consideration of any impact on legal services, financial compliance, budgets, resources, equality and operational delivery.

The Head of Governance has specific responsibilities for Force audit, insurance and risk management arrangements. Departmental and Command risk registers are linked to individual service plans which are designed to monitor and aid achievement of the Police and Crime Plan objectives. Emergent risks are identified, scored and recorded on the individual risk registers with escalating

risks reported to the Strategic Risk Management Board. This Board considers the transfer of these risks to the Corporate Risk Register where strategic risks are allocated to an appropriate lead for monitoring and control. All significant corporate risks are reported quarterly to the Joint Independent Audit Committee and the Joint Executive Board for consideration. Each quarter Chief Officers consider strategic risks in their portfolio area.

The Standards and Ethics Board and the Ethics and Appeals Sub Committee monitor the governance arrangements that determine that standards of integrity are maintained throughout the Force. This safeguards against conflicts of interest and ensures transparent arrangements are in place for the unbiased investigation and challenge of complaints. The Independent Police Complaints Commission, Police Federation, the Force Welfare Department and Unison provide an objective assurance and support facility to the Force.

The Financial Management Code of Practice requires the establishment of an Independent Audit Committee to provide assurance with regards to financial compliance, risks and probity. The Dorset Joint Independent Audit Committee consists of five suitably qualified independent members of the public whose responsibilities are clearly defined within the terms of reference available on the Commissions website. The Committee meets quarterly and reports to the Joint Executive Board jointly chaired by the Police and Crime Commissioner and Chief Constable. The Strategic Alliance Audit Committee provides scrutiny and challenge to the Strategic Alliance Governance Structure.

The Joint Independent Audit Committee has responsibility for corporate risk management arrangements. They consider the effectiveness of the Force risk management policy and framework seeking assurance that organisational risks are being managed effectively. The committee scrutinises the insurance programme including arrangements for risk financing and monitor insurance and broker appointment and renewal processes. Members seek assurance on the effectiveness of Force Business Continuity arrangements to ensure compliance with the Civil Contingencies Act 2004.

Financial Regulations, the Standing Orders for Contracts and the Schemes of Consent and Delegation define the legislative and financial limits for decision making. The Force Chief Finance Officer has a legal duty to report any financial irregularities or misappropriation of funds to the Treasurer and Monitoring Officer of the Police and Crime Commissioner. The Monitoring Officer is also the Police and Crime Commissioners Chief Executive. This is in accordance with section 151 of the Local Government Act 1972. To ensure compliance to legislation a comprehensive range of legal advice is available to the Chief Finance Officer, the Chief Constable and the Police and Crime Commissioner.

Every effort is made to achieve transparency including use of the National Decision Model (NDM) and the Code of Ethics so as to embed ethical reasoning in accordance with policing principles at every stage of decision making.

## **1.5 Developing the capacity and capability of the Police and Crime Commissioner, Officers of the Police and Crime Commissioner and Dorset Police to be effective in their roles.**

Dorset Police operate a robust competency based recruitment process for all personnel including volunteers and members of the Joint Independent Audit Committee. Generic and role specific induction programmes linked to the probationary process are delivered by the Force Organisational Development Department. Thereafter annual performance appraisal reviews are undertaken by all members of staff to support objective setting, professional development and to maintain key skills. Learning and Development, coaching and mentoring and Leadership programmes are available to all personnel and can be determined through development discussions or throughout the year.

A professional framework determined by the College of Policing provides national Authorised Professional Practice Standards used to set the standards of professional practice for all members of Dorset Police. In addition the framework supports the Force to identify, develop and promote good practice through learning and development that will help prevent crime and protect the public.

The Chief Constable will ensure that statutory officers receive the support and resources necessary to maintain their skills and perform effectively in their roles. All officers and staff have an obligation to maintain their continuous professional development as part of membership to external professional bodies. All staff and managers are required to identify individual staff development needs specific to their role.

The quarterly Force Strategic Assessments identify the current threats and long term and emerging risks affecting our communities. This links into the annual Demand and Capability Assessments which helps to set the Police and Crime Plan priorities and the Force Control Strategy which sets the strategic direction of the Force. Daily tasking and weekly tasking intelligence meetings direct and manage day to day operational activities to reduce community risk. The Force ability to achieve objectives and to provide public satisfaction is recorded in the Force Strategic Assessment which is updated and reported quarterly to the Strategic Performance Board. Workforce design and demand is determined through this process and shapes changes to the workforce plan and provides information to determine the workforce planning supply requirements. This process ensures efficient workforce and succession planning and supports a career development programme that provides fully trained and effective staff to deliver the objectives of the Police and Crime Plan.

## **1.6 Engaging with local people and other stakeholders to ensure robust public accountability.**

The Chief Constable is responsible for delivering policing in line with the Police and Crime Commissioner's Police and Crime Plan. The plan is jointly determined using the Force Strategic Assessment taking into account community and partnership objectives and the result of public consultation. Effective engagement will be maintained with key stakeholders to ensure Force accountability to the communities that they represent.

The Chief Constable takes responsibility under the Equality Act 2010 to promote and endorse equality and diversity issues within the Force and will provide effective community consultation and engagement with minority groups. Performance is measured to ensure accountability and community involvement with future strategic decisions, a performance pack related to equality and

diversity in Human Resources and service provision is presented to the quarterly Strategic Equality and Confidence Board and published on the Force website.

The Communications and Engagement Department play an active role in external public relations, particularly through digital engagement and supporting the engagement of Senior Management Teams and the delivery of operational messages.

## **2.0 REVIEW OF EFFECTIVENESS**

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Force who have responsibility for the development and maintenance of the governance environment, the head of internal audit annual report, the external audit opinion and also by comments made by other review agencies and inspectorates.

The Chief Constable is appointed by the Police and Crime Commissioner and is responsible for the delivery of a policing service that achieves the objectives of the Police and Crime Plan. The Police and Crime Commissioner provides the mechanism for the local community to decide how it is policed and sets community priorities into the Police and Crime Plan. The Police and Crime Commissioner then holds the Chief Constable accountable for the delivery of the plan to the satisfaction of the community and public that he represents.

The joint Code of Corporate Governance defines a governance process and structure that involves the review of Force governance arrangements by independent agencies and inspectorates, the details of which are recorded below:-

### **2.1 The Joint Independent Audit Committee**

The Joint Independent Audit Committee consists of five independent members of the public recruited for their professional knowledge and skills to monitor Force financial arrangements and ensure the efficient management of resources. The Committee reviews the Annual Statement of Accounts which includes the Annual Governance Statement and ensures compliance to policies relating to anti-fraud and corruption arrangements, gifts and hospitality and declarations of interest. It is also responsible for the annual review of the internal control framework with assurance provided through a risk based internal audit programme and external audit opinion that is published in the annual audit letter. A self-assessment review of effectiveness is conducted annually to identify any achievements or areas of weakness.

The Committee then produces an annual report to the Chief Constable recording their findings for the year. There were no significant weaknesses in controls or governance issues identified or reported in the previous year.

### **2.2 The Strategic Alliance Audit Committee**

A Strategic Alliance Audit Committee has been created. This is formed from members of the respective Joint Audit Committees in both Devon and Cornwall and Dorset. This committee is specifically designed to provide independent scrutiny and challenge to the Strategic Alliance programme. The Strategic

Alliance Audit Committee meets quarterly to consider matters that relate directly to the Alliance and joint working arrangements rather than either independent Force.

### **2.3 The Ethics and Appeals Sub-Committee**

The Ethics and Appeals Committee is a sub-committee of the Joint Independent Audit Committee whose purpose is to support the Chief Constable and Police and Crime Commissioner through independent scrutiny of the work of the Standards and Ethics Board. This provides assurance of transparency in Force complaint handling arrangements including the appeals process and upholds the principles of good governance. The committee has been subject to review and will remain in its current format pending the outcome of legislative changes regarding complaints and handling processes and procedures.

### **2.4 Internal Audit**

Qualified professional internal auditors provide objective assurance and opinion on governance and control processes. This is provided to the Force by the South West Audit Partnership. The audit process examines, evaluates and reports on the adequacy of controls and the efficient use of resources. A risk based annual audit programme is produced to include all significant financial and non-financial risks and is considered by the Treasurer and Force Chief Financial Officer before approval by the Joint Independent Audit Committee. The work of Internal Audit includes the investigation of any financial irregularities identified by the Treasurer. The Head of Internal Audit issued an unqualified audit opinion for the year which brings significant assurance of the governance framework and internal control arrangements. The South West Audit Partnership has now been appointed as the internal auditors for Devon and Cornwall Police and the Office of the Police and Crime Commissioner for Devon and Cornwall as part of the Strategic Alliance programme.

### **2.5 External Audit**

External audit is delivered for the Force by KPMG who review the Annual Accounts and consider value for money arrangements. An unqualified audit opinion has been reported to the Joint Independent Audit Committee providing significant assurance on Force compliance to Financial Regulations and value for money arrangements. KPMG are also the appointed external auditors for Devon and Cornwall Police and the Office of the Police and Crime Commissioner for Devon and Cornwall.

### **2.6 Other agencies**

Her Majesty's Inspectorate of Constabulary independently assesses police forces and policing activity from neighbourhood teams to serious crime and the fight against terrorism. In the past year they reported shortfalls in relation to the Force manpower planning arrangements and the management of financial provision. The Strategic Alliance has enabled joint service delivery for some functions such as finance and human resources. In the future HMIC inspections will be carried out by the same inspection teams to ensure consistency in approach and the assurance provided.

The Home Office Professional Standards Unit document lessons learnt and identify best practice.



The Health and Safety Executive offers independent inspections and reviews in respect of reportable accidents.

The Independent Police Complaints Commission reports Lessons Learnt, identifies best practice and offers independent assurance of internal complaints handling processes.

The College of Policing is working to raise the professional status of Police officers and staff by setting standards of professional practice and promoting evidence based best practice. It has issued the Code of Ethics which sets national standards for professional conduct.

## **2.7 The Annual Governance Statement Working Group**

A working group has been established to research and produce the statement. This is led by Karen Brownjohn (Head of Alliance Audit, Insurance and Risk) and Jason Mumford (Staff Officer to the Police and Crime Commissioner), with support from Karen Thorns (Alliance Quality Assurance and Strategic Risk Officer). The Chief Constable will sign the approved Annual Governance Statement that is published with the Annual Statement of Accounts. The statements will include an action plan to rectify any significant internal control weaknesses identified through the reviews

### **3.0 SIGNIFICANT GOVERNANCE ISSUES**

The Chief Constable has been advised on the implications of the result of the review of the effectiveness of the governance framework by the Annual Governance Working Group and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

This year's review of Force governance arrangements has not identified any significant control weaknesses. However, Dorset Police and the Chief Constable will over the coming year take steps to address the following matters to further enhance our governance arrangements. The Force is satisfied that these steps will provide improvement to effectiveness and will monitor their implementation and operation as part of our next annual review.

Using the definition provided in guidance to support compliance with the Accounts and Audit Regulations 2015, the Chief Constable on behalf of Dorset Police has judged the following to be issues appropriate for comment.

#### **3.1 The Strategic Alliance**

##### Background

In May 2015 Devon and Cornwall Police and Dorset Police along with both Police and Crime Commissioners signed an agreement to work together to transform future service delivery to the public. This agreement called the Strategic Alliance is a commitment to work together to increase efficiency and effectiveness, resilience and capability whilst retaining separate identities to sustain the delivery of local policing.

##### Current State

An initial study identified thirty two areas of business suitable for joint service delivery across both Forces. All are due to be fully implemented and delivering cost savings by 2020. Details are listed below:-

Joint SA team as at 31/03/2016	Joining in 2016-17	Depts joining 2017-18 or later
<ul style="list-style-type: none"> <li>• Ops Command</li> <li>• ANPR</li> <li>• Admin Services</li> <li>• Dogs</li> <li>• Finance</li> <li>• Integrated Offender Management</li> <li>• Audit Insurance &amp; Strategic Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>• Transport</li> <li>• Prevention Dept.</li> <li>• Information Management (phase 1)</li> <li>• Ops Planning</li> <li>• Roads Policing</li> <li>• Firearms / ARV</li> <li>• Intelligence</li> <li>• ICT (staffing)</li> <li>• People Services</li> <li>• Business Change</li> </ul>	<ul style="list-style-type: none"> <li>• Firearms Licensing</li> <li>• Professional Standards</li> <li>• Resource Management</li> <li>• Information Management (phase 2)</li> <li>• ICT (full go live 2020)</li> <li>• Major Crime</li> <li>• Criminal Justice,</li> <li>• Custody,</li> <li>• CATS/CTO</li> <li>• Victim &amp; Witness Services</li> <li>• Command and Control</li> <li>• Info Mgt (phase 3)</li> <li>• FSG</li> <li>• Corporate Comms,</li> <li>• Estates</li> <li>• (Go- live dates TBC)</li> </ul>

The implementation of multiple business cases on this scale does not come without risk. In particular there is a requirement to align policies, procedures and office practices. This creates the requirement to implement an integrated enterprise wide risk management framework.

The Alliance governance framework ensures scrutiny and risk assessment of all options for joint service delivery within each business case. The Alliance Programme Team supports business case authors to develop the options for each business case with any significant issues referred for decision to the Programme Direction Group chaired by both Deputy Chief Constables and attended by both Office of the Police and Crime Commissioners Chief Executives. Final business cases are presented for approval to the Alliance Executive Board attended by Chief Constables, Police and Crime Commissioners, and Chief Officer teams.

Force Strategic Business Change departments attend development meetings for regional and national programmes. Reports are provided to the Alliance Programme Director to prevent duplication of work through the Alliance. Both Chief Officer teams are aware of the current position regarding regional and national programmes to enable clear and effective decision-making and leadership. Former Dorset Assistant Chief Constable David Lewis has been appointed to the new role of Regional Assistant Chief Constable where he will have responsibility for overseeing operational regional collaborations. This will directly feed into the work of the Strategic Alliance and will strengthen the co-ordination of the implementation schedule.

### Current Joint Governance Arrangements

Effective governance requires clear objectives, risk management and audit arrangements. To enable this both Forces have developed a joint risk based audit schedule for 2016/17 that will provide assurance on current practices and controls and identify opportunities for improvements.

Joint Force insurance arrangements took effect on 1<sup>st</sup> April 2016 that will help to drive the implementation of risk management activity across the Forces and the Alliance.

A new joint Peoples Board has been established and a Peoples Strategy 2016/2020 developed for implementation of the new Alliance Human Resource arrangements. This Board will report to both Force Joint Executive/ Management Boards.

### Challenges and Concerns

The joint Governance framework is under development with arrangements being set for the transition period. Decision-making and reporting protocols must remain flexible during this period to establish an effective long term governance structure.

The implementation of a robust future governance framework will be based on a clear understanding of both Forces current arrangements to provide a clear vision of the future requirements and expectations of both Chief Officer teams.

The agreement of a single Code of Corporate Governance will provide the statutory financial framework for both Forces and Police and Crime Commissioners. This will include matching schemes of delegation and consent to enable effective decision-making.

An effective joint Policy framework is required to be established to support transparent application of operational/business governance.

A system will be developed to provide a joint risk management framework that allows emergent risks from the new alliance departments to be monitored alongside residual individual Force risks. A process to identify and control strategic risks that impact on both Forces will also be established to provide assurance during the transition period.

A joint audit plan has been put in place to support the implementation of new controls that are robust, particularly in the financial environment.

A flexible approach to the business case implementation schedule will be established to support regional and national programmes of work and to recognise and reduce any impact on interdependencies within both Forces.

## **3.2 Financial Context**

The Governments Comprehensive Spending Review in November 2015 did not result in the predicted funding reductions. This has enabled Dorset Police to review the speed at which it implements transformational changes to the Force to minimise risk and maximise operational capability The Strategic Alliance implementation schedule will continue to establish joint service provision and

provide cost savings to both Forces. Once all thirty two business cases have been fully implemented other areas of the Force identified as suitable for the provision of joint service delivery will be investigated. The wider financial context will continue to be monitored and the medium term financial strategy reviewed and updated as appropriate.

### **3.3 Governance and the Changing Powers of the Police and Crime Commissioner**

It is expected that current governance arrangements and meetings framework will be reviewed following the Police and Crime Commissioner elections that took place on the 5<sup>th</sup> May 2016. The Home Secretary is currently progressing the Policing and Crime Bill 2015-16 which extends the potential powers of the Police and Crime Commissioner. The bill will make many legislative changes but in particular determines the opportunity for the Police and Crime Commissioner to increase collaborative working between the emergency services, in particular with the Fire and Rescue Service. The Police and Crime Commissioner will also be given the opportunity to take greater responsibility for the handling and investigation of police complaints.

### **3.4 Partnership Working**

The strategic review of neighbourhood policing has determined responsibilities for Police Officers, Special Constables and Police Community Support Officers to enable them to develop and better utilise their skills to best serve local people. This will help to develop more effective partnership working with our non-statutory partners and stakeholders and help to improve our community engagement strategies. Community Support Officers will concentrate on developing effective relationships with partners and stakeholders in their local communities. This will release warranted Police Officers and Special Constables to attend more incidents therefore more effectively meeting demand and supporting those most vulnerable members of the public who require additional support. Good practice within local communities will be captured to enable organisational learning.

### **3.5 Workforce and Succession Planning**

Dorset Police and Devon and Cornwall Police are developing a revised workforce plan (demand/design) which will determine future changes to workforce requirements. In response a joint Alliance workforce plan (supply) will be developed to provide the forces with future capabilities and ensuring planning ahead of predicted demand. The Home Office is currently considering the introduction of controls to direct Forces to invest in high risk and emergent areas of crime, such as cyber and digital crime and a national increase in firearms capacity to reduce terrorist threat. Investment has been directed to these high risk areas of business but this could have an impact on the future joint workforce plan and the medium and long term financial plans required to fund them.

### **3.6 Media, technology and communications**

The Force will continue to develop new strands of media technology to enable the public direct contact with the Force and enable more interactive methods of working. The Force is currently developing and implementing a new website designed to enhance transparency and ease of community engagement at all

levels of contact with the Force. In addition the Alliance has established an ICT/ technology convergence programme in direct support of Alliance business case implementation. Undertaking convergence on a timely basis will enhance the effectiveness of the Alliance programme.

## **THE CHIEF CONSTABLES STATEMENT**

I propose over the coming year to take steps to further enhance our governance arrangements in relation to Section 3 above. I am satisfied that this will provide on-going improvement to effectiveness, and will monitor implementation and operation as part of the next annual review.

Signed

A handwritten signature in black ink, appearing to read 'Simpson', with a large, stylized initial 'S'.

Debbie Simpson  
Chief Constable of Dorset Police Force

26<sup>th</sup> September 2016

## **Alphabetical List of References**

Accounts and Audit (Amendment) (England) Regulations 2006  
Association of Chief Police Officers  
Chartered Institute of Public Finance and Accountancy (CIPFA)  
CIPFA/SOLCE Framework: Delivering Good Governance in Local Government  
Code of Ethics  
College of Policing  
Joint Code of Governance  
Joint Independent Audit Committee (JIAC)  
Financial Management Code of Practice, Police Act 1996  
Health and Safety Executive  
Her Majesty's Inspector of Constabulary (HMIC)  
HMIC Police Legitimacy inspection 2015 (Dorset)  
Home Office Police Crime Standards Directorate  
Home Office Professional Standards Unit  
Home Office Standards for Professional Behaviour  
Independent Police Complaints Commission (IPCC)  
KPMG  
Local Government Act 1972 (section 151)  
Local Government Act 1999  
National Police Staff Council  
Nolan Principles  
Police and Crime Police and Crime Commissioner  
Police and Crime Panel  
Police and Crime Plan  
Police Reform Act 2002  
Police Reform and Social Responsibility Act 2011  
Policing Plan (Amendment) Regulation 2010  
Practical Guidance for Local Authorities (CIPFA)  
Strategic Alliance Audit Committee  
South West Audit Partnership (SWAP)



## GLOSSARY OF FINANCIAL TERMS

The following definitions of technical terms used in these accounts may be of assistance.

<b>ACCOUNTING PERIOD</b>	The period of time covered by the accounts, which for this CC means a period of twelve months commencing on 1 April.
<b>ACCOUNTING POLICIES</b>	The principles, conventions, rules and practices that specify how the effects of transactions and other events are recognised, measured and presented in the financial statements.
<b>ACCRUAL</b>	Sums included in the final accounts to cover income and expenditure attributable to the accounting period but for which payment has not been made or received by 31 March.
<b>ACTUARIAL VALUATION</b>	An independent report on the financial status of the Pension Fund, which determines its ability to meet future payments.
<b>AGENCY SERVICES</b>	The provision of services by one body (the agent) on behalf of, and generally with reimbursement from, the responsible body.
<b>AMORTISATION</b>	Amortisation is the equivalent of depreciation for intangible assets.
<b>APPROPRIATION</b>	A transfer of monies between the revenue account and the balance sheet.
<b>ASSET</b>	Something of worth that is measured in monetary terms e.g. land and buildings (also referred to as capital assets or fixed assets).
<b>BALANCES</b>	The accumulated surplus of income over expenditure.
<b>BUDGET</b>	A statement of the CC's plans expressed in financial terms for a specified period of time.
<b>CAPITAL CHARGE</b>	A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. This equates to depreciation and impairment charges under the IFRS based Code.
<b>CAPITAL EXPENDITURE</b>	Expenditure on the acquisition or construction of significant assets (e.g. land and buildings) which have a long term value to the CC (also referred to as capital spending or capital payments).
<b>CAPITAL GRANTS</b>	Grants paid to the CC in support of approved capital projects.
<b>CAPITAL RECEIPTS</b>	Income from the sale of capital assets (land, buildings, etc.).
<b>CARRYING AMOUNT</b>	The amount at which an asset or liability is shown in the balance sheet at a specified date; for example, the cost of a vehicle, less the accumulated depreciation.
<b>COLLECTION FUND</b>	A fund maintained by district, unitary and borough councils for the collection and distribution of local tax receipts. County, police, fire, district, unitary and parish council precepts are met from these funds.
<b>CONSISTENCY</b>	The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.
<b>CONTINGENCY</b>	A sum of money set aside to meet unforeseen expenditure.
<b>CONTINGENT LIABILITY</b>	A possible obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.
<b>CORPORATE &amp; DEMOCRATIC CORE</b>	Those activities which police authorities engage in specifically because they are elected authorities. There is no basis for apportioning these costs over services.
<b>COST CENTRE</b>	A specific area of activity where control of certain budgets has been delegated.
<b>COUNCIL TAX</b>	A property based tax, with discounts for those living alone, which is administered by District, Borough and Unitary Councils.
<b>CREDITORS</b>	Amounts owed by the CC for work done, goods received or services rendered but for which payment has not been made by the end of the accounting period.
<b>CURRENT ASSETS</b>	Current assets are those which can either be converted to cash or used to pay current liabilities within 12 months.

## GLOSSARY OF FINANCIAL TERMS

<b>CURRENT LIABILITIES</b>	Amounts owed by the Local Authority which are due to be settled within 12 months.
<b>CUSTOMER &amp; CLIENT RECEIPTS</b>	Income derived from services provided by the CC, from sales (excluding land & buildings), and from rents.
<b>DEBTORS</b>	Amounts due to the CC but unpaid by the end of the accounting period.
<b>DEPRECIATION</b>	The measure of the use of a fixed asset over its economic life.
<b>EMOLUMENTS</b>	All sums paid to an employee, including any allowances chargeable to UK income tax, but excluding pension contributions payable by either employer or employee.
<b>ESTIMATION TECHNIQUES</b>	The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves. These implement the measurement aspects of the accounting policies, and include selecting methods of depreciation and making provision for bad debts.
<b>FIXED ASSETS</b>	Assets that provide benefits to the CC and the services it provides, for a period of more than one year.
<b>HOME OFFICE GRANT</b>	A central government grant paid by the Home Office to Police Authorities in support of their day to day expenditure, allocated by means of the four block model.
<b>IAS</b>	International Accounting Standards are statements of standard accounting practice issued by the International Accounting Standards Committee and with which all Local Authorities are now required to comply.
<b>IFRS</b>	International Financial Reporting Standards (IFRS) as they apply to Local Authorities in England.
<b>IMPAIRMENT</b>	A reduction in the value of a fixed asset or financial instrument, arising from physical damage such as a major fire, or a significant reduction in market value, or a situation where capital spending on an asset has no effect on the value of the asset.
<b>INVENTORIES</b>	The amount of unused or unconsumed stock held for future use. Examples include consumable stores and services in intermediate stages of completion.
<b>LEASE (FINANCE LEASE)</b>	A finance lease is an arrangement where substantially all of the risks and rewards of ownership of the leased asset pass to the lessee, regardless of whether the lease arrangement provides for actual transfer of ownership.
<b>LEASE (OPERATING LEASE)</b>	Any lease which is not a finance lease.
<b>NATIONAL NON-DOMESTIC RATES (NNDR)</b>	District and Unitary councils collect this tax locally and pay it to the Government. It is then re-distributed to Police and other Local Authorities on the basis of resident population.
<b>NON-CURRENT ASSETS</b>	Assets that provide benefits to the Authority and the services it provides, for a period of more than one year.
<b>NON DISTRIBUTED COSTS (NDC)</b>	Overheads for which no user benefits, and therefore not apportioned over services. Previously this was called Unapportionable Central Overheads (UCO).
<b>NON-OPERATIONAL ASSETS</b>	Fixed assets that are not occupied or used in the delivery of services. Examples are investment properties and assets surplus to requirements, pending sale.
<b>PENSION FUND</b>	For staff other than police officers, contributions from both employers and employees are invested for the time being, and used to provide pension benefits to contributors and their dependants. Police officer pensions are not paid into an investment fund, but are paid directly from revenue expenditure.
<b>PRECEPT</b>	A levy requiring the District, Borough and Unitary Councils to collect income from council taxpayers on behalf of the CC.

## GLOSSARY OF FINANCIAL TERMS

<b>PROVISIONS</b>	Amounts set aside to meet liabilities or losses which are likely to be incurred, but where the actual sum and timing are uncertain.
<b>RESERVES</b>	Sums set aside to meet the cost of specific future expenditure.
<b>REVENUE EXPENDITURE</b>	The day to day costs incurred by the CC in providing services.
<b>REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (FORMALLY) DEFERRED CHARGES</b>	Where capital expenditure does not result in the acquisition of a fixed asset, or is incurred on an asset not belonging to the CC, the expenditure is charged directly to the income and expenditure account in the year it occurs with the necessary appropriations in the Statement of Movement on the General Fund Balance and the Capital Adjustment Account.
<b>REVENUE SUPPORT GRANT (RSG)</b>	A general central government grant paid to the CC, in addition to Home Office Grant, in support of its day to day expenditure.
<b>RUNNING COSTS</b>	Expenditure incurred on the use of premises, transport and equipment, together with other general expenditure necessary to enable the service to be provided.
<b>SPECIFIC GRANTS</b>	Grants from the Home Office, additional to other grants, for specific projects.
<b>STOCKS</b>	The amount of unused or unconsumed stocks held in expectation of future use. Examples include consumable stores and services in intermediate stages of completion.
<b>THIRD PARTY PAYMENTS</b>	The cost of specialist or support services purchased by the CC from outside contractors and other bodies.
<b>TOTAL COST</b>	The total cost of a service includes all revenue expenditure (see above) and support services, overheads and capital charges.
<b>TRUST FUNDS</b>	Funds administered by the CC for such purposes as prizes, charities and special projects.

