



Annual Accounts 2016/2017





Statement of Accounts 2016-17

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AUDIT OPINION

Independent auditor's report to the Chief Constable for Dorset

We have audited the financial statements of the Chief Constable for Dorset for the year ended 31 March 2017 on pages 18 to 34. 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 2016/17.

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 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 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 Finance Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Finance 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's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance 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 as at 31 March 2017 and of the Chief Constable'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 2016/17.

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 35 to 48 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' (CIPFA/SOLACE 2016 Edition); 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

AUDIT OPINION

- 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's arrangements for securing economy, efficiency and effectiveness in its use of resources

Chief Constable's responsibilities

The Chief Constable 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 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 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'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 2016, 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 2017.

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.

AUDIT OPINION

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, 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 2017.

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.



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

28 September 2017

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 2016/17 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 2017. 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 2016/17.

The Statement of Accounts

The 2016/17 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2016/17.

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.

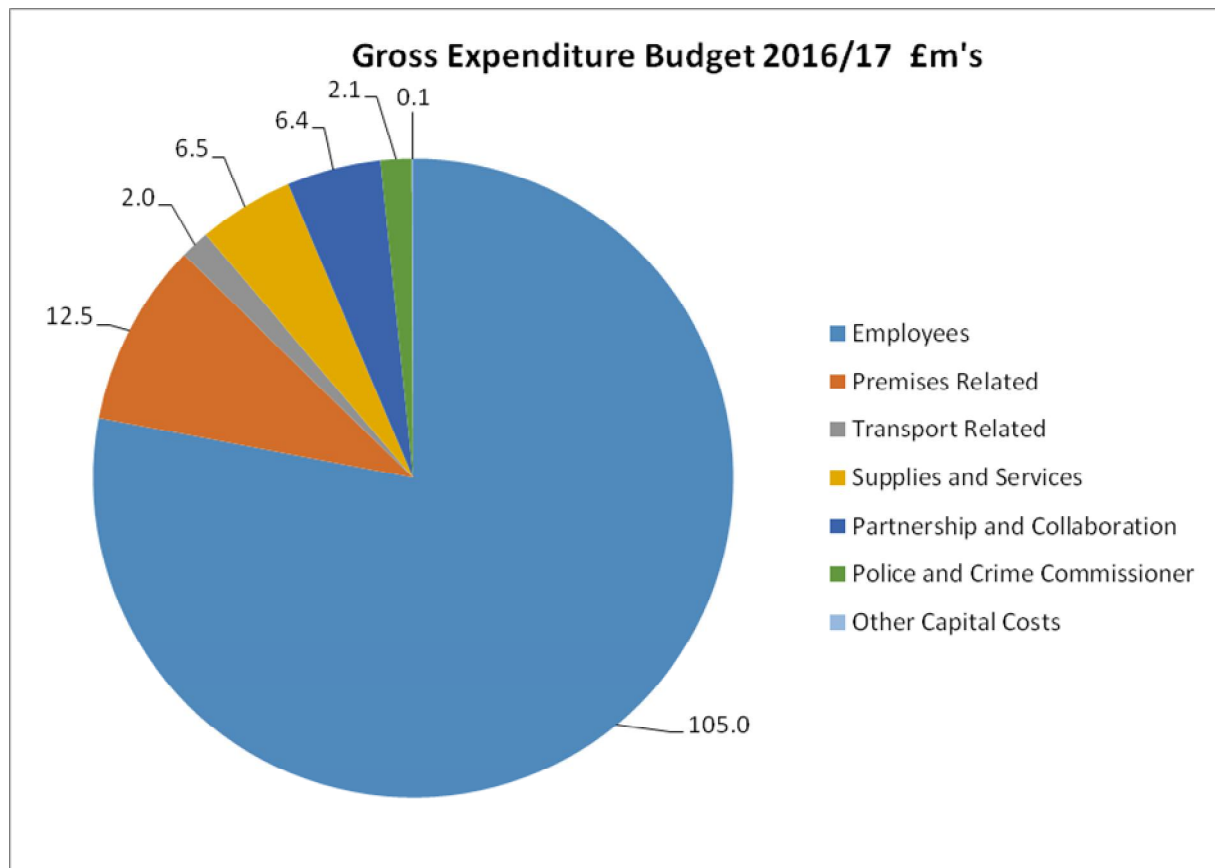
Revenue Budget

In February 2016 the Police and Crime Commissioner set the revenue budget for 2016/17 at £121.1 million. As part of continued efforts to tackle the national deficit, the Government has continued to squeeze funding for the police service, which in 2016/17 resulted in funding for Dorset being cut by £0.3m in cash terms (0.5%), but this represents a significantly higher cut in real terms. The Force has made significant savings since funding reductions commenced in 2010/11, with £38.5m total savings achieved up to 2016/17.

NARRATIVE STATEMENT TO THE ACCOUNTS

Comparison of Actual Expenditure with Budget

The approved net budget for 2016/17 is £121,070k, which consists of £134,618k expenditure netted down by £13,548k income. This does include costs of the PCC. The gross expenditure budget relates primarily to employee costs, as reflected in the chart below.



The final outturn against the net budget of £121,070k was an underspend of £251k which resulted in an increase in general balances.

The main variations were:

- Insurance claims paid, and those known but not yet settled, have been significantly below budgeted estimates this year, resulting in an underspend of £509k.
- Savings on regional collaboration activity, including a saving of £392k due to delayed implementation costs of planned collaborative work, which has been deferred until 2017/18.
- The Force received over £2m more income than budgeted for this year, which includes reimbursed income for collaborative work, provision of police officers to other forces under mutual aid arrangements, and income from the OPCC toward the victim's bureau project.

NARRATIVE STATEMENT TO THE ACCOUNTS

- At the time of setting the budget a significant reduction in security grant was anticipated, but this reduction was not ultimately implemented by the Home Office. This resulted in £653k more income than originally budgeted.
- Largely offsetting these underspending areas were higher than planned expenditure on overtime, agency staff costs, supplies and services (consultancy, financial services (audit), mutual aid, general office equipment and subsistence) and computing.

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.

Performance Measures

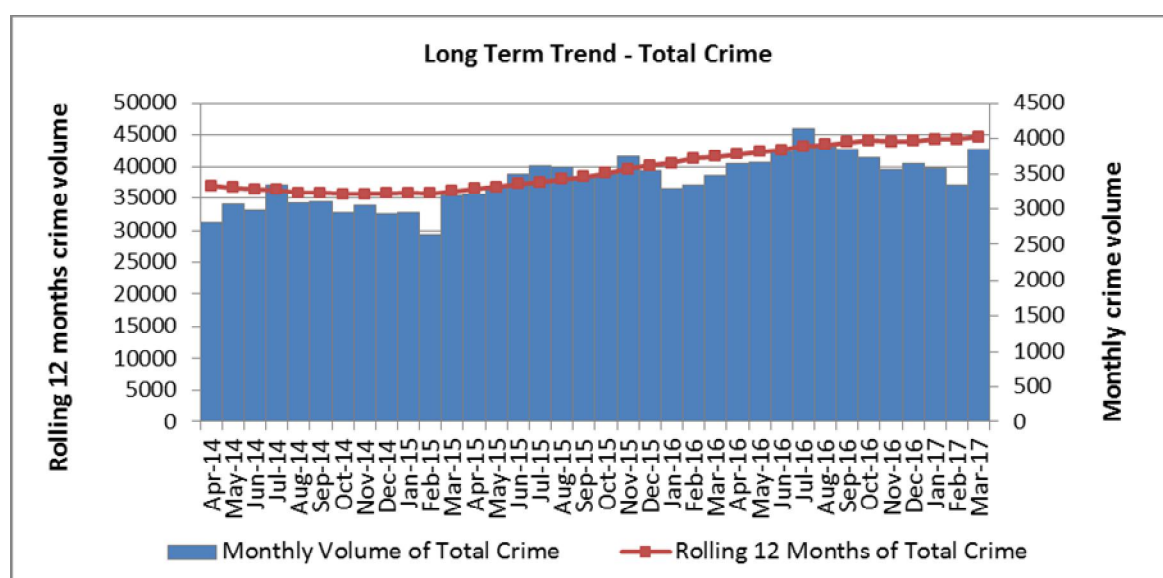
The Police and Crime Commissioner set six operational priority areas for the 2016/17 year in his Police and Crime Plan. These priorities were monitored and reported on quarterly to the Police and Crime Panel, and the year end position in each case is reported below.

Priority 1: Reduce the number of victims of crime and anti-social behaviour

The latest national data published in April covers the 12 months to the end of December 2016. Dorset remains within the first quartile of all Forces for Violence with injury (7th) and in the second quartile for sexual offences, robbery and public order.

To be placed within the first quartile is generally viewed as a positive for the Force as it means that Dorset has one of the lowest crime rates for those specific crime types. For example, it has the 7th lowest violence with injury crime rate. However, the Police and Crime Commissioner and the force have been driving improved recording of crime. As a direct consequence increased recording of some less serious offences has been experienced such as common assault otherwise known as assault without injury.

Figure 1: Crime: Monthly breakdown of performance and longer term trend



Between 1 April 2016 and 31 March 2017, **total police recorded crime** increased by 7.6% or 3,160 additional crimes when compared to the same period in 2015/16. The increase in total crime continued to be caused primarily by a rise in recorded lower level violence, which is discussed in more depth under priority 2.

NARRATIVE STATEMENT TO THE ACCOUNTS

For the year to September 2016, which is currently the latest Crime Survey of England & Wales data available, Dorset Police is 4th nationally for people believing that they are 'dealing with community priorities'.

Priority 2: Reduce the number of people seriously harmed in Dorset

Dorset's national position for violence against the person remained stable at 15th lowest crime rate between the 12 months to September 2016 and the 12 months to December 2016 although the crime rate did increase slightly. The increase in overall violence against the person is attributable to a rise in the crime rate for violence without injury offences. The majority of the increases are directly attributable to improved recording practice. Contained within this category are child neglect offences. The increased volume of child neglect offences recorded was predicted and is viewed as a positive outcome of increased proactivity from both police and partner agencies in the safeguarding of children.

Also relevant to this priority is sexual offences, and the latest data for the 12 months to 31 December 2016 places Dorset 14th nationally; an improvement on Dorset's position of 17th in Sept 2016, reflecting a minor reduction in the crime rate.

During 2016/17, Hotel Watch was launched in Bournemouth, with staff from over 100 hotels and B&Bs receiving training in spotting the signs of child sexual exploitation, modern slavery, and cyber and drugs offences.

Violent crime – The rising trend in violent crime since 2013/14 has been well documented in previous reports, referencing work carried out by the National Police Chiefs Council (NPCC) which demonstrated that the country had not become more violent, but that the increasing national trend could be attributed to a change in reporting and recording practices for these crimes. During 2016/17, the Force recorded a 19.2% increase in violent crime (+2,262 crimes).

Whilst the volume of **domestic abuse crime** recorded between 1 April 2016 and 31 March 2017 represents a 10.9% increase on the previous year (+529 actual), **domestic abuse incident** volumes decreased by 9.8% during 2016/17. There have been just under 600 fewer domestic abuse incidents recorded during 2016/17.

The Force has increased its focus on **Child Sexual Exploitation (CSE)** in recent years, with specialist teams established to deal with these investigations. During 2016/17, a total of 279 CSE investigations were recorded within Dorset, which is a reduction from the peak of 337 investigations in 2015/16. Of the 279 investigations, almost a third (90 actual) were related to a crime. A number of children have been safeguarded as a direct result of police operations targeting high risk offenders in this area.

Serious Sexual Offences – Continuing the upward trend, during 2016/17, the Force recorded an 8.4% increase in serious sexual offences compared to the previous year; although this is a change on the position at the end of December when a 14.8% increase was recorded, so the size of the increase did reduce over the year.

Hate Crime – During 2016/17 the Force recorded a total of 495 hate crimes – a 9.3% increase on the volume recorded during 2015/16. Similarly, the volume of hate incidents recorded has increased on the comparable period the previous year – 302 incidents recorded in the year to date; a 58.1% increase (+111 actual) on 2015/16.

Victims of hate crimes and incidents provide feedback to the force on how satisfied they were with their whole experience. Latest data for the rolling 12 months to March 2017 shows that

NARRATIVE STATEMENT TO THE ACCOUNTS

76% of victims were satisfied with their whole experience, with over 91% satisfied with how they were treated by staff.

Killed or Seriously Injured (KSI) data is reported on a calendar year. During 2016, there were a total of 368 killed or seriously injured casualties of road traffic collisions, representing a 13.8% reduction on the 2015 figure.

Priority 3: Help protect the public from serious threats (local, regional and national) to their safety including organised crime and terrorism.

According to the latest Community Safety Survey data for the 12 months to 31 March 2017, residents' worry about drugs/substance misuse or drug dealing has increased to 33% of people surveyed being concerned which is a statistically significant rise from the 28% recorded for 2015/16.

Tackling cyber-crime remains a key priority for Dorset Police. The Dorset Police Cyber-Crime Unit has launched a new channel on YouTube to host a series of short three minute videos in an effort to keep businesses safe from cyber-attacks with more and more businesses falling foul to cyber-attacks as a result of poor security.

Priority 4: Reduce Re-offending

This priority is cross-cutting and acknowledges at a strategic level the role played by the Police and others in reducing reoffending. It focuses on the management of those offenders responsible for the highest risk crimes and incidents through all of the priorities.

Dorset Police has had multiple successes from its voluntary tagging scheme where offenders voluntarily wear tags in a bid to stop re-offending. The tagging scheme provides offenders with the opportunity to be fitted with a GPS tag for an agreed period while they are on probation or following their release from prison.

Priority 5: Increase people's satisfaction with policing in Dorset

In relation to people's confidence in the Police, 84.8% of Dorset respondents to the CSEW (Crime Survey in England and Wales) for the 12 months to September 2016 stated that they had confidence in Dorset Police. This places Dorset 2nd nationally, continuing a general upward trend over recent years.

The question from the CSEW that measures the percentage of people who "think the police are dealing with community issues" shows 67.9% of respondents agreeing in the year ending September 2016; placing the Force 4th nationally – an improvement on the position of 10th which it occupied at the end of March 2016. The next set of results for the 12 months ending December 2016 are due at the end of June 2017.

Call handling targets concerning call answering speeds were retained within the Police and Crime Plan relevant to this reporting period. Between 1 April 2016 and 31 March 2017, 91.2% of 999 calls were answered within 10 seconds, falling below the local target of 95% although exceeding the national target of 90%. Just 0.4% of emergency calls were abandoned over this period; a notable improvement on the 1.0% abandoned between April and March 2015/16.

In relation to non-emergency calls, where the force aims to answer 75% of calls within 30 seconds, the improvement trend continued during 2016/17, with 74.9% of calls answered within 30 seconds by year end.

NARRATIVE STATEMENT TO THE ACCOUNTS

Priority 6: Support neighbourhood policing that is appropriate for both rural and urban communities in Dorset

As at 31 December 2016, there were 185 volunteers working within the Force, compared to 176 as at Sept 2016; a 5.1% increase. Data as at 31 March 2017 is not currently available. In terms of the Special Constabulary, the numbers have continued to reduce as at 31 December 2016, down from 158 Special Constables to 145 Specials. A proportion of this reduction will be due to constables leaving in order to join the regular police force.

Dorset Police's Rural Crime Team which was formed in August 2016 continues to work proactively alongside colleagues, partners and volunteers to increase engagement with rural communities, target criminals who offend in our rural areas and provide bespoke crime prevention advice. A rural crime baseline assessment was completed in January 2017 to improve the Force's understanding of the picture of crimes and incidents happening within Dorset's rural areas.

Other Information

The accounts are prepared in accordance with the Accounts & Audit Regulations 2015 including the Annual Governance Statement on pages 35 - 47, the Code of Practice on Local Authority Accounting (The Code), 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 the Chief Constable have been prepared on an IFRS basis.

The accounts that follow show the Chief Constable's financial outturn for the year 2016/17. The accounts comprise: -

i) Comprehensive Income and Expenditure statement.

This statement summarises the CC's total income and expenditure for the year. These figures are compared with the estimates that were updated continuously throughout the year and with the actual expenditure for 2016/17;

ii) Balance sheet

This shows the consolidated assets and liabilities of the Chief Constable. The net assets of the CC are matched by the reserves held by the CC. Reserves are reported in two categories. The first category of reserves are those that the CC is not able to use to provide services. It includes reserves that hold unrealised gains and losses (for example the Revaluation reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations. The second category are usable reserves i.e. Those reserves that the CC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

iii) Movement in reserves statement (MiRS)

This statement shows the movement from the start of the year to the end on the different reserves held by the CC, analysed into "usable reserves" and other "unusable reserves". The Movement in Reserves statement shows how the movements in year of the CC's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the

NARRATIVE STATEMENT TO THE ACCOUNTS

amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balances movements in the year following those adjustments. Changes to the code means this is now shown in a more simplified format

iv) Cash-flow statement,

This statement shows the sources and applications of the CC's funds during the year;

As well as the four primary Financial Statements 2016/17 sees the introduction of a new statement into the accounts which is described below:

v) The Expenditure and Funding Analysis (and notes).

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the CC (i.e. Government Grants, Council tax) for the year has been used in providing services in comparison with those resources consumed or earned by the PCC in accordance with generally accepted accounting practices.

The notes to the Expenditure and Funding Analysis splits the adjustments between funding and accounting basis by those for capital purposes, pensions and other differences with an explanation and summary of those adjustments.

vi) Notes to the above Core Statements

These give further information and explanations of the figures in the primary financial statements.

Conclusion

Dorset Police spent within their available budget in 2016/17, and continued to provide positive policing outcomes across many areas of activity. However there remains the expectation of ongoing funding reductions, which will continue to put pressure on the resources available. As such, the Police and Crime Commissioner and the Chief Constable. Continue to consider and where possible put in place initiatives to improve the efficiency and effectiveness of the Force. This includes more collaborative working and the further development of the work-force plan. These initiatives will help to generate efficiency savings that will enable the Force to focus resources on the increasing demands arising from public safeguarding and also on combating the increasing complexity of criminal networks and high tech crime.

*John Jones CPFA
Chief Finance Officer to the Chief Constable
Date: 28th September 2017*

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) 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. Contingent Liabilities

In accordance with IAS 37, a contingent liability is:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the authority, or;
- (b) A present obligation that arises from past events but is not recognised because;

ACCOUNTING POLICES

(i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or;

(ii) The amount of the obligation cannot be measured with sufficient reliability.

No provision is made in the accounts for contingent liabilities. Details of any other liabilities are disclosed in the notes to the Financial Statements.

14. Provisions

In accordance with IAS 37, the CC maintains a provision to meet a liability that will arise in future years. These relate to taxation in respect of rent allowances, time held in lieu and additionally Insurance and are detailed in Note 15 to the Core Financial Statements

15. Short Term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. Annual leave not taken at the end of the financial year is accrued for in the Surplus or Deficit on the Provision of Services, in accordance with IAS 19.

20. Tangible Fixed Assets

a) Recognition - The Code of Practice on Local Authority Accounting requires Local Authorities to maintain asset registers to record information on their capital assets. These assets are valued and revalued periodically by professional valuers, for inclusion in the Balance Sheet in accordance with IAS 16. A de-minimis level of £25,000 has been applied to Land and Buildings. There is no de-minimis for other asset classes.

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes; and
- it is probable that future economic benefits will flow to, or service potential will be supplied to the CC; and
- it has a useful economic life of more than one year; and

- The cost of the item can be measured reliably.

b) Measurement - Values are updated based on the results of annual revaluations of a representative sample of 25% of properties. The value of assets for the purposes of the capital accounting requirements does not purport to be the market value of assets owned by the CC.

c) Impairment - Assets are reviewed annually for evidence of impairment. Impairment is the reduction in the recoverable amount of a non-current asset below the amount at which it is being carried in the Balance Sheet. It can be the result of physical damage, use, obsolescence or the passing of time. If any indication of impairment exists, the recoverable amount is estimated. Upward revaluation of an asset is matched by an increase to the Revaluation Reserve to reflect an unrealised gain. Where an asset is impaired (downward revaluation), the value of the asset is written down to the recoverable amount as soon as the impairment is recognised. Impairment losses on revalued assets are recognised in the Revaluation Reserve, up to the amount in the Reserve for each respective asset and thereafter charged to Surplus or Deficit on the Provision of Services.

d) Reversal of Impairment - Assets are reviewed annually to determine whether there is any indication that an impairment loss recognised in earlier periods for an asset may no longer exist or have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

The reversal of an impairment loss of an asset (previously recognised in Surplus or Deficit on the Provision of Services) is only permitted to be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If there is an indication that the impairment loss recognised for an asset may no longer exist or may have decreased, this may indicate that the useful life, the depreciation method or the residual value need to be reviewed, even if no impairment loss is reversed for the asset.

ACCOUNTING POLICES

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Any excess above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years is treated as a revaluation gain and charged to the Revaluation Reserve.

e) Disposals - Capital receipts from the disposal of property and other assets owned by the CC, less the cost of the sale, are credited to the usable capital receipts reserve and used to finance new capital expenditure.

f) Gains and losses on disposal of assets - A gain or loss arises when the proceeds of the sale of an asset differs from the net book value of that asset in the Balance Sheet. The gain or loss is charged to the Net Operating Expenditure section of the Income & Expenditure Account, and reversed out in the Statement of Movement on the General Fund Balance.

g) Depreciation - Tangible fixed asset depreciation is charged to the Income & Expenditure Account where the assets have a finite useful life. This includes buildings in accordance with the requirements of IFRS. As part of the annual valuation of assets, the Valuation and Estates Manager determines the estimated useful life of the properties. The depreciation charge is based on equal annual instalments over the expected life of the asset with no allowance for residual value. For guideline purposes, vehicles and equipment are depreciated over periods of 2 to 10 years, infrastructure assets over 20 years and buildings over periods of 20 to 60 years. No depreciation charge is made for land or community assets.

h) Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised.

Subsequent expenditure which does not add to the future economic benefits or service potential of the asset is charged as operating expenditure.

i) Componentisation

Component accounting is the separate recognition of two or more significant components of an asset for depreciation purposes (ie as if each component was a separate asset in its own right) where the useful life is substantially different.

Each part of an item of property, plant or equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Significant is when the component is 25% of the total asset with a minimum total asset value of £1m. Assets are reviewed for componentisation whenever they are acquired, revalued, or enhanced.

STATEMENT OF RESPONSIBILITIES

The Chief Constable's Responsibilities

The Chief Constable is required to:

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

Approval of Accounts

I approve these Statements of Account

Signed
D Simpson
Chief Constable Dorset Police

Date: 26 September 2017

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Annual Statement of Accounts of the Chief Constable in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code).

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

- .. Selected suitable accounting policies and applied them consistently;
- .. Made judgements and estimates that were reasonable and prudent;
- .. Complied with the Code of Practice.

The Chief Finance Officer has also:

- .. Kept proper accounting records which were up to date
- .. Taken reasonable steps for the prevention and detection of fraud and other irregularities

Chief Finance Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2017 gives a true and fair view of the financial position of the Chief Constable at the reporting date and of the income and expenditure for the year ended 31 March 2017.

Signed
John Jones CPFA
Chief Finance Officer

Date: 28 September 2017

STATEMENT OF RESPONSIBILITIES

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

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

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

The Comprehensive Income and Expenditure Statement (CIES) reflects the Police and Crime Commissioners financial resources consumed by the Chief Constable for 2015-16 and 2016-17. In practice all the respective costs are paid for by the Police and Crime Commissioner and the CIES includes intra-group adjustments resulting in a nil balance for total comprehensive income and expenditure.

2015-16 Re-stated Net Spending £'000		<u>2016-17</u> Net Spending £'000
	Division of Service	
106,625	Chief Constable	112,237
0		
106,625	Total financial resources of the PCC utilised at the request of the Chief Constable	112,237
(106,625)	Inter-group adjustment	(112,237)
0	Net cost of Police Services	0
	Financing & Investment Income & Expenditure	
41,982	Pensions Interest Cost & Expected Return on Assets	42,872
43,895	Pension Top Up Grant Expenditure	37,313
(43,895)	Pension Top Up Grant Income	(37,313)
41,982	Total Finance	42,872
41,982	Deficit for the year	42,872
(112,778)	Actuarial Loss (gain) on Pension Fund Assets & Liabilities	332,362
70,796	Inter- group adjustment actuarial gain / loss on pensions	(375,234)
0	Total Comprehensive Income & Expenditure	0

This statement reports performance on the basis that the Force is structured and how it operates, monitors and manages financial performance. The layout is different from the previous annual accounts, which was based on the CIPFA Service Reporting Code of Practice (SERCOP), and the previous year comparative column is therefore designated as being re-stated.

CHIEF CONSTABLE'S BALANCE SHEET

This Balance Sheet is a record of the financial position of the Chief Constable as at 31 March 2017, with comparative figures for 31 March 2016. 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 2016		Notes	31 March 2017	
£'000	£'000		£'000	£'000
924			1,602	
	Intangible Assets			
	Tangible Fixed Assets	11		
	Operational Assets			
0	Land & Buildings		0	
6,271	Vehicles, Plant & Equipment		5,349	
	Non-operational Assets			
0	Surplus assets, held for disposal		0	
				6,951
	Current Assets			
320	Inventories	12	192	
12,095	Debtors & Payments in advance	13	10,243	
780	Accumulated Absences Inter-group Debtor		1,119	
1,170,467	Pensions Inter-group Debtor		1,537,079	
0	Temporary Investments		0	
0	Cash and Cash Equivalents		0	
1,183,662			1,548,633	
	Current Liabilities			
(11,722)	Creditors & Receipts in advance	14	(13,801)	
(780)	Accumulated Absences	16	(1,119)	
(12,502)			(14,920)	
1,171,160	Net Current Assets			1,533,713
1,178,355	Total Assets less Current Liabilities			1,540,664
0	Long Term Liabilities			
(7,833)	Inter-group creditor			(3,530)
(55)	Provisions	15		(55)
(1,170,467)	Pensions Asset / (Liability)	17		(1,537,079)
0	Total Net Assets / (Liability)			0

CHIEF CONSTABLE'S MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Specific Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Change in Total Usable Reserves	Change in Total Unusable Reserves	Change in Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2015	0	0	0	0	0	0	0
Movement in reserves during 2015-16							
Total Comprehensive Income and Expenditure	41,982	0	0	0	41,982	0	41,982
Adjustments between accounting basis and funding basis under regulations							
Total Adjustments	(41,982)	0	0	0	(41,982)	0	(41,982)
Total Transfers to/from Specific reserves	0	0	0	0	0	0	0
Balance as at 31 March 2016	0	0	0	0	0	0	0

	General Fund Balance	Specific Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Change in Total Usable Reserves	Change in Total Unusable Reserves	Change in Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2016	0	0	0	0	0	0	0
Movement in reserves during 2016-17							
Total Comprehensive Income and Expenditure	42,872	0	0	0	42,872	0	42,872
Adjustments between accounting basis and funding basis under regulations							
Total Adjustments	(42,872)	0	0	0	(42,872)	0	(42,872)
Total Transfers to/from specific reserves	0	0	0	0	0	0	0
Balance as at 31 March 2017	0	0	0	0	0	0	0

CHIEF CONSTABLE'S CASH FLOW STATEMENT

2015-16			2016-17	
£'000	£'000	35	£'000	£'000
		Operating Activities		
		Cash Outflows		
137,590		Cash paid to or on behalf of employees	129,633	
26,980		Other operating costs	28,520	
	164,570			158,153
		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
164,570		Operating Activities Net Cash Flow		158,153
		Servicing of Finance		
		Cash Outflows		
0		Interest paid	0	
		Cash Inflows		
0		Interest received	0	
	0			0
		Investing Activities		
		Cash Outflows		
0		Purchase of fixed assets	0	
		Cash Inflows		
0		Sale of fixed assets	0	
0		Capital Grants received	0	
	0			0
		Management of liquid resources		
0		Short Term Lending	0	
0		Short Term Loans Repaid	0	
		Financing		
0		Short Term Borrowing	0	
0		Short Term Borrowing Repaid	0	
	0			0
164,570		Net cash inflow / outflow		158,153
		Other Movements		
(164,570)		Adjustment for net surplus or deficit on provision of services		(158,153)
0		Net (increase) / decrease in cash		0

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used by the Chief Constable, all the costs are paid for by the Police and Crime Commissioner and funded from the Government Grant, Council tax and other income. The Police and Crime Commissioner meets the Chief Constable's expenditure in full by and intra-group adjustment there is no net expenditure chargeable to the General Fund.

	2015-16				2016-17		
	Net Expenditure Chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000		£'000	£'000	£'000
1	30,843	75,782	106,625	Chief Constable	39,987	72,250	112,237
	30,843	75,782	106,625	Net Cost of Services	39,987	72,250	112,237
	82,926	(40,943)	41,982	Other Operating Income & Expenditure	77,889	(35,017)	42,872
				Pensions Interest Cost & Expected Return on Assets			
	113,768	34,840	148,607	Total Other Income and Expenditure	117,876	37,233	155,109
	(113,768)	(34,840)	(148,607)	Intra Group adjustment	(117,876)	(37,233)	(155,109)
	0	0	0	Deficit for the year	0	(0)	0
	0		0	Opening General Fund Balance as at 31 March 2016	0		
	0			Surplus / Deficit on General Fund Balance	0		
	0			Closing General Fund Balance as at 31 March 2017	0		

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

2015/16		Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net Change for the Pensions Adjustments (Note 2) £'000	2016/17 Other Differences (Note 3) £'000	Intra Group Funding £'000	Total Adjustments £'000
Intra Group Funding	Total Adjustments £'000						
75,782	0	Chief Constable	3,254	68,649	347	(72,250)	-
75,782	-	Net Cost of Services	3,254	68,649	347	(72,250)	
(40,943)	0	Other Income and Expenditure from the Funding analysis		(35,017)		35,017	-
(34,840)	0	Intra Group Funding				37,233	
-	-	Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	3,254	33,632	347	0	0

Note 1

Adjustment for Capital Purposes

Adjustment for capital purposes - this column add in the depreciation and impairment and revaluation gains and losses in the service line and for:

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

Note 2

Net Change for the Pensions Adjustments

Net Change for the removal of pensions contributions and the addition of IAS 19 Employee Benefits pensions related expenditure and income

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

Other differences

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

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

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 2016-17 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 2016 to 31 March 2017 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

VAT is included as an expense only when it is not recoverable from HMRC. VAT receivable is excluded from Income.

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 an intra group adjustment.

2015-16		2016-17
Net		Net
Spending		Spending
£'000	Division of Service	£'000
106,624	Chief Constable	112,237
		0
106,624	Total financial resources of the PCC utilised at the request of the Chief Constable	112,237
(106,624)	Intra Group adjustment	(112,237)
0	Net Cost of Service	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.

2015-16		2016-17
In post		In post
1,205	Police Officers	1,246
916	Police Staff	991
136	Community Support Officers	134
2,257		2,371
197	Special Constabulary	124
234	Volunteers	165

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.

2015-16		2016-17
44	£50,000 - £54,999	71
38	£55,000 - £59,999	47
8	£60,000 - £64,999	9
5	£65,000 - £69,999	4
9	£70,000 - £74,999	3
0	£75,000 - £79,999	5
3	£80,000 - £84,999	5
4	£85,000 - £89,999	3
0	£90,000 - £94,999	1
1	£95,000 - £99,999	3
1	£100,000 - £104,999	0
1	£105,000 - £109,999	0
0	£110,000 - £114,999	1
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) 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	Compensation for loss of employment	Total Remuneration
	£	£	£	£	£	£	£	£
Chief Constable Miss Debbie Simpson	152,081		0	6,858	158,939	0	0	158,939

SENIOR OFFICERS AND RELEVANT POLICE OFFICERS EMOLUMENTS WHERE SALARY IS £150,000 OR MORE PER YEAR (ENGLAND) 2016-17

Post Holder Information	Salary (including fees and allowances)	Bonuses	Expenses Allowances	Benefits in Kind (Car Allowances)	Total Remuneration Excluding Pensions Contributions	Pensions Contributions	Compensation for loss of employment	Total Remuneration
	£	£	£	£	£	£	£	£
Chief Constable Ms Debbie Simpson	153,583	0	0	6,064	159,648	0	0	159,648

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) 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
	848,457	0	0	22,955	871,412	154,366	1,025,778

SENIOR OFFICERS AND RELEVANT POLICE OFFICERS EMOLUMENTS WHERE SALARY IS BETWEEN £50,000 AND £150,000 PER YEAR (ENGLAND) 2016-17

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	117,254	0	0	3,608	120,862	27,532	148,394
Assistant Chief Constable	101,677	0	0	2,915	104,592	20,428	125,020
Assistant Chief Constable (1)	113,179	0	0	3,047	116,225	26,546	142,771
Chief Superintendent (Territorial Policing until 29/01/17)	71,535	0	0	0	71,535	17,010	88,545
Chief Superintendent (Territorial Policing from 30/01/17)	14,377	0	0	588	14,965	3,419	18,384
Chief Superintendent (Crime & Criminal Justice)	80,678	0	0	1,362	82,040	19,524	101,564
Chief Superintendent (Seconded to College of Policing)	89,270	0	216	0	89,486	20,407	109,893
Chief Superintendent (Project from 30/01/17)	14,377	0	0	0	14,377	3,419	17,796
Chief Superintendent (Seconded to College of Policing until 31/07/16)	29,094	0	0	0	29,094	6,770	35,864
Chief Superintendent (Project from 01/08/16 to 29/01/17)	43,061	0	0	1,177	44,238	10,240	54,478
Assistant Chief Officer	104,209	0	0	2,722	106,931	12,922	119,853
Director of Human Resources (2)	104,209	0	0	2,834	107,043	12,922	119,965
	882,921	0	216	18,252	901,389	181,138	1,082,527

Note (1) - This is a regional ACC post but the ACC is employed by Dorset Police. Dorset pay 11.76% of the costs and the other four forces in the region refund us for the remainder of the post. However in 2016/17 the Regional and Organised Crime Unit paid the full cost of the post so not costs were incurred by Dorset Police.

Note (2) - The Director of HR post is shared between Devon & Cornwall Police and Dorset Police. The contract of employment is with Dorset Police and for this reason the remuneration disclosure is made in the Statement of Accounts for Dorset Police. Devon & Cornwall Police refund Dorset 60% of the costs of the post.

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	
	2015-16	2016-17	2015-16	2016-17	2015-16 ;	2016-17
Up to £20,000	0	0	3	1	25	7
£20,001 to £40,000	3	0	2	5	141	135
£40,001 to £60,000	1	0	0	0	56	0
£60,001 to £80,000	0	0	1	0	61	0
£80,001 to £100,000	0	0	0	0	0	0
£100,001 to £120,000	0	0	0	0	0	0
£120,001 to £140,000	1	0	0	0	132	0
£140,001 to £160,000	0	0	0	0	0	0
£160,001 to £180,000	0	0	0	0	0	0
£180,001 - £200,000	0	0	0	1	0	188
Total	5	0	6	7	415	330
					£'000	£'000
Redundancy cost recharged from Devon and Cornwall Police as part of Strategic Alliance agreement					27	36
Redundancy cost recharged to Devon and Cornwall Police as part of Strategic Alliance agreement					-199	-230
Exit Costs charged to the Comprehensive Income and Expenditure Statement					<u>243</u>	<u>136</u>
The exit packages detailed above relate to those of the Force						

10. AUDIT FEES

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

2015-16 £'000		2016-17 £'000
19	External Audit Services	15
0	non-audit services	4
<u>19</u>		<u>19</u>

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>		<u>Total Assets</u>
	£'000	Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Under construction £'000	Surplus Assets £'000	£'000
2016-17						
Gross Book Value 1 April	1,719	-	42,621	-	-	44,340
Accumulated Depreciation	(1,719)	-	(35,425)	-	-	(37,144)
Net Book Value 1 April	-	-	7,196	-	-	7,196
Transfers	-	-	-	-	-	-
Additions	1,255	-	2,333	-	-	3,588
Disposals	-	-	(449)	-	-	(449)
Revaluations	-	-	-	-	-	-
Depreciation for the year	(577)	-	(3,255)	-	-	(3,832)
Impairment (non enhancing exp)	-	-	-	-	-	-
Depreciation on assets sold	-	-	449	-	-	449
Impairment	-	-	-	-	-	-
Net Book Value 31 March	678	0	6,274	0	0	6,952
<u>Asset Financing</u>						
Owned	678	-	6,274	-	-	6,952
Leased	-	-	-	-	-	-
PFI	-	-	-	-	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

	<u>Intangible Assets</u>	<u>Operational Assets</u> Land and Buildings	<u>Operational Assets</u> Vehicles, Plant & Equipment	<u>Non-operational Assets</u> Under construct -ion	<u>Non-operational Assets</u> Surplus Assets	<u>Total Assets</u>
2015-16	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 1 April	1,719	-	39,454	-	-	41,173
Accumulated Depreciation	(1,719)	-	(32,417)	-	-	(34,136)
Net Book Value 1 April	-	-	7,037	-	-	7,037
Transfers	-	-	-	-	-	-
Additions	1,108	-	2,611	-	-	3,719
Disposals	-	-	(552)	-	-	(552)
Revaluations	-	-	-	-	-	-
Depreciation for the year	(184)	-	(3,376)	-	-	(3,560)
Impairment (non enhancing exp)	-	-	-	-	-	-
Depreciation on assets sold	-	-	552	-	-	552
Impairment	-	-	-	-	-	-
Net Book Value 31 March	924	0	6,272	0	0	7,196
<u>Asset Financing</u>						
Owned	924	-	6,272	-	-	7,196
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.

2015-16		2016-17
£'000		£'000
155	Uniform Stocks	90
10	Fuel Stocks	12
108	Vehicle Parts	90
41	Stationery Stocks	0
0	Machine Consumable Stocks	0
6	Forensic Consumable Stocks	0
<u>320</u>		<u>192</u>

13. DEBTORS AND PAYMENTS IN ADVANCE

An analysis of the amounts due to the CC at 31 March 2017 is shown below. The accounts include a provision for potential bad debts.

2015-16		2016-17
£'000		£'000
6,759	Central Government Departments	847
300	Other PCC's and Local Authorities	5,004
5,036	Others	4,392
<u>12,095</u>		<u>10,243</u>

14. CREDITORS AND RECEIPTS IN ADVANCE

An analysis of the amounts owed by the CC at 31 March 2017 is shown below.

2015-16		2016-17
£'000		£'000
357	Central Government Departments	2,759
812	Other PCC's and Local Authorities	2,403
10,553	Others	8,639
<u>11,722</u>		<u>13,801</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	Income	Expenditure	Balance
	2015-16			2016-17
	£'000	£'000	£'000	£'000
Taxation	0	22	22	0
Time on Cards	55	0	0	55
	<u>55</u>			<u>55</u>

Contingent Liabilities

The Chief Constable of Dorset, along with other Chief Constables and the Home Office, currently has 31 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters regulations. In the case of the Judiciary claims the claimants were successful and in the Firefighters case the respondents were successful. Both of these judgements are subject to appeal the outcome of which may determine the outcome of the Police claims. The Tribunal has yet to set a date for a preliminary or substantive Police hearing. Legal advice suggests that there is a strong defence against the Police claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful. For these reasons, no provision has been made in the 2016/17 Accounting Statements.

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: -

2015-16		Local Government Pension Scheme	2016-17	
Male	Female	Years	Male	Female
22.9	25.3	Retiring today	23.9	26.0
25.2	27.7	Retiring in 20 years	26.1	28.3

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

2015-16		Police Pension Scheme	2016-17	
Male	Female	Years	Male	Female
22.1	24.6	Retiring today	22.2	24.7
24.3	27.0	Retiring in 20 years	24.4	27.1

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: -

2015-16			2016-17	
% of Assets	£'000		% of Assets	£'000
56%	67,715	Equities	57%	85,674
10%	11,704	Gilts	15%	22,670
13%	15,113	Bonds	11%	17,503
5%	5,731	Diversified Growth Fund	4%	6,620
11%	13,258	Property	9%	13,428
1%	1,575	Infrastructure	3%	5,102
0%	104	Hedge Fund	0%	24
4%	4,989	Cash	1%	1,694
	120,189	Estimated Assets in the LGPS		152,715
	189,559	Present value of liabilities in the LGPS		265,938
	162	Present value of unfunded liabilities		172
	189,721	Total value of LGPS liabilities		266,109
	(69,532)	Net Staff Pensions (Deficit)		(113,395)
	(1,100,935)	Estimated Liabilities in Police Pension Scheme		(1,423,684)
	(1,170,467)	Net Pensions (Deficit)		(1,537,079)

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:

2015-16			2016-17	
Police £'000	LGPS £'000		Police £'000	LGPS £'000
1,177,094	193,400	Opening defined benefit obligation	1,100,935	187,314
0	(1,552)	Opening balance adj	0	(1,617)
23,449	8,238	Current service cost	19,187	7,565
39,458	6,568	Interest cost	40,238	7,170
(88,952)	(17,127)	Change in financial assumptions	295,214	0
3,666	0	Change in demographic assumptions	0	4,525
(15,678)	7	Experience loss/(gain) on defined benefit obligation	0	(370)
0	0	Liabilities assumed/(extinguished) on settlements	0	0
(43,285)	(3,970)	Estimated benefits paid (net of transfers in)	(36,962)	(4,013)
0	0	Past service costs including curtailments	0	417
6,188	1,766	Contributions by scheme participants	6,132	1,947
(1,005)	(16)	Unfunded pension payments	(1,060)	(16)
1,100,935	187,314	Closing defined benefit obligation	1,423,684	202,921

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

2015-16			2016-17	
	LGPS £'000			LGPS £'000
	119,383	Opening fair value of scheme assets		120,189
	528	Opening balance adj		(72)
	4,103	Interest on assets		4,599
	(5,253)	Return on assets less interest		21,016
	0	Other actuarial gains (losses)		5,271
	(85)	Administration expenses		(98)
	3,733	Contributions by employer (including unfunded)		3,892
	1,766	Contributions by scheme participants		1,947
	(3,986)	Estimated benefits paid		(4,029)
	0	Settlement prices received/(paid)		0
	120,189	Fair value of scheme assets at end of period		152,715

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

2015-16			2016-17	
Police £'000	LGPS £'000		Police £'000	LGPS £'000
(1,177,094)	(74,016)	Surplus / (Deficit) as at 1 April	(1,100,935)	(68,308)
	917	Opening Balance adjustment		42
(23,449)	(8,201)	Current Service Cost	(19,187)	(7,982)
38,102	3,716	Employer Contributions	31,890	3,892
0	(85)	Administration Expenses	0	(98)
(39,458)	(2,454)	Net interest on the defined liability (asset)	(40,238)	(2,571)
100,964	11,814	Actuarial gain / (loss)	(295,214)	(37,148)
(1,100,935)	(68,308)	Surplus / (Deficit) as at 31 March	(1,423,684)	(112,171)

NOTES TO THE CORE FINANCIAL STATEMENTS

18. COLLABORATION

Dorset Police are signed up to a number of joint operations. This involves joint working with specified Police Forces as part of a collaborative agreement. Part of the joint arrangement is to share control and have rights to net assets. 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 £3,608k which is split based on numbers of posts (Officers and staff) in each force.

2015-16 £'000		2016-17 £'000
1,013	Avon and Somerset Police (28%)	1,025
1,050	Devon and Cornwall Police (29%)	1,043
868	Dorset Police (24%)	862
688	Wiltshire Police (19%)	678
3,619	Total	3,608

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 2015-16 and 2016-17 are set out in the table below

2015-16 £'000		2016-17 £'000
1,379	Avon and Somerset Police (34%)	2,350
1,417	Devon and Cornwall Police (31%)	2,118
502	Dorset Police (13%)	852
460	Gloucestershire Police (12%)	785
498	Wiltshire Police (13%)	846
4,256	Total	6,951

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 £180k in 2016/17 (19.5%). In 2015/16 their contribution was £188k. 2016/17 was the first full year of the Forensics collaboration between Dorset, Devon and Cornwall, Wiltshire and Avon and Somerset. Dorset's contribution to this was £179.8k (19%).

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.

PENSION FUND ACCOUNT		
2015-16		2016-17
£'000		£'000
(11,465)	Employers flat rate contribution	(11,119)
(6,188)	Employees contributions	(6,127)
(169)	Transfer values in	(355)
-	Recharges To Other Account Heads	-
-	Interest Receivable	-
(17,822)	Contributions Receivable	(17,601)
35,654	Pension Payments	31,681
8,034	Retirement Grants	5,632
207	Transfer Values out	-
-	Interest Payable	-
43,895	Benefits Payable	37,313
26,073	Net Deficit	19,712
(26,073)	Recharged To I & E Account	(19,712)
-	Net Expenditure	-

NET ASSETS STATEMENT		
2015-16		2016-17
£'000		£'000
	Current Assets and Liabilities	
-	Debtors and Payments in Advance	-
-	Creditors and Receipts in Advance	-
-	Net Assets as at 31 March	-

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 2016-17 year.



THE ANNUAL GOVERNANCE STATEMENT

THE ANNUAL GOVERNANCE STATEMENT (AGS) 2016-2017

This AGS statement is written on behalf of Dorset Police. It sets out the position as at 31st March 2017 including plans for the financial year 2017/2018.

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

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

PART ONE

1. THE GOVERNANCE FRAMEWORK

Policing governance in Dorset

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

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

Dorset Police

1.1 The Law and Regulations

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



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

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

[Policing Protocol Order 2011](#)

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

[Strategic Policing Requirement 2015](#)

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

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

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

This framework sets out the systems, processes, culture and values by which the affairs of the Police and Crime Commissioner and Chief Constable should be managed to provide good performance, good public engagement, good stewardship of public money and ultimately good outcomes for the people of Dorset, and those who come into contact with the Force.

1.2 The Corporate Governance Framework

The structures described in this Corporate Governance Framework are those in place during the financial year 2016-2017. It should be noted that these continue to evolve as the Strategic Alliance with Devon & Cornwall develops (see section 2 below).

Within Dorset Police the Police the Commissioner and Chief Constable have established a corporate governance framework to support the delivery of their legal responsibilities.

The joint corporate framework consists of the following:-

[Code of Corporate Governance Framework](#) this incorporates:

- the Statement of Corporate Governance
- Code of Corporate Governance
- Scheme of Corporate Governance
- Financial Regulations and Instructions
- Contract Standing Orders
- Scheme of Consent; and
- Scheme of Delegation.

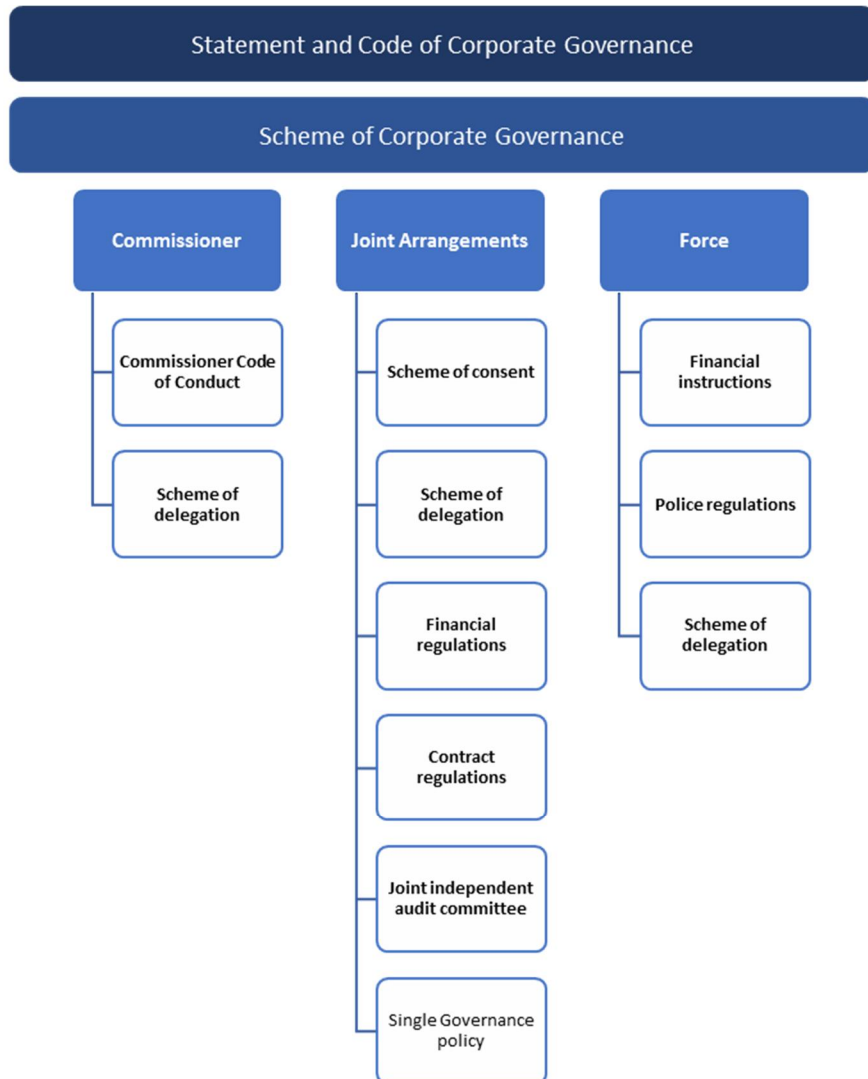
[Single Governance Policy](#)

[Policies and procedures](#)



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



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1.3 Governance Responsibilities and Management

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

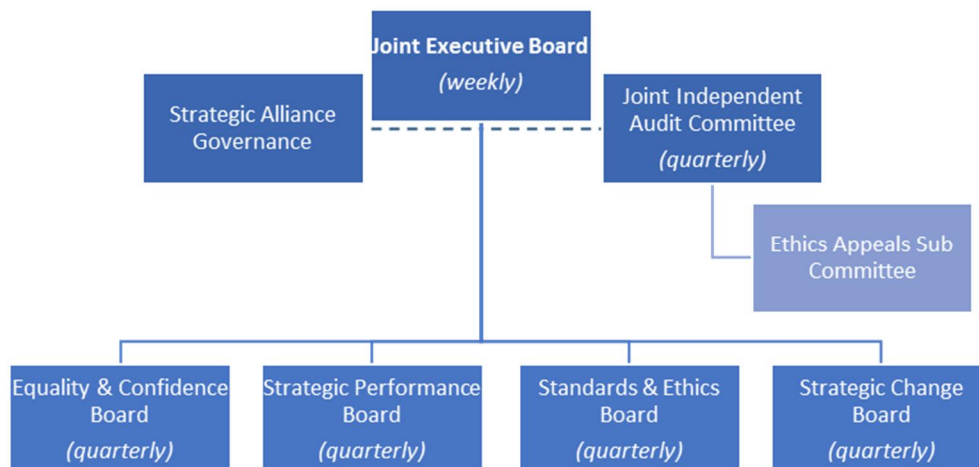
The Chief Officer structure chart is recorded below:



1.4 Strategic Board Structure

The Chief Officer team separately govern the Force through a series of meetings. Each board has a set membership and terms of reference that defines their purpose and agenda. Oversight of the Force is supported by the attendance of the Police and Crime Commissioner at some of these meetings.

The hierarchy board meeting structure is recorded below:





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1.5 The Audit Committee

The Financial Management Code of Practice for Policing sets out a requirement for the establishment of an independent audit committee who provide assurance on governance arrangements through scrutiny and challenge. This has been provided to both the force and the PCC through the Joint Independent Audit Committee (JIAC) [see also *strategic alliance audit committee at 2.4 below*].

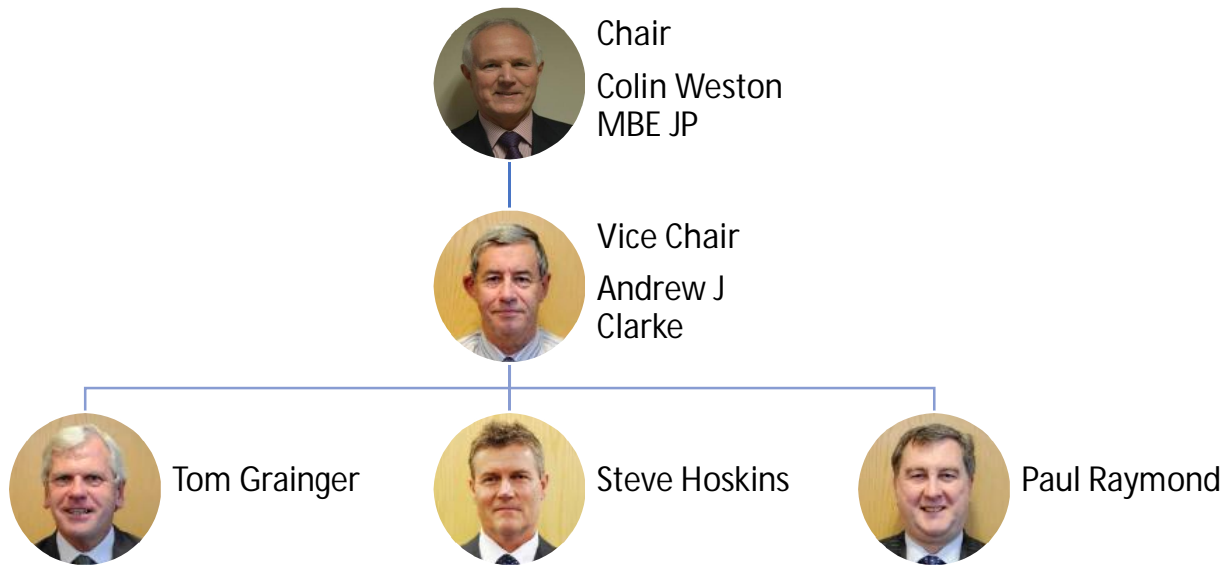
The five members of this committee are independent of both Dorset Police and the Police and the PCC and were appointed for their blend of experience, knowledge and skills. Members have been recruited from the local community.

The committee is supported by the work of the Internal Auditors (South West Audit Partnership – SWAP) who deliver an agreed annual plan of assurance work across the Strategic Alliance. The independent internal audit opinion for Dorset Police states: “For the 12 months ended 31 March 2017 I am able to offer reasonable assurance, in respect of the areas reviewed during the year, as most were found to be adequately controlled. Generally, risks are well managed but some areas require the introduction or improvement of internal controls to ensure the achievement of objectives.”

The audit committee structure chart is recorded below.



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1.6 Police Pensions Board

A Police Pensions Board is now in place, covering all five regional forces. The Board is established by the Scheme Managers for the five Forces under the powers of Section 5 of the Public Service Pensions Act 2013. Each Chief Constable is required, as Scheme Manager, to hold a pensions board and the regional approach helps reduce duplication. The Board is chaired by an Independent chair and complies with statutory requirements for attendance of management and staff representation. The primary purpose of the Board is to assist the Scheme Managers in their duty to ensure compliance with scheme regulations, compliance with the requirements of The Pension Regulator and other matters such as record-keeping and publishing information. The Police Pensions Scheme is unfunded and there are no investments decisions to be made at the Board.

2. Strategic Alliance

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

2.1 The Alliance Governance Framework

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

2.2 Alliance Governance Responsibilities and Management

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

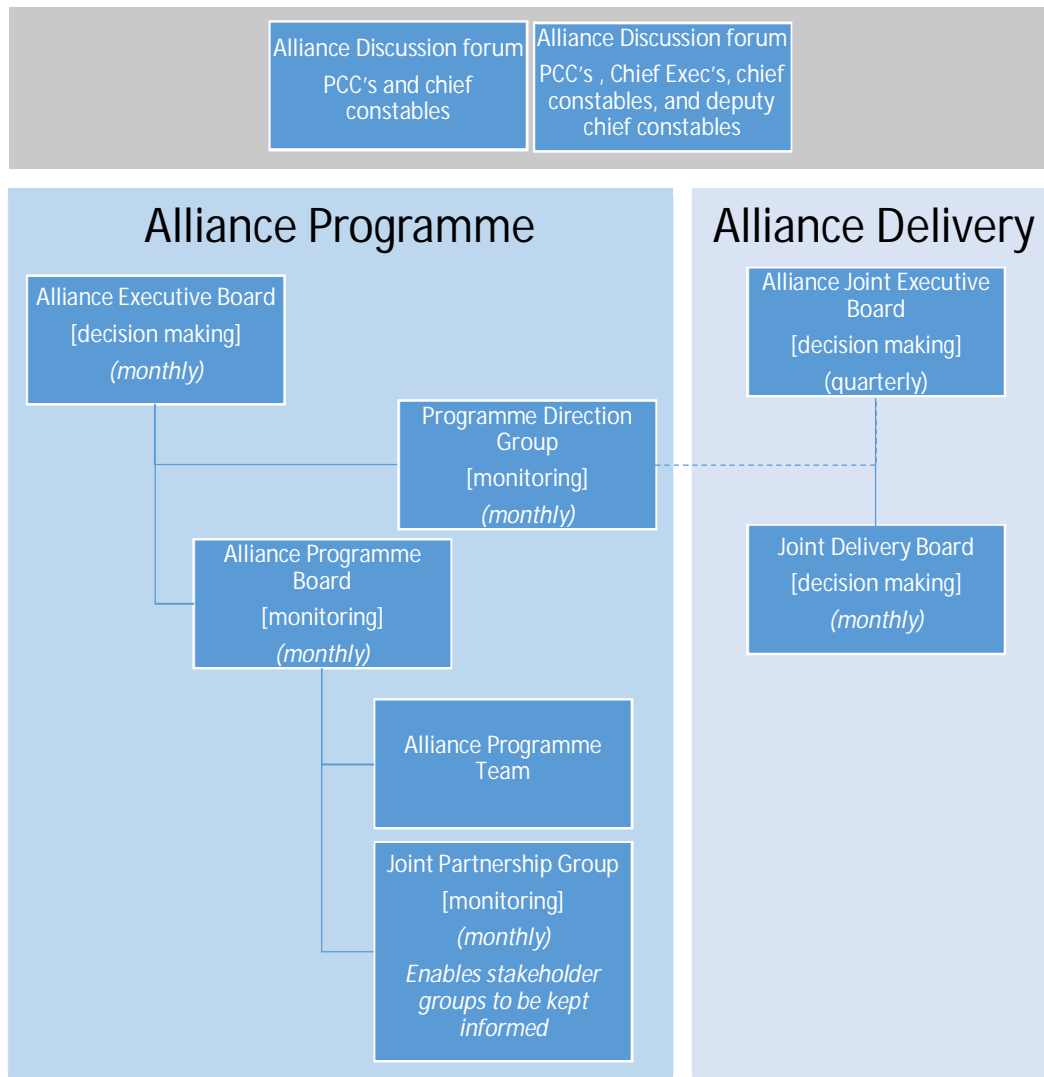
2.3 Alliance Strategic Management Board Structure



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

The Alliance board meeting structure is recorded below.



2.4 The Alliance and the Audit Committee

In line with the Financial Management Code of Practice a joint Strategic Alliance Audit Committee was established to provide assurance on alliance governance arrangements through scrutiny and challenge. The committee comprised the full membership of the two independent audit committees of Devon & Cornwall and Dorset. As referred to above this committee has been supported by our internal auditors, SWAP.

The force has worked with its Alliance partners to establish this committee as a single audit committee to provide assurance over the all of the governance arrangements of the Alliance and each individual force and Office of the PCC. The terms of reference



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have been refreshed to combine the responsibilities of all three legacy committees. This committee is now known as the Independent Audit Committee (IAC).



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PART TWO

3. THE ANNUAL GOVERNANCE FRAMEWORK REVIEW

This statement is written on behalf of Dorset Police. It sets out the position as at 31st March 2017 including plans for the financial year 2017/2018.

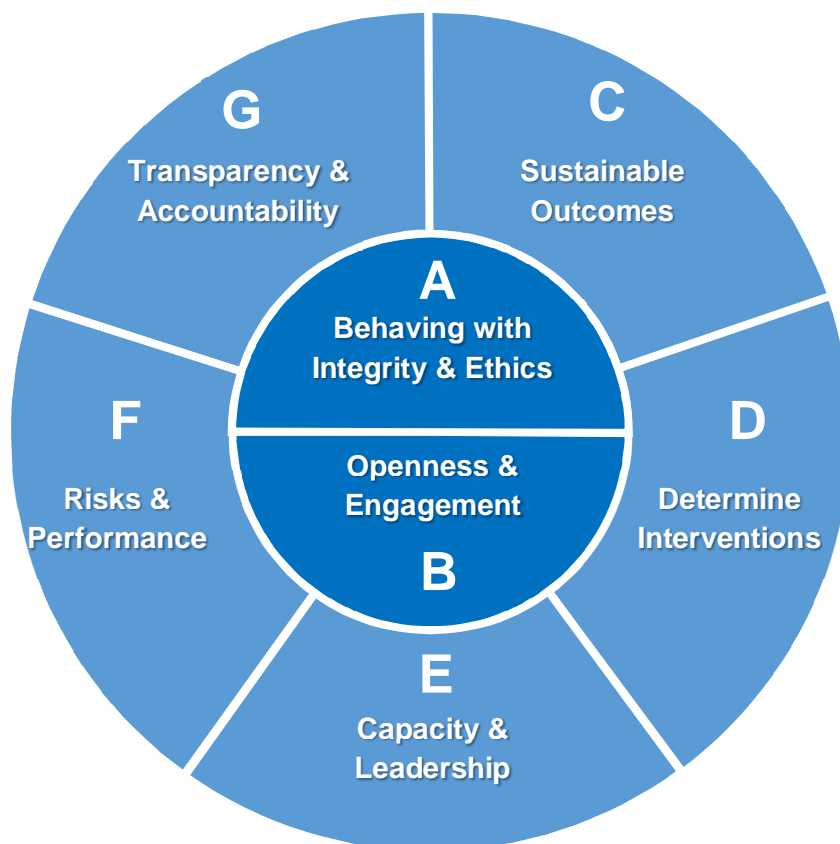
Each year the Force reviews its current governance arrangements against the delivery of service.

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

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

3.1 The Corporate Governance Framework Review 2016-2017

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





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The assessment of effectiveness considered the range of evidence available: internal and externally published material, professional independent opinion such as those of internal and external audit, and the HMIC, and the views of senior management and professional leads. Links to publically available supporting documentation are provided in appendix A.

A summary of that assessment is shown below:

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

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



THE ANNUAL GOVERNANCE STATEMENT

4. ACTIONS

4.1 No significant governance issues have been identified for 2016-2017; however, for completeness the following action plan addresses the minor issues identified.

Reference	Risk Area/ Weakness	Action to be delivered in 17/18 and beyond
A. Behaving with Integrity & Ethics	Monitoring capacity	The force is enhancing the capacity of vetting and anti-corruption processes within Dorset through the Strategic Alliance with Devon & Cornwall which is providing a single Professional Standards Department.
F. Managing risks and performance through robust internal control and strong public financial management	Governance arrangements	The force will continue to work with its Alliance partners, as the Alliance moves from managing the Programme to managing Delivery, to put in place effective governance arrangements. This will provide clearer responsibilities and will increase the speed with which decisions are made.
	Risk Management	The force will continue to work with its Alliance partners to ensure that a single risk management strategy that supports each force and OPCC to achieve their objectives individually and collectively is put in place during 2017/18
G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability	Transparency of decision making	Review the application of Freedom of Information and Data Protection criteria, and signposting to decisions reported at the Police & Crime Panel, to ensure the maximum transparency of decision making to the public.
	Timeliness of reporting to the public	The content on the force website will be reviewed to ensure links to published information (including board reports as appropriate) are kept up to date.



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4.2 Progress against actions identified in the 2015-2016 AGS

Issue raised in last year's AGS (2015/16)	Progress
The Strategic Alliance	<p>Joint governance arrangements continue to develop in response to transitional change. This will culminate in a single Code of Corporate Governance.</p> <p>The Alliance implementation programme has been completed to schedule with all predicted cost savings and business benefits achieved.</p> <p>COMPLETE</p>
Financial Context	<p>Transformational change continues to provide cost savings and identified improvements to efficiencies. The medium and long term financial strategies remain robust and in line with spend.</p> <p>COMPLETE - subject to ongoing monitoring as part of the medium term financial strategy</p>
Governance and the Changing Powers of the Police and Crime Commissioner	<p>The Police and Crime Act has come into effect with all current legislative changes implemented.</p> <p>Joint governance arrangements across the Alliance will support both Police and Crime Commissioners with the adoption of any additional powers.</p> <p>COMPLETE</p>
Partnership Working	<p>The ongoing development of long term demand led arrangements for operational policing will continue to drive more effective partnership and collaborative working activity.</p> <p>ONGOING</p>
Workforce and Succession Planning	<p>A workforce plan for the force is in place which takes account of the current context and the likely future challenges that will affect our workforce profile, with the aim of balancing supply and demand. The plan is proactive and subject to scrutiny and regular amendments in order to meet and reflect changes in priorities, resource allocation and emerging challenges.</p> <p>COMPLETE</p>
Media, technology and communications	<p>Advances in the use of technology and the development of a revised Force web site have improved communication with all members of the public and stakeholders.</p> <p>COMPLETE</p>



THE ANNUAL GOVERNANCE STATEMENT

OPINION

Based upon the above review of the governance framework in accordance with the assurance definitions listed (see 3.1 above) an overall assurance opinion of **reasonable** is provided.

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

The force is committed to a process of continual improvement of governance and will monitor the implementation of the action plan (see 4.1 above) as part of next annual review.

Signed

Chief Constable: Debbie Simpson

Assistant Chief Officer: John Jones



THE ANNUAL GOVERNANCE STATEMENT

APPENDIX A: LINKS TO SUPPORTING INFORMATION

Dorset Police Links

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

Office of the Police & Crime Commissioner for Dorset Links

- [Police & Crime Plan](#)
- [Contact Us](#)
- [About](#)
 - [PCC - Martyn Underhill](#)
 - [Deputy PCC - Colin Pipe](#)
 - [Our Structure](#)
 - [Meet the OPCC Team](#)
 - [Police and Crime Panel](#)
 - [Community Volunteers](#)
- [The Police and Crime Plan](#)
- [Get Involved](#)
- [News & Blog](#)
- [Events](#)
- [Working in Partnership](#)
- [Information Hub](#)

Independent Police Complaints Commission: Dorset information

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

Her Majesty's Inspectorate of Constabulary (HMIC)

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

GLOSSARY OF FINANCIAL TERMS

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

ACCOUNTING PERIOD	The period of time covered by the accounts, which for this CC means a period of twelve months commencing on 1 April.
ACCOUNTING POLICIES	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.
ACCRUAL	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.
ACTUARIAL VALUATION	An independent report on the financial status of the Pension Fund, which determines its ability to meet future payments.
AGENCY SERVICES	The provision of services by one body (the agent) on behalf of, and generally with reimbursement from, the responsible body.
AMORTISATION	Amortisation is the equivalent of depreciation for intangible assets.
APPROPRIATION	A transfer of monies between the revenue account and the balance sheet.
ASSET	Something of worth that is measured in monetary terms e.g. land and buildings (also referred to as capital assets or fixed assets).
BALANCES	The accumulated surplus of income over expenditure.
BUDGET	A statement of the CC's plans expressed in financial terms for a specified period of time.
CAPITAL CHARGE	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.
CAPITAL EXPENDITURE	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).
CAPITAL GRANTS	Grants paid to the CC in support of approved capital projects.
CAPITAL RECEIPTS	Income from the sale of capital assets (land, buildings, etc.).
CARRYING AMOUNT	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.
COLLECTION FUND	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.
CONSISTENCY	The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.
CONTINGENCY	A sum of money set aside to meet unforeseen expenditure.
CONTINGENT LIABILITY	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.
CORPORATE & DEMOCRATIC CORE	Those activities which police authorities engage in specifically because they are elected authorities. There is no basis for apportioning these costs over services.
COST CENTRE	A specific area of activity where control of certain budgets has been delegated.
COUNCIL TAX	A property based tax, with discounts for those living alone, which is administered by District, Borough and Unitary Councils.
CREDITORS	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.
CURRENT ASSETS	Current assets are those which can either be converted to cash or used to pay current liabilities within 12 months.

GLOSSARY OF FINANCIAL TERMS

CURRENT LIABILITIES	Amounts owed by the Local Authority which are due to be settled within 12 months.
CUSTOMER & CLIENT RECEIPTS	Income derived from services provided by the CC, from sales (excluding land & buildings), and from rents.
DEBTORS	Amounts due to the CC but unpaid by the end of the accounting period.
DEPRECIATION	The measure of the use of a fixed asset over its economic life.
EMOLUMENTS	All sums paid to an employee, including any allowances chargeable to UK income tax, but excluding pension contributions payable by either employer or employee.
ESTIMATION TECHNIQUES	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.
FIXED ASSETS	Assets that provide benefits to the CC and the services it provides, for a period of more than one year.
HOME OFFICE GRANT	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.
IAS	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.
IFRS	International Financial Reporting Standards (IFRS) as they apply to Local Authorities in England.
IMPAIRMENT	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.
INVENTORIES	The amount of unused or unconsumed stock held for future use. Examples include consumable stores and services in intermediate stages of completion.
LEASE (FINANCE LEASE)	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.
LEASE (OPERATING LEASE)	Any lease which is not a finance lease.
NATIONAL NON-DOMESTIC RATES (NNDR)	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.
NON-CURRENT ASSETS	Assets that provide benefits to the Authority and the services it provides, for a period of more than one year.
NON DISTRIBUTED COSTS (NDC)	Overheads for which no user benefits, and therefore not apportioned over services. Previously this was called Unapportionable Central Overheads (UCO).
NON-OPERATIONAL ASSETS	Fixed assets that are not occupied or used in the delivery of services. Examples are investment properties and assets surplus to requirements, pending sale.
PENSION FUND	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.
PRECEPT	A levy requiring the District, Borough and Unitary Councils to collect income from council taxpayers on behalf of the CC.

GLOSSARY OF FINANCIAL TERMS

PROVISIONS	Amounts set aside to meet liabilities or losses which are likely to be incurred, but where the actual sum and timing are uncertain.
RESERVES	Sums set aside to meet the cost of specific future expenditure.
REVENUE EXPENDITURE	The day to day costs incurred by the CC in providing services.
REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (FORMALLY) DEFERRED CHARGES	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.
REVENUE SUPPORT GRANT (RSG)	A general central government grant paid to the CC, in addition to Home Office Grant, in support of its day to day expenditure.
RUNNING COSTS	Expenditure incurred on the use of premises, transport and equipment, together with other general expenditure necessary to enable the service to be provided.
SPECIFIC GRANTS	Grants from the Home Office, additional to other grants, for specific projects.
STOCKS	The amount of unused or unconsumed stocks held in expectation of future use. Examples include consumable stores and services in intermediate stages of completion.
THIRD PARTY PAYMENTS	The cost of specialist or support services purchased by the CC from outside contractors and other bodies.
TOTAL COST	The total cost of a service includes all revenue expenditure (see above) and support services, overheads and capital charges.
TRUST FUNDS	Funds administered by the CC for such purposes as prizes, charities and special projects.

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