

Annual Accounts 2016/2017





Statement
of Accounts
2016-17

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AUDIT OPINION

Independent auditor's report to the Police and Crime Commissioner for Dorset

We have audited the financial statements of the Police and Crime Commissioner for Dorset for the year ended 31 March 2017 on pages 12 to 52. 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 Police and Crime Commissioner, 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 Police and Crime Commissioner, 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 Police and Crime Commissioner, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities for the Financial Accounts, the Treasurer 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 Police and Crime Commissioner's and the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; 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 Police and Crime Commissioner and the Group as at 31 March 2017 and of the Police and Crime Commissioner's and the Group'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 54 to 67 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 Police and Crime Commissioner for Dorset's arrangements for securing economy, efficiency and effectiveness in its use of resources

Police and Crime Commissioner's responsibilities

The Police and Crime Commissioner 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 Police and Crime Commissioner 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 Police and Crime Commissioner 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 Police and Crime Commissioner'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 Police and Crime Commissioner 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 Police and Crime Commissioner 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 Police and Crime Commissioner 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 Police and Crime Commissioner 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 Police and Crime Commissioner 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 PCC Dorset and Group accounts incorporating the Chief Constable for the year ended 31 March 2017. The Group position 'PCC Dorset Group' reflects the consolidated accounts of the Police and Crime Commissioner for Dorset and its subsidiary Chief Constable accounts. Where the Group position differs from PCC Dorset position this is made clear in the statements and notes. Separate statutory accounts are prepared for the Chief Constable.

This Foreword provides an overview of the new 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

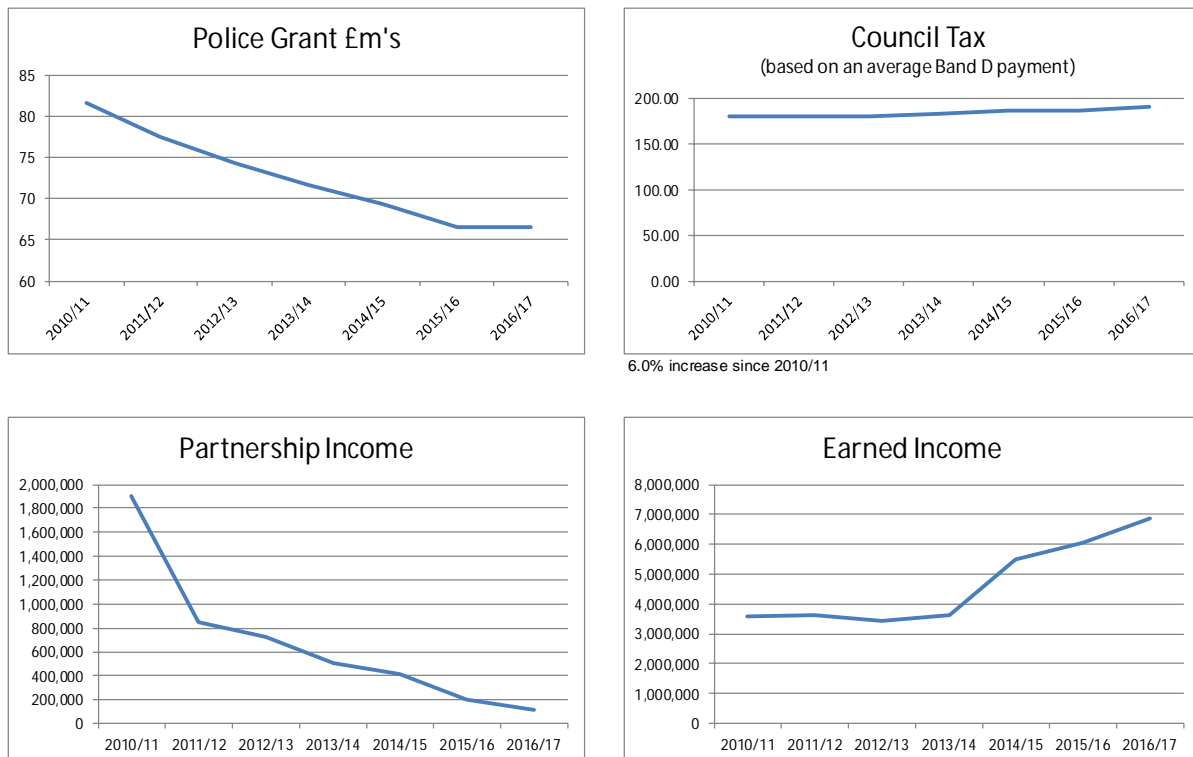
In February 2016 the Police and Crime Commissioner set the revenue budget for 2016/17 at £121.1 million. As part of continued efforts to tackle the national deficit, the Government has continued to squeeze funding for the police service, which in 2016/17 resulted in funding for Dorset being cut by £0.3m in cash terms (0.5%), but this represents a significantly higher cut

NARRATIVE STATEMENT TO THE ACCOUNTS

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.

The Band D council tax was increased to £190.80 for 2016/17, an increase of 1.97%. The Policing share of the average council tax bill for the year was around 11%.

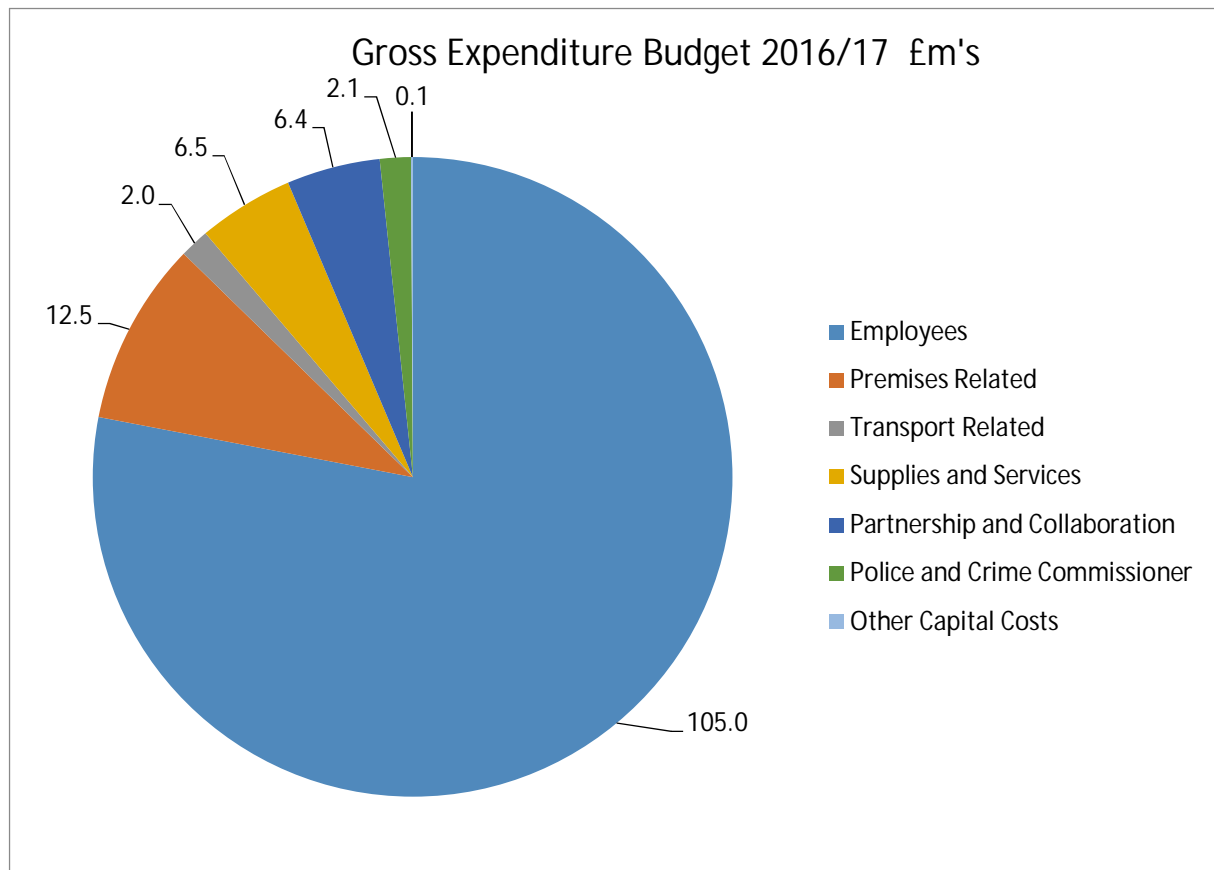
The following charts demonstrate changes in sources of income to Dorset Police since 2010/11, showing reductions in grant and partnership income, but increases in earned income and increase in Council Tax. The average Council Tax has increased by 6% over the last seven years:



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. The gross expenditure budget relates primarily to employee costs, as reflected in the charts overleaf:

NARRATIVE STATEMENT TO THE ACCOUNTS



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.
- 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.

NARRATIVE STATEMENT TO THE ACCOUNTS

Additional Funding Streams

During 2016/17 additional funding was allocated to the PCC from the Ministry of Justice in respect of local commissioning of Victims Services. This was the fourth year for which such grants were made available, and the grants totalled £0.9 million.

Capital Expenditure

The capital programme relates to expenditure on assets with an expected life of more than one year. These assets sit on the balance sheet and are depreciated over time until they are either sold or written off.

The capital programme for 2016/17 was £12.098 million, including schemes brought forward from previous years. Final capital expenditure was £4.8 million, which was funded by Home Office and other grants of £1.7 million and Capital receipts reserves of £0.8 million leaving £2.2 million unfinanced as at 31 March 2017.

The underspend on the capital budget, detailed in the notes on page 39, relates to slippage against ICT and building schemes which regularly take a long time between agreement of a budget allocation and delivery of the scheme. The underspend also includes grants received in year that will need to be carried forward into 2017/18.

Significant variations include:

- A £750k underspend on vehicle replacements, this will be carried forward into 2017/18.
- Expenditure on the disposal of the Ferndown site which due to its' complex nature will run over into 2017/18. It is anticipated that the current underspend of £1,040k may not be required going forward
- The procurement of the replacement of the Command and Control system is still ongoing therefore the full budget of £1.75m will be carried forward into 2017/18.

The Code of Practice under which these accounts are prepared requires that fixed assets are revalued at least every five years. Generally 25% of the Authorities properties are revalued each year in a rolling programme to achieve this, which is reflected in the valuations detailed in the Balance Sheet and the table on page 38.

General Reserves

The General Fund balance at year end is £7,416m, a net increase of £102k. This increase reflects the 2016/17 underspend of £251k less the use of prior year underspends of £149k.

No other reserve transfers took place.

Pensions

The figures returned by the actuary in the Pensions IAS19 note on pages 45 - 47 indicate an increase in the overall deficit for police staff in the Local Government Pension Scheme (LGPS). They also show an increase in the liability for the unfunded officers' scheme. The significant liability in respect of the unfunded police pension scheme is the amount assessed by the actuary as necessary to meet the pension costs of current pensioners and existing employees over their expected lives. This liability will be met by the revenue budget and the Home Office specific grant under the funding arrangements for police pensions referred to below, as and when the pensions become payable in future years.

NARRATIVE STATEMENT TO THE ACCOUNTS

Actual expenditure on pensions, including both the officers' flat-rate employer's contribution and the employer's contributions to the Local Government Pension Scheme for police staff, totals £14.0 million, or 11.6% of the total budget for 2016/17.

Performance Indicators

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.

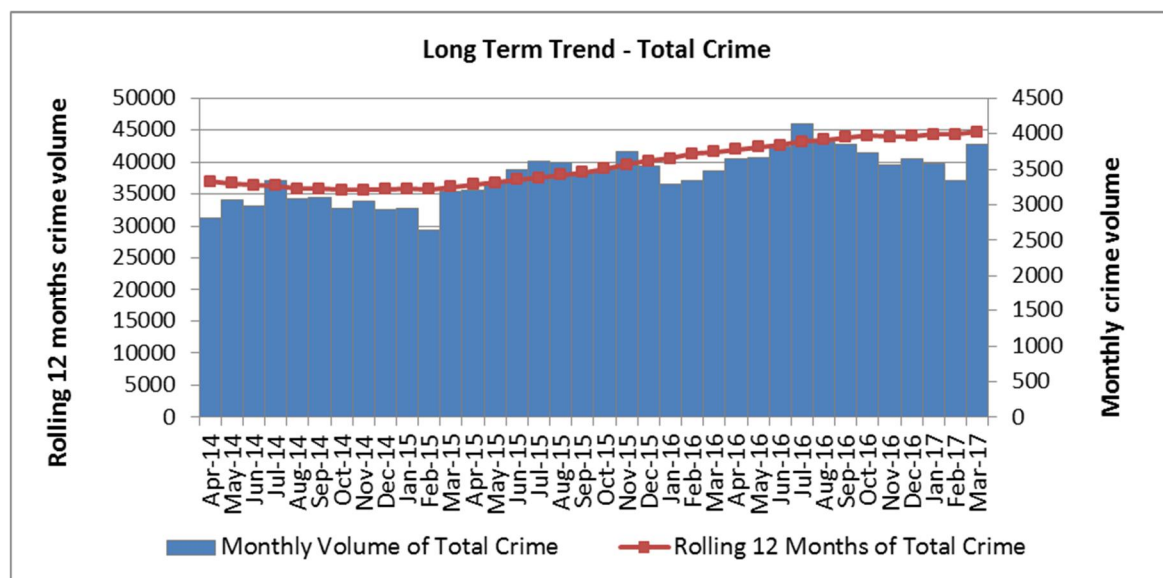
Priority 1: Reduce the number of victims of crime and anti-social behaviour

National Position

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.

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'.

NARRATIVE STATEMENT TO THE ACCOUNTS

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

NARRATIVE STATEMENT TO THE ACCOUNTS

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 52 - 65, 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 Dorset Police and Crime Commissioner have been prepared on an IFRS basis.

The accounts that follow show the Dorset Police and Crime Commissioner's financial outturn for the year 2016/17. The accounts comprise: -

i) Comprehensive Income and Expenditure statement.

This statement summarises the PCC's total income and expenditure for the year, providing a segmental analysis to report performance on the basis of how the PCC 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). 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 PCC and Chief Constable, as well as the assets and liabilities of the PCC. The net assets of the PCC are matched by the reserves held by the PCC. Reserves are reported in two categories. The first category of reserves are those that the PCC 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 PCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

NARRATIVE STATEMENT TO THE ACCOUNTS

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 PCC, analysed into “usable reserves” and other “unusable reserves”. The Movement in Reserves statement shows how the movements in year of the PCC’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease 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 PCC’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:

iv) 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 PCC (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.

v) 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.

Alexis Garlick FCCA
Treasurer to the Police and Crime Commissioner

Date: 26th September 2017

ACCOUNTING POLICIES

1. Introduction

These accounts have been prepared in accordance with the principles recommended in the Code of Practice on Local Authority Accounting 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 PCC 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. 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:
 - (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.

ACCOUNTING POLICIES

7. Agency Accounting

Council Tax revenue is reported in the Comprehensive Income and Expenditure Statement on a full accruals basis. The PCC also shows a share of the Billing Authorities debtors and creditors for Council Tax, proportionate to the relative demand on the Collection Fund.

8. Revenue Expenditure funded from Capital Under Statute

Where capital expenditure does not result in the acquisition of a fixed asset, or is incurred on an asset not belonging to the PCC, the expenditure is charged to the income and expenditure account and written out in the year of account.

9. Foreign Currency Translation

In accordance with IAS 21, income or expenditure arising from a transaction in a foreign currency is translated into £sterling at the exchange rate in operation on the date on which the transaction occurred.

10. 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. Where the associated expenditure has been incurred, the grant is reversed out of the Comprehensive Income & Expenditure Statement and taken to the Capital Adjustment Account. Where the expenditure has not been incurred, the reversal is taken to the Capital Grants Unapplied Account.

11. Interest

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.

12. Investments

The PCC 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.

13. Leases

In accordance with IAS 17, leases are classified as finance leases when substantially all the risks and rewards of ownership transfer to the lessee. All other leases are classified as operating leases.

For operating leases where PCC is the lessee, lease payments are recognised as an expense in the Comprehensive Income & Expenditure Statement over the life of the lease on an accruals basis.

For finance leases where PCC is the lessee, at the start of the lease term, the PCC records an asset and a corresponding liability at the lower of the fair value of the asset and the present value of the minimum lease payments.

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Depreciation on finance leases is consistent with that for other property, plant and equipment.

For operating leases, where PCC is the lessor, lease receipts are recognised as income in the Comprehensive Income & Expenditure Statement over the life of the lease on an accruals basis.

Where the PCC is the lessor of a finance lease, at the commencement of the lease term, the PCC records a finance lease in the balance sheet as a receivable, at an amount equal to the net investment in the lease.

The PCC recognises finance income based on a pattern reflecting a constant periodic return on its net investment outstanding in respect of the finance lease.

Land and buildings elements of a lease of land and buildings are classified and accounted for separately. Leased land is always treated as an operating lease; buildings are assessed separately to determine whether they are finance or operating leases.

14. Lease Type Arrangements

IFRIC4 sets out the principle that in recent years, arrangements have developed that do not take the legal form of a lease, but which convey rights to use assets in return for a payment, or series of payments. Such arrangements are deemed to be leases where:

- Fulfilment of the arrangement depends on a specific asset

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- The arrangement conveys a right to control the use of the asset.

In such cases, the transaction is deemed to be a lease and is assessed as to whether it is an operating or finance lease and accounted for accordingly.

15. Long Term Contracts

The PCC is party to two long term contracts under the Private Finance Initiative (PFI). The PCC accounts for both of these schemes in accordance with IFRIC 12 (Service Concessions). Both schemes are recorded as assets in the PCC's Balance Sheet with corresponding liabilities which are discharged over the period of the contract.

16. 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 PCC. 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.

Some overheads are not apportioned, recognising the PCC's status as a multi-functional democratic organisation. These costs are shown as part of the Net Cost of Services under the Corporate and Democratic Core heading in the Comprehensive Income & Expenditure Statement, along with certain other non-distributed costs relating to pension benefits.

17. 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. IAS 19 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 IAS and government regulations.

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

18. Provisions

In accordance with IAS 37, the PCC 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 33 to the Core Financial Statements.

19. Reserves

A number of earmarked reserves have been established 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.

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 PCC; and

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- 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 PCC.

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.

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 PCC, 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

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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.

21. VAT

Income and Expenditure excludes any amounts relating to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

22. Investment Property

Investment property is defined by IAS 40 as property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes, or
- Sale in the ordinary course of operations.

Investment property is recorded in the Balance Sheet at fair value.

Changes to fair value of Investment Property are taken to Surplus or Deficit on the Provision of Services and then reversed out to the Capital Adjustment Account. Dorset Police and Crime Commissioner has no Investment Property at the Balance Sheet date.

23. Surplus Assets

Non-current assets which are surplus to service needs, but which do not meet the criteria required to be classified as Investment Property, or Assets Held For Sale are classified as Surplus Assets within Property, Plant and Equipment.

Surplus assets can be categorised as either fixed assets or current assets, depending on their nature; so a separate classification of current, surplus assets is available.

24. Assets Held for Sale

In accordance with IFRS 5 and the Code, the following conditions must be met for an asset (or disposal group) to be classified as held for sale:

- management is committed to a plan to sell
- the asset is available for immediate sale

- an active programme to locate a buyer has been initiated
- the sale is highly probable within 12 months
- the asset is being actively marketed with a sales price which is reasonable to its fair value
- Actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.

Assets held for sale are valued at the lower of their carrying value and fair value less costs to sell. Where the carrying amount is lower, this will lead to a different valuation when compared to the valuation under the SORP which required the asset to be measured at market value less expected selling costs. This change in accounting policy will potentially result in more gains being recognised in the Comprehensive Income and Expenditure Statement. Non-current assets classified as held for sale are not depreciated (or amortised in relation to intangible assets). This is a change in accounting policy as the SORP stated that assets held for sale were not exempt from depreciation. A gain for any subsequent increase in fair value less costs to sell of an asset, is recognised in the Surplus or Deficit on the Provision of Services to the extent that it is not in excess of the cumulative impairment loss that has been already been recognised. Any initial or subsequent decrease to fair value less costs to sell following classification as an asset held for sale, is recognised in the Surplus or Deficit on the Provision of Services (even where there is balance on the Revaluation Reserve).

25. 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.

26. Financial Instruments In accordance with IFRS 7 and IFRS 9, financial assets and financial liabilities are recognised in the PCC's Balance Sheet when the PCC becomes a party to the contractual provisions of the instrument.

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Financial assets - The PCC has three classes of financial assets being:

(i) Cash and cash equivalents (ii) investments (iii) trade receivables.

Impairment of financial assets Financial assets are assessed for indicators of impairment at each Balance Sheet date.

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.

Financial liabilities The PCC's financial liabilities are classified within the other creditor or liability headings as appropriate and disclosed within the notes to the Financial Statements.

Short term financial liabilities Short term liabilities including short term borrowing and trade payables are carried at fair value.

Long term financial liabilities Borrowings are initially measured at fair value, net of transaction costs. PFI liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

STATEMENT OF RESPONSIBILITIES

The Police and Crime Commissioner's Responsibilities

The Commissioner is required to:

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

Approval of the Accounts

I approve these Statements of Account

Signed

M Underhill

Police and Crime Commissioner for Dorset

Date: 26th September 2017

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Annual Statement of Accounts of the PCC 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 Treasurer 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 Treasurer has also:

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

Treasurer'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 Police and Crime Commissioner for Dorset at the reporting date and of the income and expenditure for the year ended 31 March 2017.

Signed

Alexis Garlick FCCA

Treasurer to the Police and Crime Commissioner

Date: 26th September 2017

STATEMENT OF RESPONSIBILITIES

FURTHER INFORMATION

This report concentrates on the financial aspect of the Police and Crime Commissioner. 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 Crime Commissioner, 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.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This page shows the Comprehensive Income and Expenditure Account of the Police and Crime Commissioner. This shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Police and Crime Commissioner's raise taxation to cover expenditure in accordance with statutory requirements, this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2015-16 Re-stated Net Spending £'000		2016-17			
	Division of Service	Gross Spending £'000	Income £'000	Specific Grants £'000	Net Spending £'000
106,625	Chief Constable	147,055	(8,541)	(26,277)	112,237
5,116	Office of the Police and Crime Commissioner	4,367	0	0	4,367
1,147	Commissioning and Partnership Working	1,565	(62)	(836)	667
112,888	Deficit on Provision of Service	152,987	(8,603)	(27,113)	117,271
	Other Operating Income & Expenditure				
(43)	Net (gain) / loss on disposal of non-current assets				(240)
383	Trading Account Deficit / (Surplus)				0
	Financing & Investment Income & Expenditure				
6	Interest Payable				6
(191)	Interest and Investment Income				(151)
41,982	Pensions Interest Cost & Expected Return on Assets				42,872
155,025	Net Operating Expenditure				159,758
	Taxation & Non-Specific Grant Income				
(41,472)	Home Office Grant				(41,236)
0	Revenue Support Grant				0
(17,432)	Non Domestic Rates				(17,333)
(52,335)	Council Tax Precept				(53,373)
(7,340)	Council Tax Legacy Grants				(7,918)
(1,919)	Capital Grants				(1,711)
(120,498)	Total Finance				(121,571)
34,528	Deficit for the year				38,187
(6,785)	Revaluation (Gains)				(6,536)
(113,115)	Actuarial Loss (gain) on Pension Fund Assets & Liabilities				333,275
(85,372)	Total Comprehensive Income & Expenditure				364,926

This statement reports performance on the basis that the PCC 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.

GROUP BALANCE SHEET

This Balance Sheet is a record of the consolidated financial position of the Police and Crime Commissioner and Chief Constable as at 31 March 2017, with comparative figures for 31 March 2016. Detailed supporting notes are shown on the following pages.

The total pension liability of £1.539bn has a substantial impact on the net worth of the PCC as recorded in the balance sheet, resulting in a negative overall balance of £1.540bn. However, statutory arrangements for funding the deficit mean that the financial position of the PCC remains healthy.

31 March 2016			31 March 2017	
£'000	£'000	Notes	£'000	£'000
924		Intangible Assets	17	1,602
		Tangible Fixed Assets	17	
		Operational Assets		
43,665		Land & Buildings		49,745
6,272		Vehicles, Plant & Equipment		5,349
		Non-operational Assets		
6,366		Surplus assets, held for disposal		5,871
	<u>57,227</u>			<u>62,567</u>
		Current Assets		
320		Inventories	23	192
16,960		Debtors & Payments in advance	24	12,984
9,005		Temporary Investments	25	5,500
5,505		Cash and Cash Equivalents	27	10,983
<u>31,790</u>				<u>29,659</u>
		Current Liabilities		
(12,839)		Creditors & Receipts in advance	26	(14,669)
<u>(12,839)</u>				<u>(14,669)</u>
	<u>18,951</u>	Net Current Assets		<u>14,990</u>
	76,178	Total Assets less Current Liabilities		77,557
(34,020)		Long Term Liabilities	7,28	(32,911)
(766)		Provisions	29	(445)
<u>(1,172,133)</u>		Pensions Liability	30,34	(1,539,867)
<u>(1,130,741)</u>		Total Net Liability		<u>(1,495,666)</u>
		Financed by :-		
		Unusable Reserves		
11,226		Capital Adjustment Account	30 (i)	9,194
11,981		Revaluation Reserve	30 (ii)	18,242
2,102		Collection Fund Adjustment Account	30 (v)	927
(799)		Accumulated Absences Account	30 (vi)	(1,146)
<u>(1,172,133)</u>		Pensions Reserve	30 (vii)	(1,539,867)
		Usable Reserves		
0		Capital Grants Unapplied Account	30 (iii)	0
3,877		Usable Capital Receipts Reserve	30 (iv)	3,877
5,691		Specific Reserves	30 (viii)	5,691
<u>7,314</u>		Revenue Balances	33	7,416
<u>(1,130,741)</u>				<u>(1,495,666)</u>

OFFICE OF POLICE AND CRIME COMMISSIONER BALANCE SHEET

This Balance Sheet is a record of the financial position of the Office of the Police and Crime Commissioner as at 31 March 2017, with comparative figures for 31 March 2016.

31 March 2016		Notes	31 March 2017	
£'000	£'000		£'000	£'000
0			0	
	Intangible Assets			
	Tangible Fixed Assets	17		
	Operational Assets			
45,602	Land & Buildings		49,745	
0	Vehicles, Plant & Equipment		0	
	Non-operational Assets			
4,429	Surplus assets, held for disposal		5,871	
				55,616
	Current Assets			
0	Inventories	23	0	
4,864	Debtors & Payments in advance	24	2,740	
0	Accumulated Absences Inter-group Debtor		0	
7,833	Inter-group Debtor		3,530	
9,005	Temporary Investments		5,500	
5,505	Cash and Cash Equivalents		10,983	
27,207			22,753	
	Current Liabilities			
(1,115)	Creditors & Receipts in advance	26	(867)	
0	Accumulated Absences	30 (vi)	0	
(1,115)			(867)	
	Net Current Assets			21,886
	Total Assets less Current Liabilities			77,502
(34,020)	Long Term Liabilities	7,28	(32,911)	
(1,170,467)	Inter-group creditor - Pensions		(1,537,079)	
0	Inter-group creditor - Accumulated Absences		0	
(711)	Provisions	29	(390)	
(1,666)	Pensions Asset / (Liability)	30,34	(2,788)	
(1,130,741)	Total Net Assets / (Liability)			(1,495,666)
	Financed by :-			
	Unusable Reserves			
11,226	Capital Adjustment Account	30 (i)	9,194	
11,981	Revaluation Reserve	30 (ii)	18,241	
2,102	Collection Fund Adjustment Account	30 (v)	928	
(799)	Accumulated Absences Account	30 (vi)	(1,146)	
(1,172,133)	Pensions Reserve	30 (vii)	(1,539,867)	
	Usable Reserves			
0	Capital Grants Unapplied Account	30 (iii)	0	
3,877	Usable Capital Receipts Reserve	30 (iv)	3,877	
5,691	Specific Reserves	30 (viii)	5,691	
7,314	Revenue Balances	33	7,416	
(1,130,741)				(1,495,666)

GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Specific Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Change in Total Usable Reserves	Collection Fund Adjustment Account	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Accumulated Absences Account	Change in Total Unusable Reserves	Change in Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2015	(3,844)	(8,634)	(4,806)	0	(17,284)	(1,753)	(5,986)	1,253,219	(13,136)	1,053	1,233,397	1,216,113
Movement in reserves during 2015-16												
Total Comprehensive Income and Expenditure	34,528	0	0	0	34,528	0	(6,785)	(113,115)	0	0	(119,900)	(85,372)
Adjustments between accounting basis and funding basis under regulations												
Total Adjustments	(35,055)	0	929	0	(34,126)	(349)	73	32,029	2,627	(254)	34,126	0
Total Transfers to/from specific reserves	(2,943)	2,943	0	0	0	0	717	0	(717)	0	0	0
(Increase) / Decrease in year	(3,470)	2,943	929	0	402	(349)	(5,995)	(81,086)	1,910	(254)	(85,774)	(85,372)
Balance as at 31 March 2016	(7,314)	(5,691)	(3,877)	0	(16,882)	(2,102)	(11,981)	1,172,133	(11,226)	799	1,147,623	1,130,741

	General Fund Balance	Specific Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Change in Total Usable Reserves	Collection Fund Adjustment Account	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Accumulated Absences Account	Change in Total Unusable Reserves	Change in Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2016	(7,314)	(5,691)	(3,877)	0	(16,882)	(2,102)	(11,981)	1,172,133	(11,226)	799	1,147,623	1,130,741
Movement in reserves during 2016-17												
Total Comprehensive Income and Expenditure	38,187	0	0	0	38,187	0	(6,536)	333,275	0	0	326,739	364,926
Adjustments between accounting basis and funding basis under regulations												
Total Adjustments	(38,288)	0	(868)	0	(39,156)	1,175	78	34,459	3,097	347	39,156	0
Total Transfers to/from specific reserves	0	0	868	0	868	0	197	0	(1,065)	0	(868)	0
(Increase) / Decrease in year	(102)	0	0	0	(102)	1,175	(6,261)	367,734	2,032	347	365,027	364,925
Balance as at 31 March 2017	(7,416)	(5,691)	(3,877)	0	(16,984)	(927)	(18,242)	1,539,867	(9,194)	1,146	1,512,650	1,495,666

GROUP CASH FLOW STATEMENT

2015-16			Notes	2016-17	
£'000	£'000		35	£'000	£'000
Operating Activities					
		Cash Outflows			
139,756		Cash paid to or on behalf of employees		132,821	
27,405		Other operating costs		29,221	
	167,161				162,042
		Cash Inflows			
(52,334)		Precept - Council Tax income		(53,373)	
(17,432)		Non-Domestic Rate income		(17,332)	
(83,082)		Home Office Grants	39	(76,267)	
(12,225)		Cash received for goods and services		(19,113)	
	(165,073)				(166,085)
	2,088	Operating Activities Net Cash Flow			(4,043)
Servicing of Finance					
		Cash Outflows			
0		Interest paid		0	
		Cash Inflows			
(191)		Interest received		(151)	
	(191)				(151)
Investing Activities					
		Cash Outflows			
4,828		Purchase of fixed assets		4,801	
		Cash Inflows			
929		Sale of fixed assets		(868)	
(1,919)		Capital Grants received		(1,712)	
	3,838				2,221
Management of liquid resources					
42,546		Short Term Lending		20,541	
(41,546)		Short Term Loans Repaid		(24,046)	
Financing					
0		Short Term Borrowing		0	
0		Short Term Borrowing Repaid		0	
	1,000				(3,505)
	6,735	Net cash inflow / outflow			(5,478)
Other Movements					
	(2,910)	Transfers			0
	3,825	Net (increase) / decrease in cash	35		(5,478)

EXPENDITURE AND FUNDING ANALYSIS

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

	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	30,844	75,782	106,625	Chief Constable	39,987	72,250	112,237
	(504)	5,620	5,116	Office of the Police and Crime Commissioner	(472)	4,839	4,367
	859	288	1,147	Commissioning and Partnership Working	389	278	667
	31,199	81,690	112,888	Net Cost of Services	39,904	77,367	117,271
	0	(43)	(43)	Other Operating Income & Expenditure			
	383		383	Net (gain) / loss on disposal of non-current assets	0	(240)	(240)
				Trading Account Deficit / (Surplus)	0		0
	6		6	Financing & Investment Income & Expenditure			
	(191)		(191)	Interest Payable	6		6
	83,907	(41,925)	41,982	Interest and Investment Income	(151)		(151)
	(905)	905	0	Pensions Interest Cost & Expected Return on Assets	78,750	(35,878)	42,872
	2,280	(2,280)		Movements to/from reserves	1,829	(1,829)	
	0			MRP	2,305	(2,305)	
	(41,472)		(41,472)	Taxation & Non-Specific Grant Income			
	0		0	Home Office Grant	(41,236)		(41,236)
	(17,432)		(17,432)	Revenue Support Grant	0		0
	(51,986)	(349)	(52,335)	Non Domestic Rates	(17,333)		(17,333)
	(7,340)		(7,340)	Council Tax Precept	(54,548)	1,175	(53,373)
	(1,919)		(1,919)	Council Tax Legacy Grants	(7,918)		(7,918)
				Capital Grants	(1,711)		(1,711)
	(34,669)	(43,692)	(78,361)	Total Other Income and Expenditure	(40,007)	(39,077)	(79,084)
	(3,470)	37,998	34,528	Deficit for the year	(102)	38,290	38,187
	(3,844)			Opening General Fund Balance as at 31 March 2016	(7,314)		
	(3,470)			Surplus / Deficit on General Fund Balance	(102)		
	(7,314)			Closing General Fund Balance as at 31 March 2017	(7,416)		

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

2015/16 Total Adjustments	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	2016/17 Other Differences	Intra Group Funding	Total Adjustments
£'000		(Note 1) £'000	(Note 2) £'000	(Note 3) £'000		£'000
75,782	Chief Constable	3,254	68,649	347		72,250
5,620	Office for Police and Crime Commissioner	3,429	1,410	0		4,839
288	Commissioning and Partnership Working	0	278	0		278
0		0	0	0		-
81,690	Net Cost of Services	6,683	70,337	347		77,367
(43,692)	Other Income and Expenditure from the Funding analysis	(4,374)	(35,878)	1,175		(39,077)
37,998	Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	2,309	34,459	1,522		38,290

Note 1

Adjustment for Capital Purposes

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

- **Other operating expenditure** - adjust for capital disposals with a transfer of income on 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 contribution 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 represents 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. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

Appendix C of the Code requires Local Authorities to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. Standards that fall into this category are:

Amendment to the reporting of Pension fund scheme transaction costs

Amendment to the reporting of investment concentration

All of these standards will be incorporated into the Code from 2017-18 and will be complied with by the PCC. However, none have material impact for the PCC and none warrant specific disclosure in these accounts.

2. EVENTS AFTER THE BALANCE SHEET DATE

There were no material events after the Balance Sheet date

3. ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations in the year.

4. PRIOR PERIOD ADJUSTMENTS

There are no prior period adjustments to disclose for the 2016/17 Accounts.

NOTES TO THE CORE FINANCIAL STATEMENTS

5. EXPENDITURE AND INCOME ANALYSIED BY NATURE

The Group Comprehensive Income and Expenditure account is shown here in subjective format, with a comparison between actual spending for the year and budgets agreed by the Police and Crime Commissioner.

2015-16		2016-17		
Actual		Original Estimate	Final Estimate	Difference
£'000		£'000	£'000	() = over £'000
2,916	Police and Crime Commissioner	2,987	3,219	2,643
	Police Force			
120,266	Employees	127,321	124,266	117,390
4,533	Premises Related Expenses	4,784	4,784	5,146
1,510	Transport Related Expenses	1,481	1,479	1,477
7,534	Supplies and Services	7,472	6,879	8,012
11,673	Third Party Payments	14,165	14,114	11,637
7,990	Capital Charges	823	823	6,683
156,422		159,033	155,564	152,988
	Income			
(34,270)	Specific Grants	(30,002)	(26,288)	(27,113)
(3,276)	Reimbursements & Contributions	(2,417)	(2,796)	(4,000)
(5,987)	Customer & Client Receipts	(4,455)	(4,132)	(4,604)
112,889	Net Cost of Service	122,159	122,348	117,271
(43)	Net (gain) / loss on disposal of non-current assets	0	(40)	(240)
383	Trading Account Deficit / (Surplus)	0	0	0
6	Interest Payable	8	8	6
(191)	Interest on balances	(130)	(130)	(151)
41,982	Pensions Interest Cost & Expected Return on Assets	0	0	42,872
0	Impairment - Icelandic Banks	0	0	0
155,026	Net Operating Expenditure	122,037	122,186	159,758
	Principal Sources of Finance			
(41,472)	Home Office Grant	(41,236)	(41,236)	(41,236)
0	Revenue Support Grant	0	0	0
(17,432)	Non Domestic Rates	(17,333)	(17,333)	(17,333)
(52,335)	Council Tax Precept	(54,583)	(54,583)	(53,373)
(7,340)	Legacy Council Tax Grants	(7,918)	(7,918)	(7,918)
(118,579)	Total Funding	(121,070)	(121,070)	(119,860)
36,447	(Surplus) / Deficit for the year	967	1,116	39,898
(7,990)	Depreciation and impairment of fixed assets	(823)	(823)	(6,683)
43	Net gain / (loss) on disposal of fixed assets	0	0	240
0	Revenue Financing of Capital	0	0	0
2,280	Statutory provision for repayment of debt	0	0	2,305
120	Voluntary provision for repayment of debt	120	120	120
349	Collection Fund Adjustment Account	0	0	(1,175)
(32,029)	Appropriations to / (from) Pensions Reserve	0	0	(34,459)
254	Appropriations to / (from) Accumulated absences Account	0	0	(348)
(2,943)	Transfers to / (from) Specific Reserves	(264)	(264)	0
(3,469)	Reduction / (Increase) in General Balances	0	149	(102)

NOTES TO THE CORE FINANCIAL STATEMENTS

5.1. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

a) Management Information

The Comprehensive and Expenditure statement shows the accounting cost of providing services in the year in accordance with generally accepted accounting practices. Decisions about resource allocation are taken by the Police and Crime Commissioner and Chief Constable on the basis of budget reports for the service as a whole, prepared on a different basis from the accounting policies used in the Statement of Accounts. In particular:

- no charges are made for capital expenditure (revenue financing, revaluation losses, etc.) or credits for capital grants
- the cost of retirement benefits is based on payment of employer's contributions rather than the current cost of benefits accrued in the year
- the minimum revenue provision is included

2015/16			2016/17
Outturn £000's	Dorset Police	Type	Outturn £000's
63,797	Pay & Employment Costs	Officer Pay	64,023
3,016		Officer Overtime	3,364
1,532		Injury / Ill Health Pensions	1,363
4,310		PCSO Pay	4,189
19		PCSO Overtime	17
29,143		Police Staff Costs	29,592
547		Police Staff Overtime	747
719		Other Employee Expenses	949
658		Training & Conference Costs	823
401		Temporary or Agency Staff	468
104,142	Pay & Employment Costs Total		105,536
11,932	Overheads	Premises Related Expenditure	12,327
5,095		Supplies and Services	5,213
3,698		Communications & Computing	4,388
764		Insurance	418
4,046		Partnership and Collaboration	4,333
2,041		Transport Related Expenditure	1,953
125		Capital Financing	126
27,699	Overheads Total		28,757
(15,351)	Income	Specific Government Grants	(6,802)
(191)		Interest / Investment Income	(142)
(173)		Partnership Funding	(633)
(80)		Reimbursed Services - Other	(273)
(2,301)		Reimbursed Services - Police Forces	(895)
(1,243)		Reimbursed Services - Public Bodies	(2,096)
(4,009)		Sales, Fees, Charges and Rents	(4,039)
(228)		Special Police Services	(347)
500		Transfers from Reserves	(149)
(23,077)	Income Total		(15,375)
108,764	Force Total		118,919

NOTES TO THE CORE FINANCIAL STATEMENTS

Outturn £000's	OPCC	Type	Outturn £000's
870		OPCC - General	1,045
10		OPCC - Audit and Assurance	61
880		OPCC - subtotal	1,107
887		OPCC - Victims Funding	898
(838)		OPCC - Victims Funding (Grant Funding)	(898)
327		OPCC - Local Innovation Fund	226
859		OPCC - Community Safety Fund	474
2,115	OPCC Total		1,806
110,880	Net Expenditure		120,725
(2,671)		Amounts in the CIES not reported to management	(3,647)
4,680		Amounts in the management statements not reported in the CIES	192
112,889			117,271

b) Analysis and reconciliation to the Comprehensive Income and Expenditure Statement

The table below shows the income and expenditure of the PCC Group in the form presented for management purposes during the year, reconciled to the Cost of Services in the Comprehensive Income and Expenditure Statement (CIES)

2015/16 Total £000	Dorset Police	Type	Outturn £000's	Amounts not reported to Manage ment	Amounts not in Cost of Service	Cost of Services	Other Corporate Amounts	2016/17 Total £'000
79,495		Pay & Employment Costs						
3,016		Officer Pay	64,023	11,627	0	75,650		75,650
1,532		Officer Overtime	3,364	0	0	3,364		3,364
4,310		Injury / Ill Health Pensions	1,363	0	0	1,363		1,363
19		PCSO Pay	4,189	(0)	0	4,189		4,189
29,143		PCSO Overtime	17	0	0	17		17
547		Police Staff Costs	29,592	20	0	29,612		29,612
719		Police Staff Overtime	747	0	0	747		747
658		Other Employee Expenses	949	0	0	949		949
401		Training & Conference Costs	823	0	0	823		823
		Temporary or Agency Staff	468	0	0	468		468
119,840		Pay & Employment Costs Total	105,536	11,646	0	117,183	0	117,183
9,654		Overheads						
5,079		Premises Related Expenditure	12,327	(2,305)	0	10,022		10,022
3,698		Supplies and Services	5,213	(10)	0	5,203		5,203
764		Communications & Computing	4,388	0	0	4,388		4,388
4,046		Insurance	418	0	0	418		418
2,041		Partnership and Collaboration	4,333	62	0	4,395		4,395
7,990		Transport Related Expenditure	1,953	0	0	1,953		1,953
		Capital Financing	126	6,683	(126)	6,683		6,683
33,270		Overheads Total	28,757	4,431	(126)	33,062	0	33,062
(34,085)		Income						
0		Specific Government Grants	(6,802)	(19,712)	0	(26,514)		(26,514)
(173)		Interest / Investment Income	(142)	(0)	142	0		0
(80)		Partnership Funding	(633)	0	0	(633)		(633)
(2,301)		Reimbursed Services - Other	(273)	(52)	0	(325)		(325)
(1,243)		Reimbursed Services - Police Forces	(895)	(24)	0	(919)		(919)
(4,178)		Reimbursed Services - Public Bodies	(2,096)	65	0	(2,030)		(2,030)
(228)		Sales, Fees, Charges and Rents	(4,039)	(1)	27	(4,013)		(4,013)
0		Special Police Services	(347)	0	0	(347)		(347)
		Transfers from Reserves	(149)	0	149	0		0
(42,289)		Income Total	(15,375)	(19,724)	318	(34,781)	0	(34,781)
110,822		Force Total	118,919	(3,625)	192	115,486	0	115,464

NOTES TO THE CORE FINANCIAL STATEMENTS

	OPCC	Type	Outturn £000's					
870		OPCC - General	1,045	0	0	1,045		1,045
10		OPCC - Audit and Assurance	61	0	0	61		61
880		OPCC - subtotal	1,107	0	0	1,107	0	1,107
838		OPCC - Victims Funding	898	0	0	898		898
(838)		OPCC - Victims Funding (Grant Fund	(898)	0	0	(898)		(898)
327		OPCC - Local Innovation Fund	226	0	0	226		226
859		OPCC - Community Safety Fund	474	0	0	474		474
2,066		OPCC Total	1,806	0	0	1,806	0	1,806
112,888		Net Expenditure	120,725	(3,625)	192	117,293	0	117,271

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 of policing activities. These costs have been funded through the Police and Crime Commissioner through an intra group adjustment.

2015-16 Net Spending £'000	Division of Service	2016-17 Net Spending £'000
106,624	Chief Constable	112,237
5,116	Police and Crime Commissioner	4,367
1,147	Commissioning and Partnership Working	667
112,887	Total financial resources of the PCC utilised at the request of the Chief Constable	117,271
(112,887)	Intra Group adjustment	(117,271)
<u>0</u>	Net Cost of Service	<u>0</u>

7. LONG TERM CONTRACTS - (Private Finance Initiative)

The PCC has entered contracts for the provision of two schemes under the Government's Private Finance Initiative (PFI). The first is for the replacement of the Western Division Headquarters and certain section stations, signed in March 2000. Occupation of the facilities and payments commenced in 2001-02 and continue for 30 years. The second contract was signed in July 2007 and relates to the provision of a new facility in Poole as part of a joint PFI scheme between Dorset Police and Dorset Fire and Rescue Services. Occupation of the Wimborne Road site was on 17 December 2009 and will continue for 25 years.

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

Payments 2015-16 £'000	Grants 2015-16 £'000		Payments 2016-17 £'000	Grants 2016-17 £'000
3,478	(2,346)	Western Scheme	3,465	(2,346)
4,250	(2,892)	DESPI	4,220	(2,892)
<u>7,728</u>	<u>(5,238)</u>		<u>7,685</u>	<u>(5,238)</u>

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

	Western £'000	DESPI £'000
Capital Repayment	13,181	30,430
Interest Charges	4,419	12,639
Service Charges	32,499	37,193
	<u>50,099</u>	<u>80,262</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

Movements of PFI asset and liability balances are analysed as follows:

Assets	Western £'000	DESPI £'000
Opening balance	6,390	6,608
Additions/developments/lifecycle	1,119	196
Revaluations	(320)	72
Impairments		
Depreciation	(97)	(109)
Closing balance	7,092	6,767

Liabilities	Western £'000	DESPI £'000
Opening balance	(6,635)	(25,940)
Additions/developments/lifecycle	(1,119)	(196)
Repayments	885	1,420
Closing balance	(6,869)	(24,716)

8. OPERATING LEASES

The PCC leases a small number of properties for operational purposes, the costs of which are included in the Comprehensive Income and Expenditure Account. The following table shows the total expenditure and the future commitment. The table also shows rental income from property, mainly surplus police housing leased to Housing Associations and mobile telephone aerial sites.

2015-16 £'000		2016-17 £'000
182	Expenditure	183
96	Commitment - 1 year	183
316	Commitment - 2 to 5 years	338
528	Commitment - over 5 years	169
141	Rental Income	0

9. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

The Capital Expenditure in the table below includes expenditure, referred to as Revenue Expenditure Funded from Capital Under Statute, on assets, which the PCC does not own and which are not included in its fixed asset register. This expenditure is charged to the Comprehensive Income and Expenditure account in the year it is incurred with the necessary appropriations in the Movement in Reserves Statement and the Capital Adjustment Account.

2015-16 £'000		2016-17 £'000
100	Expenditure in year	250
(100)	Charged to Income and Expenditure Account	(250)
0	Balance carried forward	0

NOTES TO THE CORE FINANCIAL STATEMENTS

10. AGENCY WORK

The PCC has an agency agreement with the Criminal Records Bureau (an Executive Agency of the Home Office) whereby the Authority is responsible for processing security checks. The expenditure noted below is included in the Income and Expenditure Account and is fully reimbursed by the Home Office.

2015-16		<u>2016-17</u>
£'000		£'000
238	Expenditure	237

11. 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		<u>2016-17</u>
£'000		£'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
<u>3,619</u>	Total	<u>3,608</u>

South West Regional Organised Crime Unit (ROCU - Zephyr) - A regional response to serious and organised crime involving staff from all forces and a number of related agencies including UK Border Agency and Border Forces, Serious & Organised Crime Agency, HM Revenue & Customs & Crown Prosecution Service. The contributions for 2015-16 and 2016-17 are set out in the table below

2015-16		<u>2016-17</u>
£'000		£'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
<u>4,256</u>	Total	<u>6,951</u>

South West Procurement Services is a partnership between Devon and Cornwall Police, Dorset Police, Wiltshire Police and Gloucestershire Police. Staff are based across the region and are all employed by Devon and Cornwall. Dorset's contribution to this service was £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%).

NOTES TO THE CORE FINANCIAL STATEMENTS

12. 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
<u>2,257</u>		<u>2,371</u>
197	Special Constabulary	124
234	Volunteers	165

13. 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	6
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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

SENIOR OFFICERS AND RELEVANT POLICE OFFICERS EMOLUMENTS WHERE 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 £	Compensation for loss of employment £	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) 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
Police and Crime Commissioner	70,000			5,970	75,970	8,680		84,650
Chief Executive	84,645			6,141	90,786	10,496		101,282
	1,003,102	0	0	35,066	1,038,168	173,542	0	1,211,710

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 £	Compensation for loss of employment £	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
Police and Crime Commissioner	70,000	0	0	7,297	77,297	8,680		85,977
Chief Executive (until 6/5/17)	32,687	0	0	184	32,871	1,044	48,951	82,866
Interim Chief Executive (Agency)	77,831	0	0	0	77,831	0		77,831
	1,063,438	0	216	25,733	978,686	190,862	48,951	1,329,200

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.

The Treasurer of the Police and Crime Commissioner is employed by Dorset County Council. The PCC purchases this service from the County Council (see note 16). In 2016-17 the cost of the Treasurer was £44,100 and the cost in 2015-16 was £43,700.

NOTES TO THE CORE FINANCIAL STATEMENTS

14. 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	2	3	1	25	15
£20,001 to £40,000	3	1	2	5	141	174
£40,001 to £60,000	1	0	0	1	56	49
£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 to £200,000	0	0	0	1	0	188
Total	5	3	6	8	415	426
					£'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>183</u>

15. RELATED PARTIES

Police and Crime Commissioners are required to disclose details of material transactions with related parties, including Central Government, other Local Authorities, and Members and Senior Officers and their close families.

Grants from the Home Office are shown in the Comprehensive Income and Expenditure Account on page 16 and page 43.

The Treasurer to the Police and Crime Commissioner is also the Chief Financial Officer at Dorset County Council. The PCC purchases some financial and other services from the County Council.

The Chief Executive to the PCC has written to all Members and Senior Officers explaining the requirements. No instances of transactions involving these related parties have been declared.

16. AUDIT FEES

Fees payable to the PCC's external auditors, KPMG for 2016-17 relating to the year of account are as follows.

2015-16 £'000		2016-17 £'000
54	External Audit Services	44
0	non-audit services	4
<u>54</u>		<u>48</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

17. 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> Land and Buildings	<u>Assets</u> Vehicles, Plant & Equipment	<u>Non-operational Assets</u> Under construct -ion	<u>Surplus Assets</u>	<u>Total Assets</u> £'000
<u>2016-17</u>	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 1 April	1,108	63,886	43,232	-	7,035	115,261
Accumulated Depreciation	(184)	(20,221)	(36,960)	-	(669)	(58,034)
Net Book Value 1 April	924	43,665	6,272	-	6,366	57,227
Transfers	-	(133)	-	-	133	-
Additions	1,255	2,528	2,333	-	-	6,116
Disposals	-	-	(449)	-	(683)	(1,132)
Revaluations	-	6,414	-	-	-	6,414
Depreciation for the year	(577)	(1,517)	(3,255)	-	-	(5,349)
Impairment (non enhancing exp)	-	(1,212)	-	-	-	(1,212)
Depreciation on assets sold	-	-	449	-	55	504
Impairment	-	-	-	-	-	-
Net Book Value 31 March	1,602	49,745	5,350	0	5,871	62,568
<u>Asset Financing</u>						
Owned	1,602	35,886	5,350	-	5,871	48,709
Leased	-	-	-	-	-	-
PFI	-	13,859	-	-	-	13,859

Comparative movements for 2015-16 are as follows:

	<u>Intangible Assets</u>	<u>Operational Assets</u> Land and Buildings	<u>Assets</u> Vehicles, Plant & Equipment	<u>Non-operational Assets</u> Under construct -ion	Surplus Assets	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000
2015-16						
Gross Book Value 1 April	1,719	66,365	39,454	-	-	107,538
Accumulated Depreciation	(1,719)	(18,521)	(32,417)	-	-	(52,657)
Net Book Value 1 April	-	47,844	7,037	-	-	54,881
Transfers	-	(7,035)	-	-	7,035	-
Additions	1,108	1,769	2,611	-	-	5,488
Disposals	-	(2,089)	(552)	-	-	(2,641)
Revaluations	-	4,876	-	-	-	4,876
Depreciation for the year	(184)	(743)	(3,376)	-	(669)	(4,972)
Impairment (non enhancing exp)	-	(1,109)	-	-	-	(1,109)
Depreciation on assets sold	-	152	552	-	-	704
Impairment	-	-	-	-	-	-
Net Book Value 31 March	924	43,665	6,272	0	6,366	57,227
<u>Asset Financing</u>						
Owned	924	30,667	6,272	-	6,366	44,229
Leased	-	-	-	-	-	-
PFI	-	12,998	-	-	-	12,998

The above table has been restated to correctly reflect the value of surplus assets

NOTES TO THE CORE FINANCIAL STATEMENTS

18. SUMMARY OF CAPITAL EXPENDITURE AND SOURCES OF FINANCE

This table shows capital spending, the sources of funding used to finance it and, for 2016-17, a comparison with the estimated spending and funding. The underspend relates to the carried forward projects referred to in note 19 below.

2015-16		2016-17		
Actual £'000		Original Estimate £'000	Final Estimate £'000	Actual £'000
113	Major Schemes	730	1,650	23
996	Minor works to buildings	0	0	1,189
1,317	Vehicles	1,167	1,681	1,091
2,310	IT equipment and software	2,600	8,124	1,169
92	Other equipment	0	0	73
	Intangibles	0	608	1,256
4,828	Total Payments	4,497	12,063	4,800
0	Use of Capital Receipts	4,505	9,010	868
1,115	Other Contributions	-	5	39
804	Home Office Grants	-	2,133	1,672
0	Safety Camera Partnership Grant	474	0	0
2,909	Use of Capital Reserves	(482)	915	0
0	Revenue Financing	-	0	0
0	Borrowing	-	0	-
0	Unfinanced Capital Payments b/f	-	0	-
0	Unfinanced Capital Payments c/f	-	0	2,221
4,828		4,497	12,063	4,800

19. FUTURE CAPITAL COMMITMENTS

The nature of capital expenditure is such that long lead times and significant programmes of work often result in slippage in incurring expenditure. The unspent capital funding in 2016/17 will be carried forward to meet the cost of future and ongoing schemes that were provided for in that year. Most significantly is the continued development of the technology infrastructure of Dorset Police. Work has commenced on the project to replace the Command and Control system, and to procure a duties management system. Both are vital as the Force continues to seek further efficiencies throughout its services, and are being progressed in the context of the Alliance with Devon and Cornwall Police. The scope and complexity of the work involved is such that the schemes are now expected to be delivered in 2017/18 rather than 2016/17, and the funding will therefore be carried forward. A related ongoing scheme, to replace the communication system in the Force Command Centre that will ensure Dorset Police continues to provide emergency and non emergency tasking as efficiently as possible, will also need to be carried forward.

Other significant carry forwards relate to the purchase of replacement vehicles, and the ongoing work in ensuring that the Force estate is as lean and efficient as possible, while remaining fully fit for purpose to support operational policing.

20. ASSET REGISTER

The following table shows the properties held by Dorset Police and Crime Commissioner.

2015-16		2016-17	
No.		No.	
26	Stations including HQ	25	
15	Houses	14	
15	Other	21	
56		60	

NOTES TO THE CORE FINANCIAL STATEMENTS

21. PROPERTY, PLANT AND EQUIPMENT VALUATION

The freehold and leasehold assets in the PCC's Asset Register are valued initially by the Estates and Assets Group within Dorset Property. Assets are required to be valued at a minimum frequency of every five years but in any event with sufficient regularity to ensure that the carrying amount (net book value) of an asset does not differ materially from that which would be determined at the end of the financial year in which the report is prepared. Generally 25% of the Authority's properties are valued each year in a rolling programme in order to achieve this.

The Valuer has also carried out a review of the properties and confirms that none are affected by impairment as at the valuation date.

Basis of Valuation

Fair Value - FV

Current value (Existing use value) - EUV

Current Value (Depreciated Replacement Cost) - CVDRC

Valuation Method

Comparative

Comparative

Cost of replacement adjusted for age and obsolescence

22. LONG TERM DEBTORS

The PCC does not have any long term debtors, those repayable over a period of more than one year.

23. INVENTORIES

The PCC holds a number of stocks and stores. Stocks are regularly reviewed to ensure that only necessary items are held. Stationery and forensic consumables supplies are provided directly from suppliers and the force has closed it's in house stock holding of these items. All redundant and obsolete historic stock holdings have now been utilised or disposed of.

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

24. DEBTORS AND PAYMENTS IN ADVANCE

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

2015-16 £'000		2016-17 £'000
6,827	Central Government Departments	1,872
4,671	Other PCC's and Local Authorities	6,719
5,462	Others	4,393
<u>16,960</u>		<u>12,984</u>

25. TEMPORARY INVESTMENTS

The Police and Crime Commissioner (PCC) has contracted with the Dorset County Council Financial Services for the provision of this facility. The CIPFA Code of Practice for Treasury Management in Local Authorities, which governs the way in which surplus cash is invested, has been adopted. The PCC's surplus cash is invested with approved commercial banks and building societies. The total amount of investments with individual institutions and sectors is strictly controlled and regularly reviewed. All loans are to approved commercial banks and building societies in accordance with the code of practice.

NOTES TO THE CORE FINANCIAL STATEMENTS

26. CREDITORS AND RECEIPTS IN ADVANCE

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

2015-16 £'000		2016-17 £'000
2,504	Central Government Departments	2,811
2,757	Other PCC's and Local Authorities	3,191
7,578	Others	8,667
<u>12,839</u>		<u>14,669</u>

27. CASH (AND CASH EQUIVALENTS) AND BANK BALANCES

Cash in hand includes imprest accounts held by accounting officers. The bank figure includes the value of outstanding cheques drawn shortly before the end of the financial year and which were unrepresented as at 31 March 2017.

28. LONG TERM LIABILITIES

Part of this balance £1.325M in 2016-17 (£1.445M 2015-16) originates from the system of Capital Financing and Home Office Capital Grant Aid in use until 1990. There is a commitment to repay this sum to Dorset County Council over the life of the relevant assets that were built or purchased prior to 1990. The balance £31.586M in 2016-17 (£32.575M in 2015-16) is the value of liabilities due to the PFI providers over the life of the Western and DESPI PFI Schemes (see note 7).

29. PROVISIONS & CONTINGENT LIABILITIES

Provisions

The PCC 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 in lieu that will be paid during 2017-18.

A review of current Insurance claims has resulted in a reduction in provision required.

	Balance 2015-16 £'000	Income £'000	Expenditure £'000	Balance 2016-17 £'000
Taxation	0	22	22	0
Time in lieu of payment	55	0	0	55
Insurance	711	(321)	0	390
	<u>766</u>			<u>445</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

30. MOVEMENTS ON RESERVES

(i) Capital Adjustment Account

The fundamental principle of capital accounting is that accounting for fixed assets is separated from accounting for their financing. The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the IFRS Code and are financed through the capital control system.

2015-16 £'000		2016-17 £'000
13,136	Balance as at 1 April	11,226
2,909	Capital Financing	0
0	Capital Receipts Applied	868
1,919	Capital Grants	1,711
(6,008)	Depreciation and Impairment	(6,483)
(1,909)	Impairment - Price Decreases / Fall in Market Value	(122)
(1,938)	Book Value of Disposals & Transfers	(629)
120	Reduction in Deferred Liability	120
2,280	Minimum Revenue Provision	2,305
717	Transfer of gains from disposal of assets from Revaluation Reserve	197
<u>11,226</u>	Balance at 31 March	<u>9,194</u>

(ii) Revaluation Reserve

The Revaluation Reserve records unrealised revaluation gains arising since 1 April 2007 from holding fixed assets.

2015-16 £'000		2016-17 £'000
5,986	Balance as at 1 April	11,981
6,785	Gains / (Losses) - Fixed Asset Revaluation	6,536
(73)	Depreciation and Impairment	(78)
(717)	Transfer of gains from disposal of assets to Capital Adjustment Account	(197)
<u>11,981</u>	Balance at 31 March	<u>18,242</u>

(iii) Movements in capital grants unapplied

Where the acquisition of a non-current asset is financed wholly or partly by a capital grant or other contribution, the amount of the grant is credited initially to a capital grants unapplied account. Once the appropriate expenditure has been incurred, the funding is transferred from the capital grant unapplied account to the Capital Adjustment Account.

2015-16 £'000		2016-17 £'000
0	Balance as at 1 April	0
0	Grants used for Capital Financing	0
0	Release of Government Grant	0
<u>0</u>	Balance at 31 March	<u>0</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

(iv) Usable Capital Receipts Reserve

Capital receipts from the sale of capital assets (chiefly surplus police housing stock) can be used to finance new capital expenditure.

2015-16		2016-17
£'000		£'000
4,806	Balance as at 1 April	3,877
(929)	Receipts in the year	868
0	Transfer to Capital Reserve	0
0	Less Applied during the year	(868)
3,877	Balance at 31 March	3,877

(v) Collection Fund Adjustment Account

The Collection Fund Adjustment Account holds the movement between the Council Tax income included in the Comprehensive Income and Expenditure Account and the amount required by regulation to be credited to the General Fund. This is included as a reconciling item in the Movement in Reserves Statement. This is an unusable reserve for the PCC.

2015-16		2016-17
£'000		£'000
1,753	Balance as at 1 April	2,102
349	Movement during the year	(1,175)
2,102	Balance at 31 March	927

(vi) 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. The balance on this account at the end of the year is mirrored by a creditor in the balance sheet. As with other changes in provisions, the change in the balance between the start and the end of the year is charged in the Comprehensive Income and Expenditure Statement within individual costs of service.

2015-16		2016-17
£'000		£'000
(1,053)	Balance as at 1 April	(799)
1,053	Reverse previous year provision	799
(545)	Current year provision	(1,494)
(254)	Charge / (Credit) to I&E	348
(799)	Balance at 31 March	(1,146)

(vii) Movements in pensions reserve (See also Note 38)

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

2015-16			2016-17	
Police	LGPS		Police	LGPS
£'000	£'000		£'000	£'000
(1,177,094)	(76,125)	Surplus / (Deficit) as at 1 April	(1,100,935)	(71,198)
(23,449)	(8,435)	Service Cost	(19,187)	(8,178)
38,102	3,822	Employer Contributions	31,890	3,988
0	(87)	Administration Expenses	0	(100)
(39,458)	(2,524)	Net interest on the defined liability (asset)	(40,238)	(2,634)
100,964	12,151	Actuarial gain / (loss)	(295,214)	(38,061)
(1,100,935)	(71,198)	Surplus / (Deficit) as at 31 March	(1,423,684)	(116,183)

The LGPS actuarial gains or losses identified in the above table can be analysed into the following categories, shown as cash amounts and as a percentage of assets or liabilities as at 31 March

NOTES TO THE CORE FINANCIAL STATEMENTS

(viii) Other Earmarked Reserves

The following reserves have been set up to fund future spending. The Workforce change reserve is for use in funding the implementation costs of the Strategic Alliance and other expected costs of change over the next two years.

	Balance 2015-16 £'000	Income / Transfers £'000	Expenditure / Transfers £'000	Balance 2016-17 £'000
For Capital Purposes				
Capital	1,826	0	0	1,826
For Revenue Purposes				
Insurance	0	0	0	0
Major Operations	1,200	0	0	1,200
Workforce Change	2,665	0	0	2,665
	5,691	0	0	5,691

31. AUTHORISATION

The draft Statement of Accounts was authorised for issue by Richard Bates, Treasurer to the Police and Crime Commissioner, on 7th June 2017.

32. TRUST FUNDS

The PCC administers the Dorset Police Scholarship Trust fund. This was established to provide scholarships that enable officers of the Force to gain experience of work practices in other Police Forces, for the benefit of this PCC. Although the PCC holds this fund as Trustee, it does not belong to the PCC and does not form part of the annual accounts.

33. MOVEMENT IN BALANCES

The level of general balances has increased by the general fund balance of £0.102M, to a total of £7.416M. This means that uncommitted general balances are £7.416M or 6.1% of the budget requirement.

Analysis of Movement in Balances

2015-16		2016-17	
Total Balances £'000		General Balances £'000	Cost Centre £'000
3,844	Balances as at 1 April	7,314	0
3,330	Use of accumulated balances	(149)	0
140	Surplus / (Deficit) in year	251	0
7,314	Balances as at 31 March	7,416	0

NOTES TO THE CORE FINANCIAL STATEMENTS

34. RETIREMENT BENEFITS (See also Note 30(vii))

The PCC 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 PCC 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.

The CIPFA Code of Practice follows amendments to IAS19, and requires more detailed disclosures as included below in this note. A reconciliation of opening and closing balances of the present value of the defined benefit obligation, and a reconciliation between the opening and closing balances of the fair value of the scheme assets is now included at the end of this note.

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when they are eventually paid as pensions. However, the charge against council tax has to be based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Account after Net Operating Expenditure. The following transactions have been made in the Comprehensive Income and Expenditure Account: -

2015-16			2016-17	
Police £'000	LGPS £'000		Police £'000	LGPS £'000
Net Cost of Services				
23,449	8,435	Service Cost	19,187	8,178
39,458	2,524	Net interest on the defined liability (asset)	40,238	2,634
0	87	Administration Expenses	0	100
(24,805)	(7,224)	Movement on Pensions Reserve	(27,535)	(6,924)
Actual amount charged against council tax for pensions in the year				
0	(3,822)	Employer's contributions payable	0	(3,988)
0	0	Unfunded Pension Payments	0	0
(38,102)	0	Retirement benefits payable to pensioners	(31,890)	0

The underlying assets and liabilities for retirement benefits attributable to the PCC 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%	69,338	Equities	57%	87,781
10%	11,984	Gilts	15%	23,227
13%	15,475	Bonds	11%	17,933
5%	5,868	Diversified Growth Fund	4%	6,783
11%	13,576	Property	9%	13,758
1%	1,613	Infrastructure	3%	5,227
0%	106	Hedge Fund	0%	25
4%	5,109	Cash	1%	1,736
0%	0	Target Return Portfolio	0%	0
	123,069	Estimated Assets in the LGPS		156,470
	194,101	Present value of liabilities in the LGPS		272,477
	166	Present value of unfunded liabilities		176
	194,267	Total value of LGPS liabilities		272,653
	(71,198)	Net Staff Pensions (Deficit)		(116,183)
	(1,100,935)	Estimated Liabilities in Police Pension Scheme		(1,423,684)
	(1,172,133)	Net Pensions (Deficit)		(1,539,867)

NOTES TO THE CORE FINANCIAL STATEMENTS

The liabilities show the underlying commitments that the PCC has in the long run to pay retirement benefits. The total liability of £1540m has a substantial impact on the net worth of the PCC as recorded in the balance sheet, resulting in a negative overall balance of £1496m. However, statutory arrangements for funding the deficit mean that the financial position of the PCC remains healthy.

The deficit on the LGPS will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Finance is only required to be raised to cover police pensions when the pensions are actually paid.

Liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Estimates are based on the latest full valuation of the scheme as at 31 March 2016, as updated for changes in numbers of staff and pensioners. The next full valuation takes effect from 31 March 2019.

The main assumptions used in their calculations are: -

2015-16	Local Government Pension Scheme	2016-17
% p.a.		% p.a.
3.4%	RPI Increases	3.6%
2.5%	CPI Increases	2.7%
4.0%	Rate of increase in salaries	4.2%
2.5%	Rate of increase in pensions	2.7%
3.8%	Rate for discounting scheme liabilities	2.8%
10.0%	Proportion of LGPS employees opting to take a commuted lump sum	10.0%

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 main financial assumptions used in their calculations are: -

2015-16	Police Pension Scheme	2016-17
% p.a.		% p.a.
3.3%	Rate of inflation	3.6%
2.4%	CPI Increases	2.7%
4.2%	Rate of increase in salaries	4.2%
2.4%	Rate of increase in pensions	2.7%
3.7%	Rate for discounting scheme liabilities	2.7%

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

NOTES TO THE CORE FINANCIAL STATEMENTS

The PCC 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	198,910	Opening defined benefit obligation	1,100,935	194,267
23,449	8,435	Current service cost	19,187	7,751
39,458	6,725	Interest cost	40,238	7,346
(88,952)	(17,537)	Change in financial assumptions	295,214	60,738
3,666	0	Change in demographic assumptions	0	4,636
(15,678)	7	Experience loss/(gain) on defined benefit obligation	0	(379)
0	0	Liabilities assumed/(extinguished) on settlements	0	0
(43,285)	(4,065)	Estimated benefits paid (net of transfers in)	(36,962)	(4,112)
0	0	Past service costs including curtailments	0	427
6,188	1,808	Contributions by scheme participants	6,132	1,995
(1,005)	(16)	Unfunded pension payments	(1,060)	(16)
1,100,935	194,267	Closing defined benefit obligation	1,423,684	272,653

The PCC 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
	122,785	Opening fair value of scheme assets		123,069
	4,201	Interest on assets		4,712
	(5,379)	Return on assets less interest		21,533
	0	Other actuarial gains (losses)		5,401
	(87)	Administration expenses		(100)
	3,822	Contributions by employer (including unfunded)		3,988
	1,808	Contributions by scheme participants		1,995
	(4,081)	Estimated benefits paid		(4,128)
	0	Settlement prices received/(paid)		0
	123,069	Fair value of scheme assets at end of period		156,470

NOTES TO THE CORE FINANCIAL STATEMENTS

35. MOVEMENT IN CASH AND CASH EQUIVALENTS

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

2015-16			2016-17	
£'000	£'000		£'000	£'000
	(3,469)	Net (surplus) / deficit on Revenue Account		(102)
	0	Net (surplus) / deficit on Capital Account		2,221
		Movement in accruals items:-		
0		Long Term Debtors	0	
12		Stocks	(128)	
1,066		Debtors	(3,976)	
2,663		Creditors	(1,830)	
(715)		Provisions	321	
	3,026			(5,613)
		Movement in non-cash items:-		
2,943		Specific Reserves	0	
(350)		Collection Fund Adjustment Account	1,175	
(254)		Accumulated Absences Account	347	
929		Capital Receipts Reserve	0	
	3,268			1,522
		Movement in financing items:-		
0		Repayment of Internal Borrowing	0	
1,000		Short Term Loans	(3,505)	
	1,000			(3,505)
	3,825	(Increase) / Decrease in Cash		(5,477)

37. MOVEMENT IN NET FUNDS

Net funds are cash and other liquid resources (e.g. temporary investments), less any borrowings. This table shows the movement during the year.

	Balance 1 April 2016 £'000	Movement in year £'000	Balance 31 March 2017 £'000
Cash in hand and at bank	5,505	5,478	10,983
Temporary investments and borrowing	9,005	(3,505)	5,500
	14,510	1,973	16,483

38. MOVEMENT IN LIQUID RESOURCES

Liquid resources are current assets that are readily convertible into known amounts of cash. For the PCC these are the temporary investments.

2015-16 £'000		2016-17 £'000
8,005	Temporary Investments as at 1 April	9,005
1,000	Increase / (Decrease) in Temporary Investments	(3,505)
9,005	Temporary Investments as at 31 March	5,500

NOTES TO THE CORE FINANCIAL STATEMENTS

39. ANALYSIS OF GOVERNMENT GRANTS

This table gives details of the specific grants received from central government departments.

2015-16 £'000		2016-17 £'000
0	Neighbourhood Policing Fund	0
(64)	Pre 1990 Loan Charges Grant	(62)
(5,238)	PFI Grant	(5,238)
(1,380)	Security Grant	(1,014)
(26,073)	Pensions Specific Grant	(19,712)
(45)	Prison Intelligence Officer Grant	0
0	Police Innovation Fund	0
(637)	PCC Specific Grants - Victims Support	(836)
(170)	PCC Specific Grants - Restorative Justice	0
(80)	Dedicated Security Grant (Regional)	0
(579)	Council Tax Freeze Grant	0
(4)	Crime Fighting Fund Grant	0
0	Community Safety Fund Grant	0
0	Miscellaneous Home Office Grants	(252)
<u>(34,270)</u>		<u>(27,114)</u>

40. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

41. 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 PCC'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 2017-2018

This statement is written on behalf of the Police and Crime Commissioner for Dorset. It sets out the position at 31 March 2017 including plans for the financial year 2017/18.

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

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

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.

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The Police and Crime Commissioner (PCC)

1.1 The Law and Regulations

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

Their legal responsibilities are clearly defined within the statutory framework that comprises 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 PCC and Chief Constable should be managed to provide good performance, good public engagement, good stewardship of public money and ultimately good outcomes for citizens and users.

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).

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

The joint corporate framework consists of the following:

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

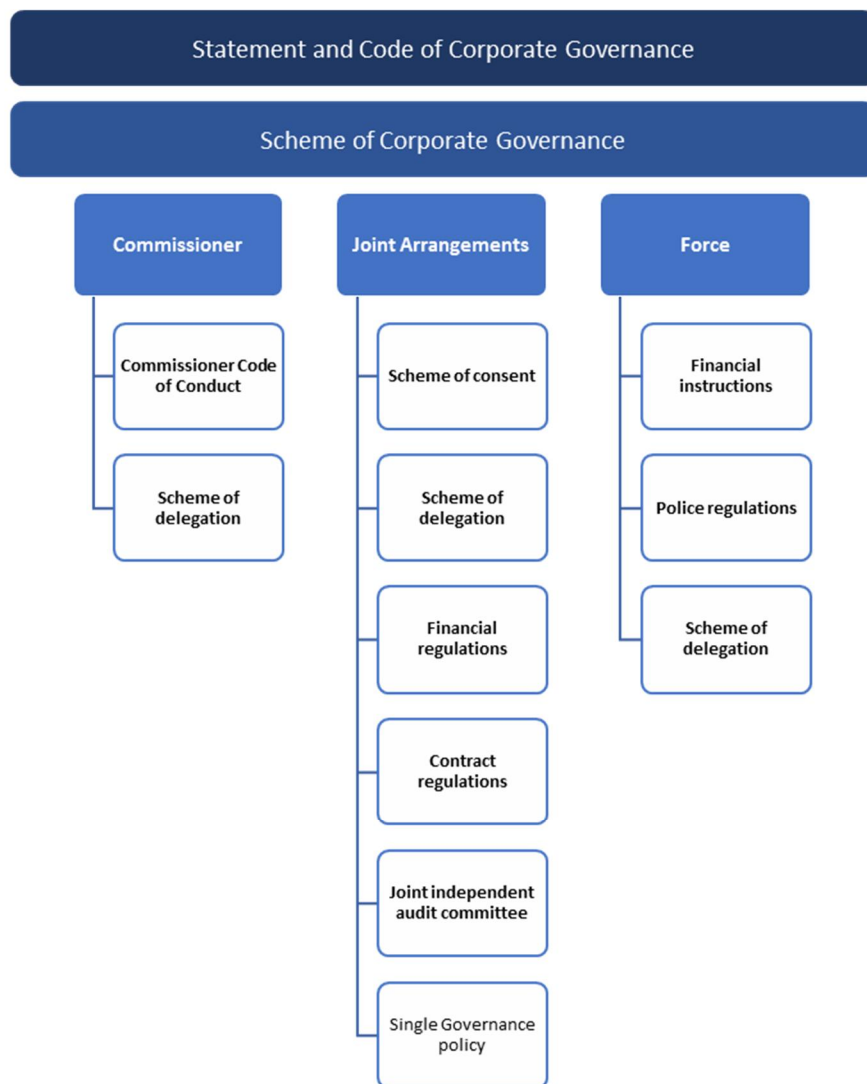
- the Statement of Corporate Governance
- Code of Corporate Governance
- Scheme of Corporate Governance
- Financial Regulations and Instructions
- Contract Standing Orders
- Scheme of Consent; and
- Scheme of Delegation.

[Single Governance Policy](#)

[Policies and procedures](#)

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

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1.3 Governance Responsibilities and Management

The Police and Crime Commissioner is supported by a Deputy PCC and the Office of the PCC in the delivery of his statutory responsibilities, including holding the Chief Constable to account for the delivery of efficient and effective policing in Dorset.

The Senior Management Team (SMT) for the OPCC during 2016/17 is recorded below:

THE ANNUAL GOVERNANCE STATEMENT



1.4 Strategic Board Structure

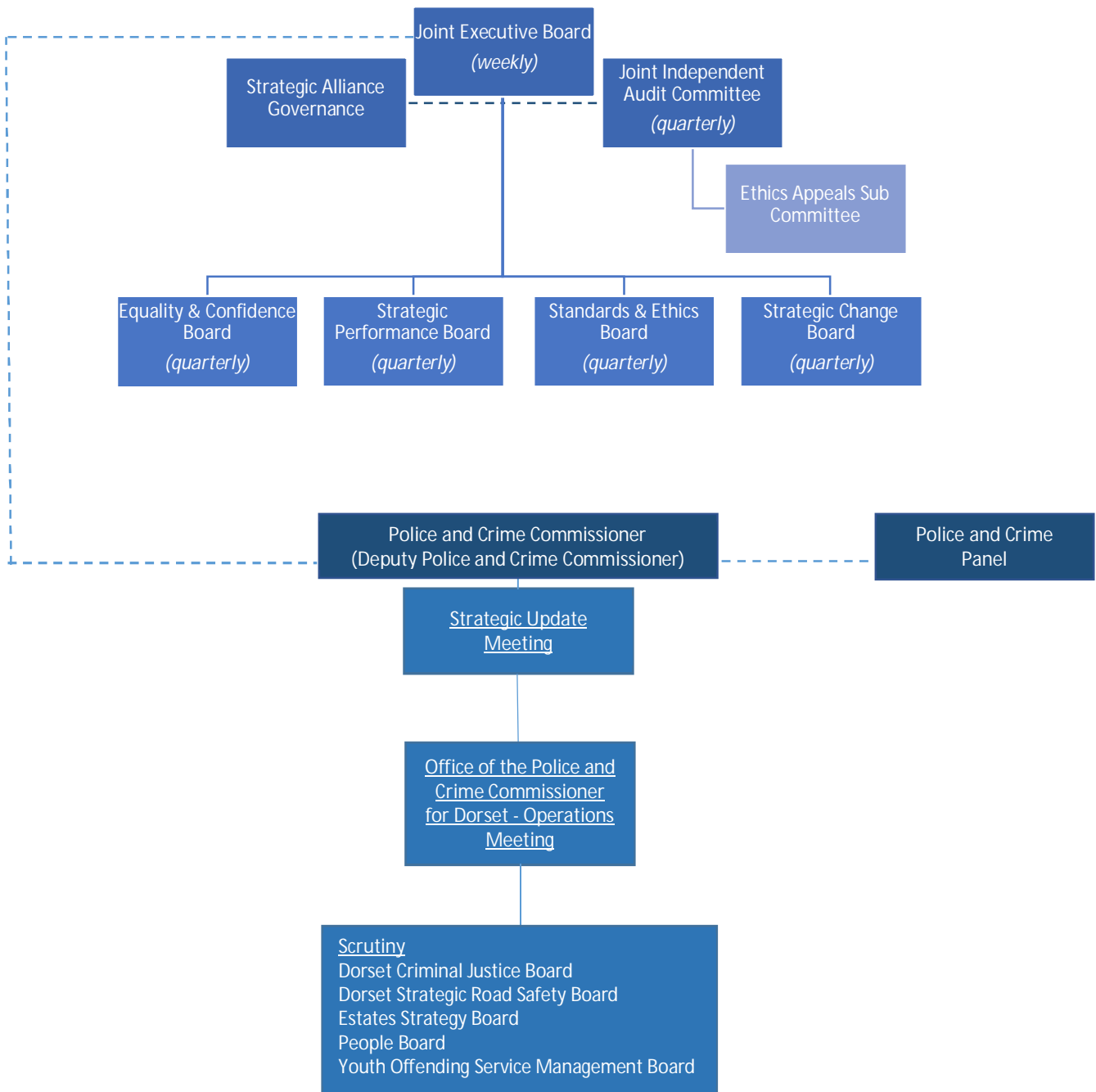
The SMT meet weekly to discuss key strategic and OPCC operational matters. The Force and OPCC Joint Executive Board (JEB) also meets weekly, with a 'decision-making' JEB scheduled monthly.

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

A separate governance structure is also in place for oversight of the strategic alliance programme, including an Executive Board, Programme Board and Delivery Group. The PCC and/or representatives from the OPCC sit on each of these meetings.

The hierarchy board meeting structure is recorded below:

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1.5 Independent Audit Committee

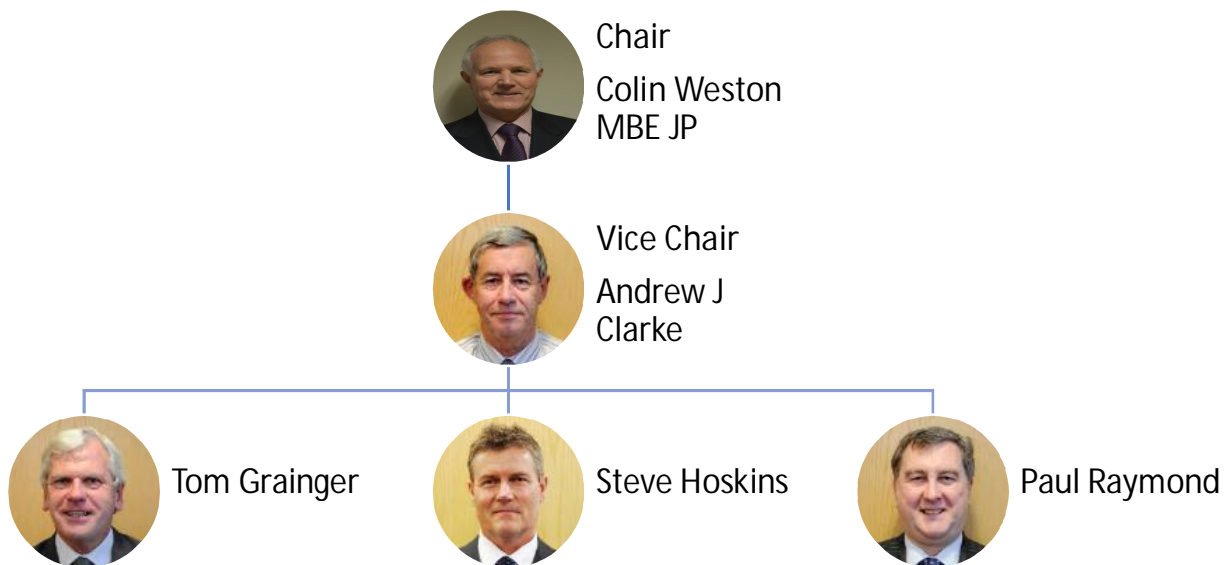
The Financial Management Code of Practice (FMCP) for policing sets out a requirement for the establishment of an independent audit committee who provide assurance on governance arrangements through scrutiny and challenge. This has been provided to both the force and the PCC through the Joint Independent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

JIAC consists of five members who are independent of both Dorset Police and the Police and Crime Commissioner. Members were recruited from the local community and were appointed for their blend of experience, knowledge and skills.

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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.



1.6 Ethics and Appeals Sub-Committee

Three members of JIAC form the Ethics and Appeals Sub-Committee which provides the Police and Crime Commissioner and Chief Constable with independent assurance and advice on ethics and integrity matters. During 2017 this will become a standalone committee in Dorset.

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.

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2.1 The Alliance Governance Framework

As a transformational programme the alliance senior management team is accountable to the four 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

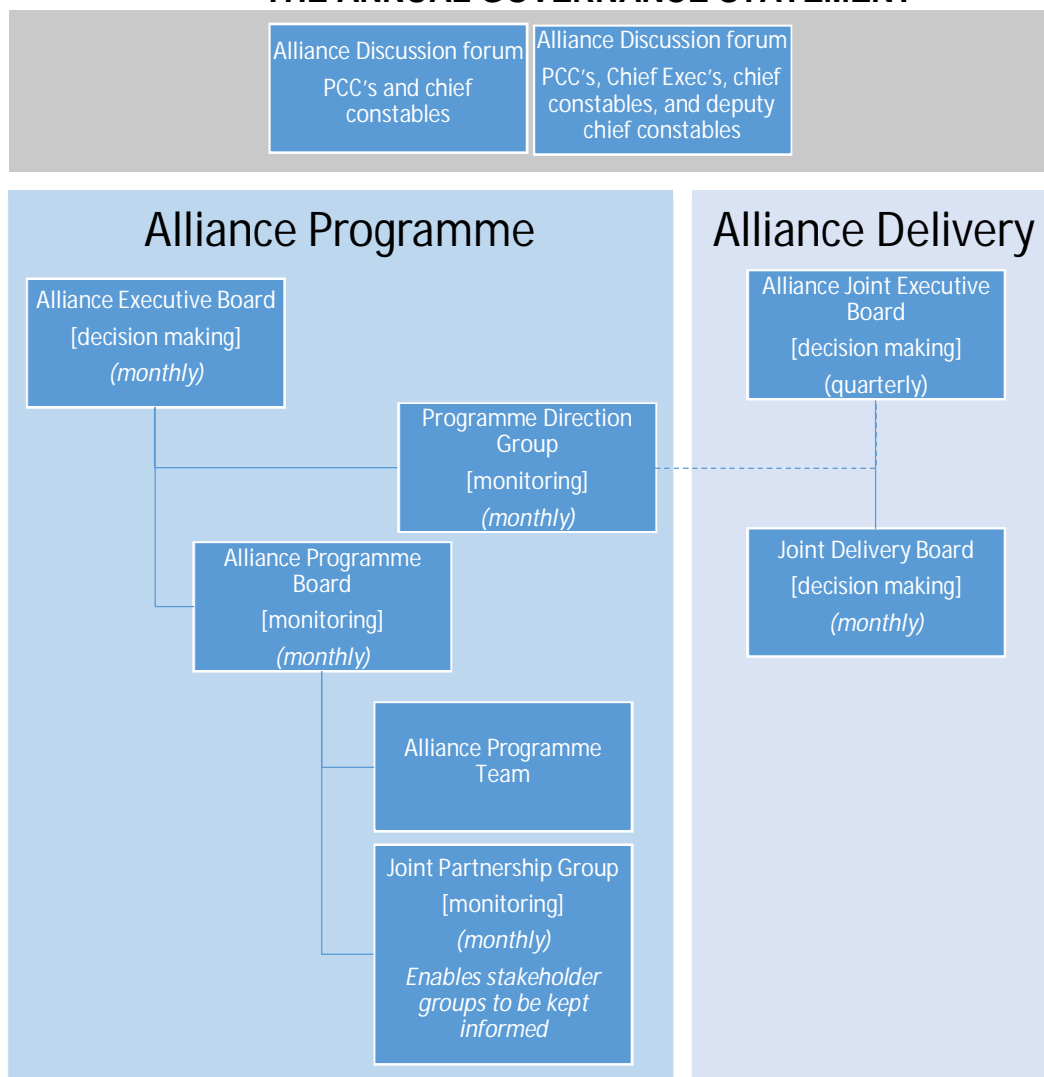
The alliance senior management team is supported by a team of specialist officers who have individual responsibilities for the delivery of the programme.

2.3 Alliance Strategic Management Board Structure

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 and/or a representative at a selection of alliance board meetings and through reports submitted to the Audit Committee.

The alliance board meeting structure is recorded below.

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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 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 the PCC. It sets out the position as at 31 March 2017 including plans for the financial year 2017/18.

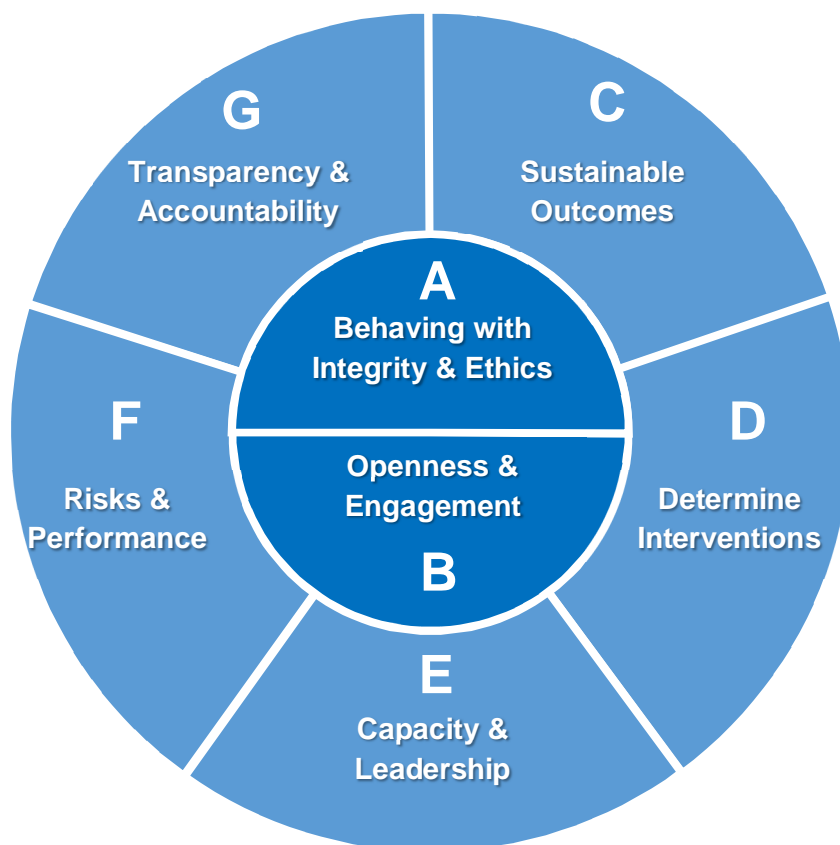
Each year the OPCC reviews its current governance arrangements against the delivery of service.

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

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

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. The central two 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 (e.g. internal and external audit, and HMIC), and the views of senior management and professional leads. Links to publically available supporting documentation are provided in appendix A.

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.

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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 PCC will monitor Force efforts in enhancing the capacity of vetting and anti-corruption processes within Dorset through the Strategic Alliance with Devon & Cornwall which is providing a single Professional Standards Department. The PCC will pilot the transition of some elements of complaints governance from the Force to PCC, as per the Policing and Crime Act 2017.
F. Managing risks and performance through robust internal control and strong public financial management	Governance arrangements	The PCC will continue to work with their Alliance partners, as the Alliance moves from managing the Programme to managing Delivery, to put in place effective governance arrangements. This will provide clearer responsibilities and will increase the speed with which decisions are made; Robust reporting arrangements for updating on delivery against the Police and Crime Plan will also be developed.
	Risk Management	The PCC will continue to work with their 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 to ensure appropriate transparency of decision making to the public, particularly in relation to Alliance decisions.
	Timeliness of reporting to the public	The content on the OPCC website will be regularly reviewed and updated to ensure that publication

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		requirements are met and timely information provided to the public. The availability of said information will also be widely publicised to the public.
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4.2 Progress against actions identified in 2015/16

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 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. Work on the new police complaints arrangements with enhanced PCC involvement are ongoing.</p> <p>Joint governance arrangements across the Alliance will support both PCCs with the adoption of any additional powers.</p> <p>The PCC was returned for a second term of office in May 2016. The Police and Crime Plan for 2017-2021 was published by the 31 March 2017 deadline.</p> <p>Ongoing dialogue regarding PCC representation on the Dorset & Wiltshire Fire Authority, and with health and wellbeing agencies across the county.</p> <p>ONGOING</p>
Partnerships & Commissioning	<p>The recommendations made by the SWAP audit report on the OPCC commissioning arrangements have all been implemented. A further review of commissioning has since taken place with new arrangements set to be launched during 2017.</p> <p>ONGOING</p>
Risk Management	<p>The PCC election in 2016 and subsequent review and restructure of the OPCC has delayed the OPCC fully</p>

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hosting the Alliance Audit, Insurance and Strategic Risk Department.

This will be resolved when the in-house Chief Finance Officer (CFO) takes up their post in summer 2017.

ONGOING

5. 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 PCC has the elements of good governance; however, in recognition of the strategic alliance and transitional change taking place there is need for ongoing work in order to maintain the effectiveness of the system.

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

Signed

Police & Crime Commissioner: Martyn Underhill

Chief Executive & Monitoring Officer: Simon Bullock

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APPENDIX A: LINKS TO SUPPORTING INFORMATION

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](#)

Dorset Police Links

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

Independent 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.

