

# Chief Constable for Devon and Cornwall

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



**Devon & Cornwall Police**



# Chief Constable for Devon and Cornwall

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

Shaun Sawyer                      Chief Constable

Sandy Goscomb                  Chief Finance Officer to the Chief Constable

Address:                          Police Headquarters  
Middlemoor  
Exeter  
EX2 7HQ

Telephone:                      01392 226874

Website:                         [www.devon-cornwall.police.uk](http://www.devon-cornwall.police.uk)

# Chief Constable for Devon and Cornwall

## Statement of Accounts 2017/18

### Contents

<b>Accompanying Reports</b>	<b>Page</b>
Chief Finance Officer's Narrative Report	6
Independent Auditor's Report	13
Statement of Responsibilities	14
 <b>Financial Statements</b>	
Movement in Reserves Statement	16
Comprehensive Income and Expenditure Statement	17
Balance Sheet	18
Cash Flow Statement	19
 <b>Notes to the Financial Statements</b>	
Note 1    Accounting Policies	21
Note 2    Accounting Standards Issued, Not Adopted	27
Note 3    Significant Estimates and Judgements	27
Note 4    The Chief Constable as an Accounting Entity	27
Note 5    Events After the Balance Sheet Date	29
Note 6    Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty	29
Note 7    Expenditure and Funding Analysis	30
Note 8    Expenditure and Funding Analysed by Nature	33
Note 9    Property, Plant and Equipment	33
Note 10   Provisions	34
Note 11   Accumulated Absences	35
Note 12   External Audit Costs	35
Note 13   Officers' Remuneration	36
Note 14   Related Party Transactions, Commissioning, Partnerships and Collaborations	38
Note 15   Contingent Liabilities	40

# Chief Constable for Devon and Cornwall

## Statement of Accounts 2017/18

### Contents

	<b>Page</b>
<b>Notes to the Financial Statements continued</b>	
Note 16 Capital Expenditure and Financing	41
Note 17 Defined Benefit Pension Schemes	41
 <b>Police Officers' Pension Fund Statement</b>	 51
 <b>Joint Annual Governance Statement</b>	 53
 <b>Glossary</b>	 71



# Accompanying Reports



Devon & Cornwall Police

# Chief Constable for Devon and Cornwall

## Chief Finance Officer's Narrative Report

### 1. Introduction

- 1.1 Welcome to the Chief Constable's Statement of Accounts for 2017/18. The Statement reports the income and expenditure on service provision for the year and the value of the Chief Constable's assets and liabilities at the end of the financial year. This is done in accordance with proper accounting practices as defined in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2 The primary function of the Chief Constable is to provide an efficient and effective police service in Devon and Cornwall, ensuring that the county remains one of the safest in the country in which to live. The Chief Constable has a number of operational priorities which are based on today's risks, and on what the local communities and the Police and Crime Commissioner have raised as areas of concern. Each year these priorities are reviewed and throughout the year the Chief Constable works with the Police and Crime Commissioner to ensure the Force is focused on them. The current priorities are:
- Reducing crime and bringing criminals to justice
  - Protecting people from harm
  - Improving satisfaction in policing services
  - Maintaining visibility, engagement and problem solving in communities
  - Meeting relevant national policing requirements
- 1.3 The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. These accounts are the Chief Constable's single entity accounts only. The single entity accounts for the Police and Crime Commissioner and the accounts for the Group are presented together in a separate booklet.
- 1.4 The aim of this narrative report is to provide an easily understandable explanation of the Chief Constable's financial and non-financial performance in 2017/18 and its position at the end of the year.

### 2. The Statement of Accounts

- 2.1 A brief explanation of the purpose of each of the four primary statements is provided below:
- **Movement in Reserves Statement** for the Chief Constable shows the changes in the Chief Constable's financial resources over the year.
  - **Comprehensive Income and Expenditure Statement** for the Chief Constable shows the gains and losses that contributed to the changes in resources.
  - **Balance Sheet as at 31 March 2018** shows how the resources available to the Chief Constable are held in the form of assets and liabilities.
  - **Cash Flow Statement** shows how the movement in resources has been reflected in cash flows.

The notes to the accounts include the accounting policies and gives further information on the entries within the main statements as well as supplementary information. These are further supplemented by a glossary of terms.

#### 2.2 Changes in Accounting Policies

- 2.2.1 Devon and Cornwall Police works very closely with Dorset Police, with many services delivered jointly under a 'Strategic Alliance'. Consideration is currently being given to a proposed future merger of the Forces, and Offices of the Police and Crime Commissioners. The accounting policies of both forces have been reviewed and revised during the year in this context.

#### 2.3 Change in Format of Accounts

- 2.3.1 The format of the statement of accounts has been reviewed and updated since the 2016/17 accounts. The new format enables increased clarity and transparency on the financial information, incorporating the changes in accounting policy. All relevant information from the 2016/17 accounts is included in this revised format for comparative purposes.
- 2.3.2 All relevant information from the 2016/17 accounts is included in this revised format for comparative purposes.



## Chief Finance Officer's Narrative Report Continued

### 3 Resources Available in 2017/18

#### 3.1 Setting the Financial Strategy for 2017/18 and Beyond

3.1.1 The Police and Crime Commissioner for Devon and Cornwall allocates the significant proportion of the available annual funding to the Chief Constable. In 2017/18, the allocation to the Chief Constable was £279.3m out of the total Police and Crime Commissioner funding of £284.4m.

3.1.2 The Chief Constable works with the Commissioner in agreeing a Medium Term Financial Strategy (MTFS), identifying budget requirement for the following year and for the subsequent three years.

3.1.3 A significant factor for the Commissioner in setting the 2017/18 budget was the expectation of continuing real terms reductions in central government funding over the period of the MTFS. The budget was therefore designed to drive out continued efficiencies, primarily through the work with Dorset Police on the Strategic Alliance, and through reducing Police Community Support Officer numbers in line with a revised operational policing model. These efficiencies largely fall within the allocation to the Chief Constable. The Police and Crime Commissioner's decision to increase the Council Tax by 1.99% which, with the programme of efficiencies, enabled to Force to address the following key areas:

- Investment in the Transformational Police Response, Investigation and Safeguarding programme (PRISM). The overall programme will:
  - Increase on line communication and connectivity with the public.
  - Increase 'desk top resolution' – resolving issues at first point of contact.
  - Achieve agreed 101 standards.
  - Achieve agreed 999 standards.
  - Ensure callers are updated and kept informed.
  - Save officer (and witness) time, and improve crime file quality through telephone statement taking.
- Employment of police staff investigators.
- Officer Numbers to increase to 3,000 over the MTFS, 96 more than previously planned.
- Investment in 'citizens in policing' (working with volunteers) in 2017/8 and beyond.
- Development of specialist problem solvers within each Local Policing Area to provide a strategic approach to tackling issues with partner agencies.
- Continued investment in supporting our officers and staff in the roles that they undertake. This includes investment in assets, such as premises, ICT and equipment, and also in areas such as wellness.

#### 3.2 Actual Expenditure for 2017/18

3.2.1 The Chief Constable spent £280.1m against the budget allocation of £279.3m, resulting in an overspend of £0.8m. This final spend is reflected in the Expenditure and Funding Analysis in the accounts.

3.2.2 The principle underlying causes of the outturn overspend relate to:

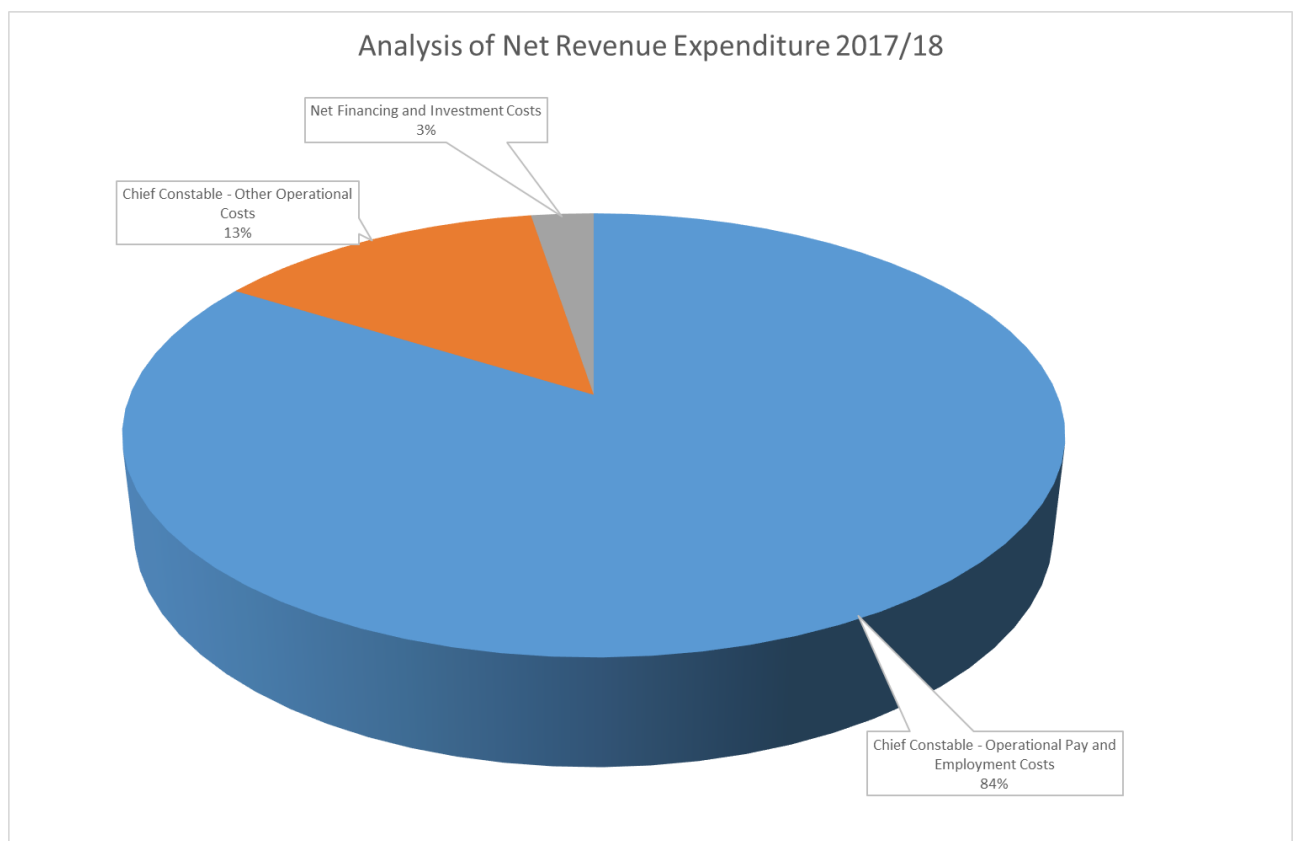
- Police officer pay overspend of £1,520k, including a 1% non-consolidated officer pay award of £620k. The remaining overspend is accounted for by amendments to estimates on numbers, the timing of leavers and the effect of Strategic Alliance recharges from Dorset Police, which were higher than the number budgeted at 10 officers.
- Police officer overtime overspend of £1,373k. This overall overspend reflects the trend of operational needs in the year, and includes an estimate for overtime worked in March. An increase has been built into the 2018/19 budget in recognition of the pressure on this budget.
- Police staff pay overspend of £3,475k. This can be broken down into an underspend of £386k on permanent staffing and an overspend of £3,861k on agency staff. Further causes of the overspend include the filling of vacancies in Alliance areas, and the continuation of the UNIT Team staffing at current levels until the end of the financial year, which was originally anticipated to reduce during the course of the year.

# Chief Constable for Devon and Cornwall

## Chief Finance Officer's Narrative Report Continued

- The above overspending areas are offset to a large degree by underspends in the following areas:
  - Ill Health Retirements - the budget was based on an estimated 16 officers leaving on ill health retirement and the capital lump sum payable. Due to a change in the Corporate HR process, and a material reduction in cases a £1,134k underspend is reported here.
  - Police Community Support Officer pay is underspent by £730k, as the numbers of leavers throughout the year have exceeded the budgeted estimates. This outturn includes an accrual for the consolidated and non- consolidated pay award of £130k.
  - Supplies and Services budgets are underspent by £1,034k. This relates to unspent carry forward balances and savings on equipment and furniture across numerous budget lines.
  - Premises related expenditure is underspent by £632k. The main contributors to this are a reduction in energy costs, reduced expenditure on planned and reactive maintenance, rent and rates and estates disposal costs.
  - Communications and Computing is underspent by £565k. The rationalisation of the mobile phone estate has helped reduce costs. Savings in the managed service contract have been achieved through lesser demand for project resources, as have reduced software costs.
  - Partnership and Collaboration is underspent by £502k and the main variance here is reduced costs from the Police National Computer project following the decentralisation of the National Procurement Hub.
  - Reduction in costs of capital schemes totalling £525k, allowing a reduction in revenue contribution in capital.

3.2.3 The below chart shows a breakdown of actual net revenue expenditure for 2017/18 by category of spend:



# Chief Constable for Devon and Cornwall

## Chief Finance Officer's Narrative Report Continued

### 3.3 Capital Programme

- 3.3.1 The table below shows the Chief Constable's capital expenditure, and funding, during 2017/18. The majority of the assets relating to policing, most significantly buildings, are owned by the Police and Crime Commissioner. However certain items of equipment and ICT are considered to be under the ownership and control of the Chief Constable. Capital expenditure in this respect consists of an ongoing programme of rationalisation, replacement and enhancement of assets, all with an expected life of more than one year, and with a value in excess of £10k. There were no individual acquisitions or disposals that are material in 2017/18.

	£'000
<b>Capital Investment</b>	
Equipment and ICT	864
	<b>864</b>
<b>Source of Finance</b>	
Advance from Police and Crime Commissioner	864
	<b>864</b>

- 3.3.2 ICT and capital equipment across the Force area is replaced when necessary to ensure that officers and staff have the most appropriate access to technology and equipment to support them in their roles. The majority of ICT assets are reflected on the Police and Crime Commissioner's balance sheet. The capital purchases that fall under the Chief Constable are primarily equipment, including Taser equipment and purchase of drones, with minor spend on technological innovation.

### 3.4 Workforce Resources

- 3.4.1 Workforce costs make up 84% of the annual expenditure of Devon and Cornwall Police. The full time equivalents (FTE) of officers and staff employed by Devon and Cornwall Police at the beginning and end of the period were:

31/03/17 (FTE)		31/03/18 (FTE)
2,900	Police Officers	2,940
2,124	Police Staff (including Police Community Support Officers)	2,102
<b>5,024</b>		<b>5,042</b>

## 4 Performance Indicators

### 4.1 External Indicators

- 4.1.1 The principal independent financial indicators available to Chief Constable and Police and Crime Commissioner are as follows:

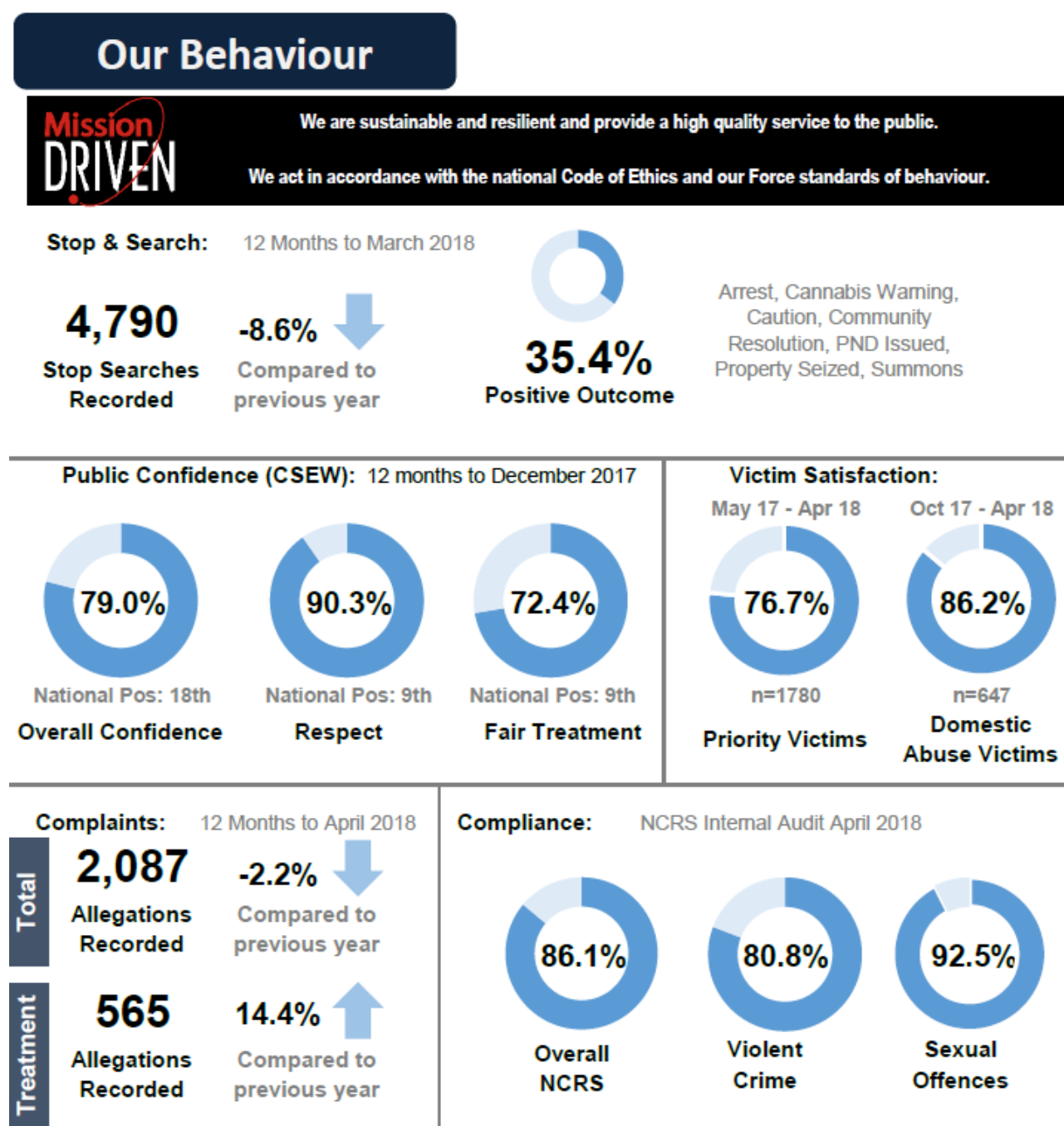
- HMICFRS PEEL Report – Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The 2017 report indicated that Devon and Cornwall Police was 'good' for two of the three areas reviewed, and required improvement in the other, effectiveness:
  - The extent to which the force is efficient at keeping people safe and reducing crime is **good**.
  - The extent to which the force is legitimate at keeping people safe and reducing crime is **good**.
  - The extent to which the force is effective at keeping people safe and reducing crime **requires improvement**.

## Chief Finance Officer's Narrative Report Continued

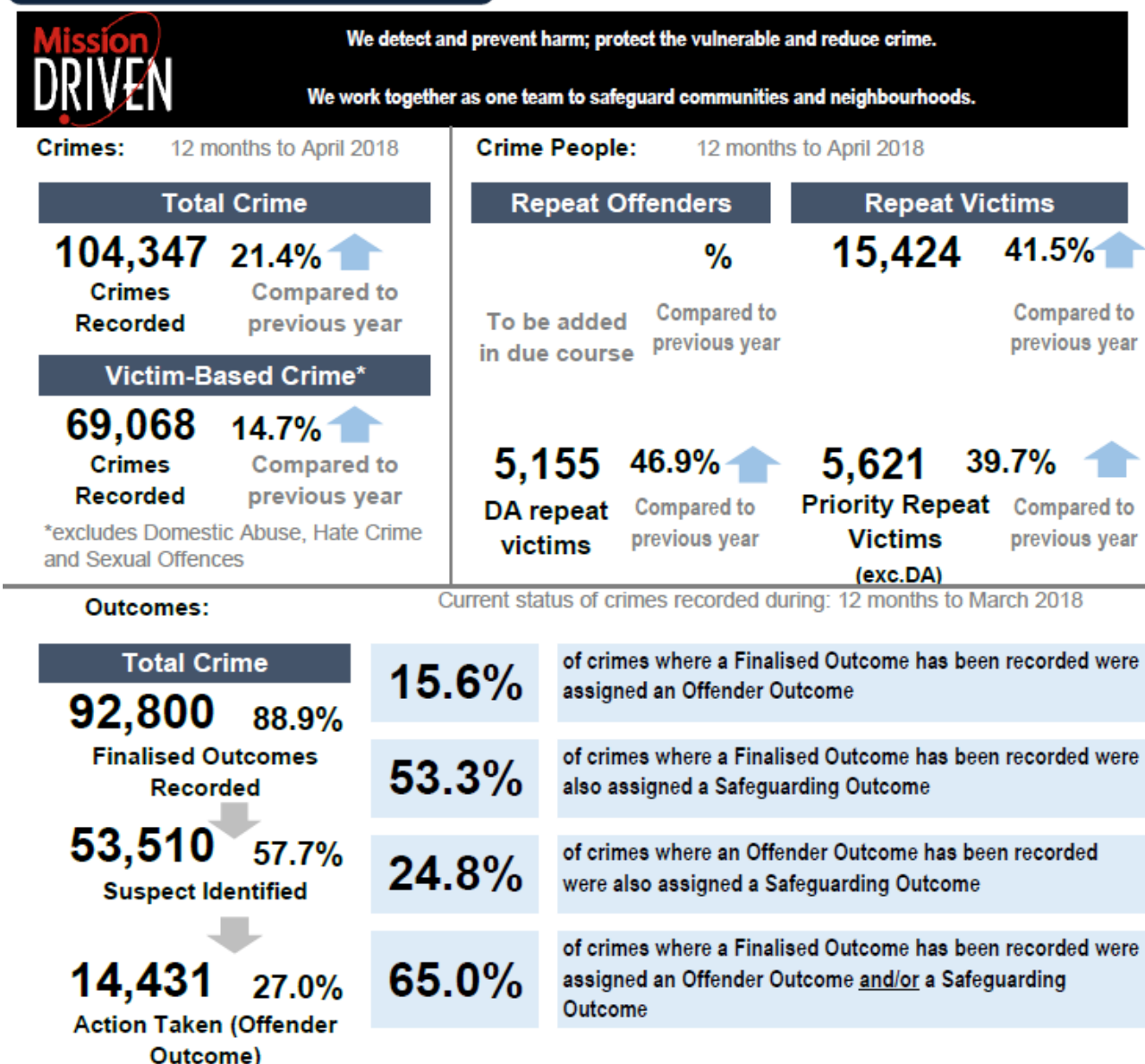
- Auditors Value for Money Opinion – External auditors provided a Value for Money conclusion for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2017. This audit concluded that the Police and Crime Commissioner and Chief Constable have made proper arrangements to ensure they took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.
- HMICFRS Value for Money Profile 2017 – this report does not provide an opinion, but states key financial and performance information of Devon and Cornwall Police in comparison to other forces. The report did not indicate any significant outliers within Devon and Cornwall Police's information.

### 4.2 Operational Performance of the Force

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



### Our Service



## 5 Future Financial Outlook

- 5.1 Devon and Cornwall Police formally updates its Medium Term Financial Strategy (MTFS) annually during the budget setting process. The 2018/19 MTFS reflected an improved outlook when compared with the 2017/18 forecasts, and allows some further service development. It does still also require further savings to achieve a balanced budget over the period.
- 5.2 The 2018/19 MTFS includes the following areas of development:
- An increase in the number of police officers to 3,015 by 2019/20. As well as increasing the overall officer numbers this also means that the maximum numbers are increased earlier than previously proposed.
  - 20 joint funded blue light officers. This will look to develop a new way of delivering neighbourhood functions in rural areas in collaboration with Fire and other partners.
  - The development of a county police headquarters for Cornwall at Bodmin.

# Chief Constable for Devon and Cornwall

## Chief Finance Officer's Narrative Report Continued

- Meet an expected additional 1% in pay award for police officers and police staff from 2018/19, after 5 years of a 1% restriction on pay.
- Significant increase in technology to drive efficiencies and productivity. This includes investment in a replacement records system, improved automatic number plate recognition (ANPR), digital storage and improved control room technology.
- The roll out of Body Worn Video (BWV) which will protect officers and victims, catch criminals and provide transparency to the public.

5.3 The success of the Alliance with Dorset Police has led to discussions of a potential merger of the two forces, and an outline business case has been submitted to the Home Office in this respect. The success or otherwise of this business case and related work could make a significant difference to the financial outlook of the Force. However, in view of the uncertainty regarding these plans, at this stage the assumption remains that the Chief Constable of Devon and Cornwall Police, and the Police and Crime Commissioner for Devon and Cornwall continue as distinct organisations to their Dorset counterparts on the going concern basis.

## 6 Managing Financial Risks

6.1 The Police and Crime Commissioner and the Chief Constable have an effective joint process for managing risk and the details are provided in the Annual Governance Statement included within these Accounts.

## 7 Governance Arrangements

7.1 The Annual Governance Statement is included within this document. The joint Annual Governance Statement describes the internal control environment for the Police and Crime Commissioner and the Chief Constable. It also comments on its effectiveness and identifies issues that require further work. Reliance is placed on the annual assurance review undertaken by the Chief Constable when drawing up the joint Annual Governance Statement.

**Signed by Sandy Goscomb**  
**Chief Finance Officer to the Chief Constable**  
31 May 2018

### Further Information:

This publication provides a review of the financial performance of the Police and Crime Commissioner for 2017/18. It may be read in conjunction with the single entity accounts of the Chief Constable, and the [Police and Crime Plan](#). Further information on these publications can be obtained by writing to the Chief Financial Officer or Chief Executive at the Police and Crime Commissioner Offices, Andy Hocking House, Alderson Drive, Middlemoor, Exeter, EX2 7RP.

**Chief Constable for Devon and Cornwall**

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

# **Chief Constable for Devon and Cornwall**

## **Statement of Responsibilities**

### **The Chief Constable's Responsibilities**

The Chief Constable is required to:

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

### **Approval of the Accounts**

I approve the Statement of Accounts.

**Shaun Sawyer**  
**Chief Constable**

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

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

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

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

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

I certify that this Statement of Accounts for the year ended 31 March 2018 gives a true and fair view of the financial position of the Chief Constable for Devon and Cornwall at the accounting date and of the income and expenditure for the year ended 31 March 2018.

**Signed by Sandy Goscomb**  
**Chief Finance Officer to the Chief Constable**  
31 May 2018.



# Financial Statements



Devon & Cornwall Police

# Chief Constable for Devon and Cornwall

## Movement in Reserves Statement

This statement only shows the pension related transactions from the start of the year to the end of the year for 2016/17 and 2017/18 as all reserves are managed by the Police and Crime Commissioner. The financial consequences of the operational activities undertaken by the Chief Constable is shown in the Comprehensive Income and Expenditure Statement.

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

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2016</b>		0	0	0	0	0	0	0
<b>Movement in Reserves</b> (Surplus) or Deficit on the Provision of Services		(711,186)	0	0	0	(711,186)	0	(711,186)
Other Comprehensive Income and Expenditure		711,186	0	0	0	711,186	0	711,186
<b>Total Comprehensive Income and Expenditure</b>		0	0	0	0	0	0	0
<b>Balance at 31 March 2017</b>		0	0	0	0	0	0	0

# Chief Constable for Devon and Cornwall

## Comprehensive Income and Expenditure Statement

This statement reflects the Police and Crime Commissioner's financial resources consumed by the Chief Constable for 2016/17 and 2017/18. In practice all the respective costs are paid for by the Police and Crime Commissioner. This Statement includes intra-group transactions resulting in a nil balance for Total Comprehensive Income and Expenditure.

2016/17				2017/18			Notes
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	
328,246	(17,688)	310,558	Chief Constable	367,990	(19,738)	348,252	8
<b>328,246</b>	<b>(17,688)</b>	<b>310,558</b>	<b>Cost of Services</b>	<b>367,990</b>	<b>(19,738)</b>	<b>348,252</b>	
0	(44,570)	(44,570)	Pensions Top Up Grant	0	(48,845)	(48,845)	
(328,246)	62,258	(265,988)	Intra-Group Transaction	(367,990)	68,583	(299,407)	
0	0	0	<b>Cost of Services Net of Pensions Top Up Grant</b>	0	0	0	
			<b>Financing and Investment Income and Expenditure</b>				
108,255	(9,050)	99,205	Pensions Interest Cost	103,626	(7,890)	95,736	17
(108,255)	9,050	(99,205)	Pensions Interest Cost - Intra-Group Transaction	(103,626)	7,890	(95,736)	
(711,186)	0	(711,186)	Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	373,643	0	373,643	17
<b>(711,186)</b>	<b>0</b>	<b>(711,186)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>373,643</b>	<b>0</b>	<b>373,643</b>	
		711,186	Remeasurement of the net defined benefit liability (asset)			(373,643)	
		<b>0</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>0</b>	
		<b>0</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>0</b>	

# Chief Constable for Devon and Cornwall

## Balance Sheet

The Chief Constable owns some operational non-current assets and these are included on the Balance Sheet. The Chief Constable does not hold reserves but he does have current and long term liabilities which relate to employee benefits. The intra-group transaction entries on the Balance Sheet represents the Police and Crime Commissioner's responsibility to provide funds to the Chief Constable over the long term.

31 March 2017 £'000		31 March 2018 £'000	Notes
	<b>Long Term Assets</b>		
2,489	IT and Equipment	2,376	9
3,579,363	Pensions Intra-Group Debtor	3,309,854	17
<b>3,581,852</b>	<b>Total Long Term Assets</b>	<b>3,312,230</b>	
	<b>Current Assets</b>		
9,122	Short Term Accumulated Absences - Intra-Group Debtor	9,037	11
528	Short Term Provisions Intra-Group Debtor	607	
<b>9,650</b>	<b>Total Current Assets</b>	<b>9,644</b>	
	<b>Current Liabilities</b>		
(9,122)	Short Term Accumulated Absences	(9,037)	11
(528)	Short Term Provisions	(607)	
<b>(9,650)</b>	<b>Total Current Liabilities</b>	<b>(9,644)</b>	
	<b>Long Term Liabilities</b>		
(3,579,363)	Pension Liabilities	(3,309,854)	17
(2,489)	IT and Equipment - Intra-Group Creditor	(2,376)	
<b>(3,581,852)</b>	<b>Total Long Term Liabilities</b>	<b>(3,312,230)</b>	
<b>0</b>	<b>Net Assets</b>	<b>0</b>	

Signed by Sandy Goscomb  
Chief Finance Officer to the Chief Constable  
31 May 2018

# Chief Constable for Devon and Cornwall

## Cash Flow Statement

The surplus or deficit on the provision of services represents the transfer of funds from the Police and Crime Commissioner to cover the actuarial gains/losses arising from the pensions valuation shown against the increase/decrease in pensions liability line.

<b>2016/17</b>		<b>2017/18</b>
<b>£'000</b>		<b>£'000</b>
711,186	<b>Net (Surplus) or Deficit on the Provision of Services</b>	(373,643)
	<b>Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements</b>	
(711,186)	(Increase)/Decrease in pensions liability	373,643
0	<b>Net Cash (Inflows)/Outflows from Operating Activities</b>	0
0	<b>Cash and Cash Equivalents at the end of the reporting period</b>	0

# Notes to the Accounts



**Devon & Cornwall Police**

## **Note 1     Accounting Policies**

### **1.        General Principles**

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

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

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

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

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

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

### **4.        Prior Period Adjustments, Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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

Events after the Balance Sheet date are material events, both favourable and unfavourable that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

### **6.        Contingent Liabilities**

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

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

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

### **7.        Joint Operations**

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

## Note 1 Accounting Policies Continued

### 8. Overheads

The cost of overheads and support services are charged to each area that falls under the Chief Constable for accountability and financial performance.

### 9. Pensions

#### 9.1 Benefits Payable during Employment

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

#### 9.2 Termination Benefits

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

#### 9.3 Post-Employment Benefits

Employees of the Chief Constable are members of four separate pension schemes:

- The Police Officer 1987 Scheme (PPS)
- The Police Officer 2006 Scheme (NPPS)
- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

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

##### 9.3.1 Police Officers' Pension Schemes

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 2.55% (the annualised Merrill Lynch AA rated corporate bond yield curve where the spot curve is assumed to be flat beyond the 30 year point) which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities.

##### 9.3.2 The Local Government Pension Scheme

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



# Chief Constable for Devon and Cornwall

## Note 1 Accounting Policies Continued

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

Liabilities are discounted to their value at current prices, using a discount rate of 2.55% (the annualised Merrill Lynch AA rated Corporate Bond Yield Curve where the spot curve is assumed to be flat beyond the 30 year point) which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the employer's liabilities.

The assets of the Peninsula pension fund attributable to the Chief Constable are included in the Balance Sheet at their fair value:

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

### 9.3.3 Net Pensions Liability Analysed

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

Service cost comprising:

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

Remeasurements comprising:

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

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

- cash paid as to pensioners including injury pension payments.

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

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

## Note 1 Accounting Policies Continued

### 9.3.4 Police Officers' Injury Benefits

The Chief Constable makes payment under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officers' pension schemes. The figures are included within the unfunded pension calculation as per IPSAS 25 Employee Benefits, as the injury benefits may be financially significant with volatile actuarial gains and losses. These have been estimated by the independent actuary.

### 9.3.5 Impact on Reserves

For all of the Pension Schemes, statutory provisions require the General Fund Balance to be charged with the amount payable by the Chief Constable to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement of Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### 9.4 Discretionary Benefits

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

## 10. Provisions

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

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

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

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

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

## 11. Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment. Property, plant and equipment and intangible assets are accounted for in the Police and Crime Commissioner Accounts with the exception of certain operational assets, which are set out in the Scheme of Consent. Assets held by the Police and Crime Commissioner before 1 April 2014 were transferred to the Chief Constable on this date. These operational assets together with any additional operational assets since this date are offset on the Balance Sheet by a long term liability representing the requirement that the Chief Constable pays for these assets over their operational life. The long term liability will be written down in line with the depreciation policy as set out in the note.

The expenditure within the Comprehensive Income and Expenditure Statement of the Chief Constable includes a charge for use of property, plant and equipment and intangible assets based on the fair value of the assets used by

## Note 1 Accounting Policies Continued

the Chief Constable to deliver a policing service. This “asset charge” is exactly equal to the depreciation recognised in the Police and Crime Commissioner’s Comprehensive Income and Expenditure Statement. The accounting policies of the Group in relation to depreciation are set out within the Financial Statements of the Police and Crime Commissioner.

### 11.1 Recognition

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

### 11.2 Measurement

Assets are initially measured at cost, comprising: purchase price and any costs attributable to bringing the asset into working condition.

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

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

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

### 11.3 Depreciation

Depreciation is provided for on all IT and equipment assets by spreading the cost over their useful working life. An exception is made for assets without a determinable finite useful life and assets that are not yet available for use (i.e. asset under construction).

Depreciation is calculated on the following bases:

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

### 11.4 Disposals

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

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

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

## Note 1 Accounting Policies Continued

### 12. Intangible Assets

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

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

#### 12.1 Measurement

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

#### 12.2 Amortisation

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

### 13. VAT

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

### 14. Exceptional Items

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

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

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

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

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

### 16. Cost and Intra-Group Recognition

In practice, all income is received by the Police and Crime Commissioner and all expenditure is paid by the Police and Crime Commissioner from the Police Fund. No actual cash transactions or events take place between the two entities. From an accounting perspective, costs are recognised within the Chief Constable's Accounts to reflect the financial resources consumed at the request of the Chief Constable. The income recognised in the Chief Constable's Accounts is the income collected by the Police and Crime Commissioner on behalf of the Chief Constable.

# Chief Constable for Devon and Cornwall

## Note 2 Accounting Standards Issued, Not Adopted

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

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

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

## Note 3 Significant Estimates and Judgements

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

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

## Note 4 The Chief Constable as an Accounting Entity

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

The Police and Crime Commissioner receives all government funding and income and the Chief Constable while fulfilling his responsibilities under the 2011 Act does not hold any cash or reserves. When Police and Crime Commissioner's resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies.

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

# Chief Constable for Devon and Cornwall

## Note 4 The Chief Constable as an Accounting Entity Continued

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

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

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

Certain categories of operational non-current assets are shown on the Chief Constable's Balance Sheet. These assets are offset in the Balance Sheet by a longer term creditor.

<b>Intra-Group Transactions</b>				
	<b>2016/17</b>		<b>2017/18</b>	
<b>Comprehensive Income and Expenditure Statements</b>	<b>Chief Constable £'000</b>	<b>Police and Crime Commissioner £'000</b>	<b>Chief Constable £'000</b>	<b>Police and Crime Commissioner £'000</b>
Net Cost of Policing	(265,988)	265,988	(299,407)	299,407
Pensions Interest Cost and Pensions Top Up Grant	(99,205)	99,205	(95,736)	95,736
Actuarial gains/(losses) on pensions funds	(711,186)	711,186	373,643	(373,643)
<b>Balance Sheet</b>	<b>Chief Constable £'000</b>	<b>Police and Crime Commissioner £'000</b>	<b>Chief Constable £'000</b>	<b>Police and Crime Commissioner £'000</b>
<b>Non-Current Assets/Liabilities</b>				
Pensions Long Term Intra-Group Debtor	3,579,363	0	3,309,854	0
Pensions Long Term Liabilities	(3,579,363)	0	(3,309,854)	0
Pensions Long Term Intra-Group Creditor	0	(3,579,363)	0	(3,309,854)
IT and Equipment Assets	2,489	0	2,376	0
IT and Equipment Intra-Group Creditor	(2,489)	0	(2,376)	0
IT and Equipment Intra-Group Debtor	0	9,650	0	9,644
<b>Current Assets/Liabilities</b>				
Intra-Group Debtors	9,650	0	9,644	0
Current Liabilities	(9,650)	0	(9,644)	0
Intra-Group Creditors	0	(9,650)	0	(9,644)
Unusable Reserves for Intra-Group Transactions	0	(3,579,363)	0	(3,309,854)

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

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

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

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

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

### **6.1      Pensions Liability**

#### **Uncertainties**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied. The total value of pension liabilities as at 31 March 2018 is £3,310m.

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

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

## Chief Constable for Devon and Cornwall

### Note 7 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used by the Chief Constable. All costs are paid for by the Police and Crime Commissioner and are funded from government grants, council tax and other income. The Police and Crime Commissioner meets the Chief Constable's expenditure in full by an intra-group transaction. There is no net expenditure chargeable to the General Fund. The analysis also shows net expenditure accounted for in accordance with generally accepted accounting practices which is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18								
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis				
				Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Intra-Group Funding	Total Adjustments
				(Note 7.1)	(Note 7.2)	(Note 7.3)		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	278,739	69,514	348,252	3,853	57,242	8,419	(69,515)	0
<b>Net Cost of Services</b>	<b>278,739</b>	<b>69,514</b>	<b>348,252</b>	<b>3,853</b>	<b>57,242</b>	<b>8,419</b>	<b>(69,515)</b>	<b>0</b>
Other Income and Expenditure from the Funding analysis	0	(48,845)	(48,845)	0	(48,845)	0	48,845	0
Intra-Group Transaction	(278,739)	(20,669)	(299,407)	0	0	0	0	0
<b>Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,853</b>	<b>8,397</b>	<b>8,419</b>	<b>(20,670)</b>	<b>0</b>
<b>Opening Revenue Reserve Balance as at 31 March 2017</b>	<b>0</b>							
Less/Plus Surplus or (Deficit) on the General Fund in Year	0							
Transfer (to)/from Other Reserves	0							
<b>Closing Revenue Reserve Balance as at 31 March 2018</b>	<b>0</b>							



# Chief Constable for Devon and Cornwall

## Note 7 Expenditure and Funding Analysis Continued

2016/17								
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis				
				Adjustments for Capital Purposes (Note 7.1)	Net Change for Pensions Adjustments (Note 7.2)	Other Differences (Note 7.3)	Intra-Group Funding	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	277,347	33,211	310,558	7,571	24,163	1,477	(33,211)	0
<b>Net Cost of Services</b>	<b>277,347</b>	<b>33,211</b>	<b>310,558</b>	<b>7,571</b>	<b>24,163</b>	<b>1,477</b>	<b>(33,211)</b>	<b>0</b>
Other Income and Expenditure from the Funding analysis	0	(44,570)	(44,570)	0	(44,570)	0	44,570	0
Intra-Group Transaction	(277,347)	11,359	(265,988)	0	0	0	0	0
<b>Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,571</b>	<b>(20,407)</b>	<b>1,477</b>	<b>11,359</b>	<b>0</b>
<b>Opening Revenue Reserve Balance as at 31 March 2016</b>	<b>0</b>							
Less/Plus Surplus or (Deficit) on the General Fund in Year	0							
Transfer (to)/from Other Reserves	0							
<b>Closing Revenue Reserve Balance as at 31 March 2017</b>	<b>0</b>							

## Note 7 Expenditure and Funding Analysis Continued

### 7.1 Adjustment for Capital Purposes

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

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

### 7.2 Net Change for Pensions' Adjustments

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

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

### 7.3 Other Differences

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

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

# Chief Constable for Devon and Cornwall

## Note 8 Expenditure and Funding Analysed by Nature

2016/17 £'000	Expenditure/Income	2017/18 £'000
	<b>Expenditure</b>	
266,488	Employee benefit expenses	304,228
52,267	Other Service expense	53,849
9,491	Depreciation, amortisation, impairment	9,913
<b>328,246</b>	<b>Total Expenditure</b>	<b>367,990</b>
	<b>Income</b>	
(17,688)	Fees charges and other service income	(19,738)
<b>(17,688)</b>	<b>Total Income</b>	<b>(19,738)</b>
<b>310,558</b>	<b>Cost on the Provision of Service</b>	<b>348,252</b>

## Note 9 Property, Plant and Equipment

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

2016/17 IT and Equipment £'000	Cost	2017/18 IT and Equipment £'000
3,566	At 1 April 2017	4,712
1,146	Additions	864
<b>4,712</b>	<b>At 31 March 2018</b>	<b>5,576</b>
	<b>Accumulated Depreciation</b>	
(1,616)	At 1 April 2017	(2,223)
(607)	Depreciation Charge	(977)
<b>(2,223)</b>	<b>At 31 March 2018</b>	<b>(3,200)</b>
	<b>Net Book Value</b>	
1,950	At 31 March 2017	2,489
2,489	At 31 March 2018	2,376

### 9.1 Recognition

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

- IT £10k
- Equipment £10k

### 9.2 Depreciation

All depreciation is calculated on a straight-line basis. The following useful lives and approaches to depreciation have been used to calculate depreciation charges:

# Chief Constable for Devon and Cornwall

## Note 9 Property, Plant and Equipment Continued

### 9.2.1 Information Technology (IT)

Classes of IT assets are given specific asset lives these are within the range 4-10 years. IT assets are depreciated monthly.

### 9.2.2 Equipment

Equipment assets are given specific asset lives that are within the range 4-10 years. These assets are depreciated monthly.

### 9.3 Asset Transfers

There were no asset transfers in 2017/18.

### 9.4 Componentisation

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

## Note 10 Provisions

2016/17 £'000	Remuneration Provision Current Liabilities	2017/18 £'000
<b>578</b>	<b>Balance at 1 April 2017</b>	<b>528</b>
0	Additional provisions made	189
(50)	Amounts used	(110)
0	Transfer from long term liabilities	0
<b>528</b>	<b>Balance at 31 March 2018</b>	<b>607</b>
	<b>Long Term Liabilities</b>	
0	<b>Balance at 1 April 2017</b>	0
0	Additional provisions made	0
0	Amounts used	0
0	Transfer from long term liabilities	0
0	<b>Balance at 31 March 2018</b>	0
<b>528</b>	<b>Total Provisions Balance at 31 March 2018</b>	<b>607</b>

### 10.1 Remuneration Provision

#### 10.1.1 Contractual pay claims

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

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

Critical judgements are applied in determining the level of the redundancy provision. The payments are expected to be made in 2018/19.

# Chief Constable for Devon and Cornwall

## Note 11 Accumulated Absences

The Chief Constable provides benefits to employees in the form of annual leave. In addition, staff who work hours in excess of their contract hours may be awarded time off in lieu. These are accumulating absences that may be carried forward for use in future periods. The obligation to make future payments is recognised in the Comprehensive Income and Expenditure Statement and is a liability on the Chief Constable's Balance Sheet as follows:

2016/17		2017/18
£'000		£'000
8,356	Balance at 1 April	9,122
(8,356)	Settlement or cancellation of accrual made at the end of the preceding year	(9,122)
9,122	Amounts accrued at the end of the current year	9,037
766	<b>Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</b>	85
9,122	Balance at 31 March	9,037

The Chief Constable has a policy of reducing the amount of time police officers can hold "on card" relating to time off in lieu. This policy involves paying any time off in lieu that is above the agreed threshold, it will lead to a reduction in the amount of accumulated absence arising for this reason.

## Note 12 External Audit Costs

The Chief Constable has incurred the following costs in relation to the audit of the Statement of Accounts:

2016/17		2017/18
£'000		£'000
19	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	19
0	Fees payable to external auditors for other services	0
19		19

# Chief Constable for Devon and Cornwall

## Note 13 Officers' Remuneration

### 13.1 Remuneration

This note shows the officer remuneration costs for the Chief Constable.

	Year	Note	Salary, Fees and Allowances £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<b><u>Chief Constable</u></b>								
<b><u>Salary £150,000 plus per year</u></b>								
Chief Constable – Shaun Sawyer	2017/18		169,367	0	3,632	172,999	0	172,999
Chief Constable – Shaun Sawyer	2016/17	1	167,408	13,560	5,496	186,464	0	186,464
<b><u>Salary £50,000 to £149,999 per year</u></b>								
Deputy Chief Constable	2017/18		111,248	0	2,260	113,508	26,362	139,870
Deputy Chief Constable from 01/04/16 to 31/01/17	2016/17	1	118,487	18,215	3,454	140,156	26,050	166,206
Deputy Chief Constable from 01/02/17 to 31/03/17	2016/17		20,187	0	0	20,187	4,443	24,630
ACC Delivery from 01/04/17 to 24/01/18	2017/18		99,691	0	3,051	102,742	21,818	124,560
ACC Delivery from 04/12/17 to 31/03/18	2017/18		33,949	0	0	33,949	6,737	40,686
ACC Delivery	2016/17		113,171	0	3,005	116,176	26,294	142,470
ACC Senior Responsible Officer - Strategic Alliance	2017/18		115,035	0	3,017	118,052	26,811	144,863
ACC Senior Responsible Officer - Strategic Alliance	2016/17		113,938	0	2,822	116,760	26,546	143,306
ACC Operations Support	2017/18		114,004	0	0	114,004	23,981	137,985
ACC Operations Support from 01/04/17 to 31/05/17	2017/18		19,501	0	452	19,953	4,443	24,396
ACC Operations Support from 08/01/18 to 31/03/18	2017/18		23,136	0	0	23,136	4,694	27,830
ACC Operations Support from 01/04/16 to 31/01/17	2016/17		93,104	0	3,141	96,245	22,103	118,348
ACC Operations Support from 06/02/17 to 31/03/17	2016/17		15,417	0	0	15,417	3,889	19,306
Director of Legal Services	2017/18		113,584	4,467	2,279	120,330	14,840	135,170
Director of Legal Services	2016/17		112,541	4,467	1,923	118,931	12,922	131,853
Director of Finance & Resources	2017/18		112,751	4,467	0	117,218	14,840	132,058
Director of Finance & Resources	2016/17		111,708	4,467	0	116,175	12,922	129,097

## Note 13 Officers' Remuneration Continued

### 13.1 Notes

1. Subsistence and allowances figure includes removal expenses.

The Director of People and Leadership post is shared between Devon and Cornwall Police and Dorset Police. The contract of employment is with Dorset Police and for this reason the remuneration disclosure is made in the Statement of Accounts for Dorset Police. Devon and Cornwall Police meet a proportion of the costs of this post.

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

The DCC's for Devon and Cornwall Police and Dorset Police are working across the two Forces with effect from 01/02/2017. Their employment and associated costs are disclosed within the Statement of Accounts for each of their employing forces.

### 13.2 Termination Costs

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17 £'000	2017/18 £'000
£0 – £20,000	6	2	4	1	10	3	96	25
£20,001 - £40,000	2	2	1	0	3	2	97	68
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
<b>Total included in bandings and in CIES</b>	<b>8</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>13</b>	<b>5</b>	<b>193</b>	<b>93</b>
<b>Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement</b>								
Redundancy cost recharged to Dorset Police as part of Strategic Alliance agreement							(36)	(21)
Redundancy cost recharged to Devon and Cornwall by Dorset Police as part of Strategic Alliance agreement							230	178
<b>Exit Costs charged to the Comprehensive Income and Expenditure Statement</b>							<b>387</b>	<b>250</b>
All of the exit packages in 2016/17 relate to the Force.								
All of the exit packages in 2017/18 relate to the Force.								

### 13.3 Remuneration Bands

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

# Chief Constable for Devon and Cornwall

## Note 13 Officers' Remuneration Continued

### 13.4 Remuneration Bands continued

2016/17		2017/18
Number of employees	Remuneration Band	Number of employees
204	£50,000 - £54,999	234
96	£55,000 - £59,999	113
19	£60,000 - £64,999	38
11	£65,000 - £69,999	11
6	£70,000 - £74,999	8
7	£75,000 - £79,999	7
8	£80,000 - £84,999	8
3	£85,000 - £89,999	3
1	£90,000 - £94,999	4
0	£95,000 - £99,999	1
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
1	£110,000 - £114,999	0
0	£115,000 - £119,999	0
<b>356</b>	<b>Total</b>	<b>427</b>

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

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

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

The Chief Constable is required to disclose material transactions with related parties, including central government, other local authorities, members, senior officers and their close families. At present all transactions are managed through the Police and Crime Commissioner's Fund Account and are reported in the Group accounts. For this reason the Chief Constable does not have any transactions with external bodies. Details of the related parties in terms of transactions undertaken at the request of the Chief Constable are as follows:

### 14.1 Officers

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

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

A loan payment was made to a Deputy Chief Constable within 2016/17. The loan was fully repaid in 2017/18.

### 14.2 Commissioning and Partnerships

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



# Chief Constable for Devon and Cornwall

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

2016/17		Partnerships	2017/18	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
1,454	(1,131)	Safety Camera Partnership	1,336	(1,190)

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

### 14.3 Collaborations

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

2016/17		Notes	Joint Operation	2017/18	
Expenditure £'000				Expenditure £'000	
1,043	1		South West Regional Special Branch	1,057	
5,906	2		South West Regional Forensics Services	5,671	
427	3		South West Procurement Services	459	
2,242	4		South West Regional Organised Crime Unit (ROCU)	2,518	
240	5		South West Collaboration Programme	318	
<b>9,858</b>				<b>10,023</b>	

#### 14.3.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. Each Force has a committed number of staff who are based within their own Force area, but work on behalf of the four Forces. The Force cost for the year was £1,057k. The total cost of £3,658k is split on a percentage basis, with Dorset Police contributing 23.9%, Avon and Somerset contributing 28.4%, Wiltshire Police contributing 18.8% and Devon and Cornwall contributing 28.9%.

#### 14.3.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. There are bases in all four Forces, with each Force employing a number of staff. The Force cost for the year was £5,671k. Most of the £17,846k total cost is split on a percentage basis, with Dorset contributing 18.7%, Avon and Somerset contributing 36.6%, Wiltshire contributing 14.2% and Devon and Cornwall contributing 30.5%.

#### 14.3.3 South West Procurement Services

South West Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police and Dorset Police. Staff are based across the region, with them all employed by Devon and Cornwall Police. The Force cost for the year was £459k. The total cost of £991k is split on a percentage basis with Dorset contributing 19.5%, Wiltshire Police contributing 17.2%, Gloucestershire Police contributing 17.0% and Devon and Cornwall contributing 46.3%.

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

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

ROCU is partnership with Dorset Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Two additional units were added part way through 2017/18 hence the increase in contribution. Staff are employed by each partnering Police Force based within one of two hubs (North & South). The Force cost for the year was £2,518k. The total cost of £7,561k is split on a percentage basis with Dorset Police contributing 11.76%, Devon and Cornwall contributing 33.3%, Wiltshire contributing 11.68%, Gloucestershire contributing 10.83% and Avon and Somerset contributing 32.43%.

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

The South West Police Collaboration Programme is a partnership with Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects. Costs are shared with the Forces that are involved in each project. The Force cost for the year was £318k. Most of the £1,015k total cost is split on a percentage basis with Dorset Police contributing 11.76%, Devon and Cornwall contributing 33.3%, Wiltshire contributing 11.68%, Gloucestershire contributing 10.83% and Avon and Somerset contributing 32.43%.

## **Note 15    Contingent Liabilities**

The Chief Constable of Devon and Cornwall, along with other Chief Constables and the Home Office, currently has 310 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in 2016/17 these claims were heard in the Employment Tribunal. In 2017/18 the Judiciary and Firefighter claims were heard in the Appeal Tribunal. Subsequent to this the respondents are appealing against the Appeal Tribunal judgements. In the case of the Firefighters the claimants are also appealing against aspects of the judgement. The outcome of these further appeals may influence the outcome of the Police claims. The Tribunal has agreed to stay the Police hearing and the Home Office has requested that the stay is extended in light of the further appeals. In the event that the Police claims are successful it is unclear what remedy would be applied, whether this would require further legislation and who it would impact. Given the fact that the Judiciary and Firefighter claims are subject to further appeal and the Police claims are yet to be heard, and the uncertainty regarding remedy and quantum at this point in time it is not possible to provide an estimate of the financial effect in the event that the claims are partially or fully successful. Therefore it has been assessed that the Chief Constable has no liability at the Balance Sheet date.

Devon and Cornwall Police are being prosecuted for an offence under the Health and Safety at Work Act 1974. The outcome may include a substantial financial impact. At this stage it is not possible to provide any estimate of that potential impact.

# Chief Constable for Devon and Cornwall

## Note 16 Capital Expenditure and Financing

Within the four-year financial planning model, the Police and Crime Commissioner approves an annual capital programme to provide buildings, vehicles and other equipment for the Force. Part of the capital programme relates to non-current assets under the ownership and control of the Chief Constable. The table below shows what was spent on assets owned by the Chief Constable. Finance was provided by an advance from the Police and Crime Commissioner.

2016/17 £'000		2017/18 £'000
0	<b>Opening Capital Financing Requirement</b>	0
	<b>Capital Investment:</b>	
1,146	Equipment and IT	864
1,146		864
	<b>Less Sources of Finance:</b>	
(1,146)	Advance from Police and Crime Commissioner	(864)
(1,146)		(864)
0	Increase/(Decrease) in Capital Financing Requirement	0
0	<b>Closing Capital Financing Requirement</b>	0

## Note 17 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Chief Constable offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments. This needs to be disclosed at the time that the employees earn their future entitlement. The Chief Constable operates four pension schemes, three for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their final pensionable pay and length of service. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary.

### 17.1 Police Officer Schemes

#### 17.1.1 Participation in Pension Schemes

From 1 April 2015 both the 1987 and 2006 Police Officers' pension schemes were replaced by a new scheme with future accrual based on the new career average (CARE) model. Both final salary police schemes closed from April 2015, however, there is protection for those closest to retirement, who will be entitled to remain in their current police pension scheme beyond 2015. The new scheme is open to all new recruits. The police officer pension schemes are unfunded defined benefit final salary schemes administered by the Chief Constable for Devon and Cornwall, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Pensions are financed from the Group's and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Group's and the employee contributions are paid into a separate Police Officers' Pension Fund Account.

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

# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

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

Reconciliation of present value of the scheme liabilities:

2016/17 £'000		2017/18 £'000
<b>(2,626,229)</b>	<b>Opening balance at 1 April</b>	<b>(3,344,386)</b>
(53,652)	Current service cost	(75,289)
(93,247)	Interest cost	(89,277)
(14,585)	Contributions from scheme participants	(14,618)
	Remeasurement (gains) and losses:	
1,622	• Actuarial gains/(losses) arising from changes in demographic assumptions	(148,811)
(645,638)	• Actuarial gains/(losses) arising from changes in financial assumptions	167,282
0	• Experience gains/(losses) on defined benefit obligation	333,897
0	(Gains)/losses on curtailment (where relevant)	0
0	Liabilities assumed on entity combinations	0
85,878	Benefits paid	89,453
1,465	Injury pension payments	1,338
<b>(3,344,386)</b>	<b>Closing balance at 31 March</b>	<b>(3,080,411)</b>

# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

### 17.1.3 Transactions relating to Retirement Benefits

The Chief Constable recognises the cost of retirement benefits for police officers in the reported cost of services when they are earned by police officers rather than when the benefits are eventually paid as pensions. These costs are reflected in the intra-group transactions between the Chief Constable and the Police and Crime Commissioner Group. The impact of these transfers is that the pension liabilities on the Chief Constable's Balance Sheet are matched by intra-group debtors which reflect the Police and Crime Commissioner's long term responsibility to provide funds to enable the Chief Constable to administer police pensions.

Previously, the 1987 scheme and 2006 scheme have been reported separately in the accounts. With the introduction of the 2015 scheme, it has been decided to combine all three schemes.

2016/17 £'000	Comprehensive Income and Expenditure Account	2017/18 £'000
	<b>Cost of Services</b>	
53,652	Current service cost	75,289
	<b>Financing and Investment Income and Expenditure</b>	
93,247	Net interest expense	89,277
<b>146,899</b>	<b>Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>164,566</b>
	<b>Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	
	Remeasurement of the net defined benefit liability comprising:	
(1,622)	• Actuarial (gains) and losses arising on changes in demographic assumptions	148,811
645,638	• Actuarial (gains) and losses arising on changes in financial assumptions	(167,282)
0	• Other	0
0	Experience (gain)/loss on defined benefit obligation	(333,897)
<b>790,915</b>	<b>Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements</b>	<b>(187,802)</b>
	<b>Movement In Reserves Statement</b>	
(146,899)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(164,566)
	<b>Actual amounts charged against the General Fund Balance for pensions in the year:</b>	
28,188	Employers' contributions payable to scheme	27,328
44,570	Home Office Top Up Grant	48,845

### 17.1.4 Impact on the Chief Constable's Cashflow

The liabilities show the underlying commitments that arise from the fact that the Chief Constable has to pay retirement benefits over a long-term period. The total liability of £3.08 billion has a substantial impact on the net worth as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position remains healthy:

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

# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

The total contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2019 is £27m.

### 17.1.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The Police Officer Pension Scheme liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2017.

The significant assumptions used by the actuary have been:

2016/17	Mortality Assumptions:	2017/18
	<b>Longevity at 65 for current pensioners:</b>	
22.2	Men	21.9
24.7	Women	24.2
	<b>Longevity at 65 for future pensioners:</b>	
24.4	Men	23.7
27.1	Women	26.1
	<b>Financial Assumptions:</b>	
2.7%	Rate of Inflation	2.35%
4.9%	Rate of increase in salaries	3.85%
2.7%	Rate of increase in pensions	2.35%
2.7%	Rate for discounting scheme liabilities	2.55%

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

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

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	120,758	(116,066)
Rate of increase in salaries (increase or decrease by 0.1%)	4,483	(4,463)
Rate of increase in pensions (increase or decrease by 0.1%)	54,746	(53,650)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(57,933)	59,159

## 17.2 Police Staff Scheme

### 17.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Peninsula Pensions – this is a funded defined benefit career average scheme, meaning that the Chief Constable and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets.

# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

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

### 17.2.2 Transactions Relating to Retirement Benefits

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

2016/17 £'000	Comprehensive Income and Expenditure Account	2017/18 £'000
	<b>Cost of Services</b>	
	Service cost comprising:	
11,008	• Current service cost	18,890
36	• Past service cost	3
148	• Administration Expenses	150
0	• (Gain)/loss from settlements	0
	<b>Financing and Investment Income and Expenditure</b>	
5,959	Net interest expense	6,459
<b>17,151</b>	<b>Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>25,502</b>
	<b>Other Post Employment Benefits Charged to Comprehensive Income and Expenditure Statement</b>	
	Remeasurement of the net defined benefit liability comprising:	
(35,558)	• Return on plan assets (excluding the amount included in the net interest expense)	(3,719)
638	• Actuarial (gains) and losses arising on changes in demographic assumptions	0
107,331	• Actuarial (gains) and losses arising on changes in financial assumptions	(17,695)
5,695	• Other	0
(192)	<b>Apportionment Adjustment</b>	140
(10,744)	Experience (gain)/loss on defined benefit obligation	0
<b>84,321</b>	<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>4,228</b>

# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

2016/17 £'000	Movement in Reserves Statement	2017/18 £'000
(17,151)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(25,502)
	<b>Funded Liabilities</b>	
<b>£'000</b>	<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>	<b>£'000</b>
12,334	Employers' contributions payable to scheme	9,607
	<b>Unfunded Liabilities</b>	
<b>£'000</b>	<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>	<b>£'000</b>
159	Retirement benefits payable to pensioners	154

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

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

31 March 2017 £'000		31 March 2018 £'000
(515,215)	Present value of the defined benefit obligation	(524,976)
280,238	Fair value of plan assets	295,533
<b>(234,977)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(229,443)</b>

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

31 March 2017 £'000		31 March 2018 £'000
<b>(398,312)</b>	<b>Opening balance at 1 April</b>	<b>(515,215)</b>
(11,008)	Current service cost	(18,890)
(15,008)	Interest cost	(14,349)
(3,124)	Contributions from scheme participants	(3,186)
	Remeasurement gain/(loss):	
(638)	• Actuarial gains/(losses) arising from changes in demographic assumptions	0
(107,331)	• Actuarial gains/(losses) arising from changes in financial assumptions	17,695
10,744	• Experience gain/(loss) on defined benefit obligation	0
466	Apportionment Adjustment	(307)
(36)	Past service cost including gains/(losses) on curtailments	(3)
9,032	Benefits paid	9,279
<b>(515,215)</b>	<b>Closing balance at 31 March</b>	<b>(524,976)</b>



# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

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

31 March 2017		31 March 2018
£'000		£'000
235,164	<b>Opening fair value of scheme assets</b>	280,238
9,050	Interest income	7,890
	Remeasurment gain/(loss):	
35,558	• The return on plan assets, excluding the amount included in the net interest expense	3,719
(276)	Apportionment Adjustment	167
(148)	Administration expenses	(150)
12,493	Contributions from employer	9,762
3,124	Contributions from employees into the scheme	3,186
(9,032)	Benefits paid	(9,279)
(5,695)	Other actuarial gains and (losses)	0
<b>280,238</b>	<b>Closing fair value of scheme assets</b>	<b>295,533</b>

The Chief Constable's contribution to the Local Government Pension Scheme for the accounting period to 31 March 2019 is estimated to be £24,318k . Expected payments for discretionary benefits for the accounting period to 31 March 2019 are estimated to be £8,882k.

### 17.2.6 Local Government Pension Scheme assets comprised

31 March 2017		31 March 2018
£'000	Fair Value of Scheme assets	£'000
	<b>Cash and cash equivalents</b>	
67,388	UK Equities	63,359
97,450	Overseas Equities	109,378
8,365	Gilts	9,283
7,162	Other Bonds	6,041
24,519	Property	27,499
10,906	Infrastructure	10,600
41,607	Target Return Portfolio	44,135
7,482	Cash	7,217
0	Private Equity	1,968
15,359	Alternative Assets	16,053
<b>280,238</b>	<b>Total</b>	<b>295,533</b>

### 17.2.7 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2016.

# Chief Constable for Devon and Cornwall

## Note 17 Defined Benefit Pension Schemes Continued

The significant assumptions used by the actuary have been:

2016/17		2017/18
	<b>Long-term expected rate of return on assets in the scheme:</b>	
2.8%	Equity investments	2.55%
2.8%	Bonds	2.55%
2.8%	Other	2.55%
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners:</b>	
23.4	Men	23.5
25.5	Women	25.6
	<b>Longevity at 65 for future pensioners:</b>	
25.6	Men	25.7
27.8	Women	27.9
	<b>Financial Assumptions:</b>	
2.7%	Rate of inflation	2.3%
4.2%	Rate of increase in salaries	3.8%
2.7%	Rate of increase in pensions	2.3%
2.8%	Rate for discounting scheme liabilities	2.55%

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

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

	<b>Increase in Assumption £'000</b>	<b>Decrease in Assumption £'000</b>
Mortality age rating assumption (increase or decrease in 1 year)	18,911	(20,201)
Rate of increase in salaries (increase or decrease by 0.1%)	1,419	(1,419)
Rate of increase in pensions (increase or decrease by 0.1%)	10,155	(9,927)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(11,299)	11,557

### 17.2.9 Other Assumptions

It is assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age;
- It is assumed that members opted-in to the 50:50 section at the previous valuation date will continue in this section.

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

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

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

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

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

# Pension Fund Accounting Statements



Devon & Cornwall Police

# Chief Constable for Devon and Cornwall

## Police Officers' Pension Fund Statement

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

31 March 2017 £'000	FUND ACCOUNT	31 March 2018 £'000
	<b>Contributions Receivable</b>	
(25,681)	Employers (normal)	(25,905)
(14,585)	Employees (normal)	(14,618)
(1,042)	Ill Health capital charge	(85)
	<b>Transfers In</b>	
(903)	Individual transfers from other schemes	(398)
	<b>Benefits payable</b>	
69,441	Pensions	72,023
17,340	Commutations & lump sum retirement benefits	17,828
0	<b>Payment to and on account of leavers</b>	
	Individual transfers to other schemes	0
<b>44,570</b>	<b>Net amount paid during the year</b>	<b>48,845</b>
<b>(44,570)</b>	<b>Transfer from Police Fund*</b>	<b>(48,845)</b>
<b>0</b>	<b>Net amount payable / receivable for the year</b>	<b>0</b>
*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office as follows:		
37,500	Received in year	42,863
7,070	Debtor	5,982
<b>44,570</b>		<b>48,845</b>

The Police Officer Pension Fund is unfunded and has no investment assets. Short term assets or liabilities are not material and have not been disclosed for this reason.

The Police Officer Pension Fund which is administered by the Chief Constable has been set up for the specific purpose of administering the collection of contributions, the payment of pensions and the refund to central government for the balance outstanding for each year. The fund does not hold any investment assets nor does it reflect the liabilities of both Schemes to pay present and future pensioners.

The main benefits payable are police officer pensions, lump sums that represent the commutation of pensions and other lump sum payments. The Chief Constable paid a contribution equal to 24.2% of police officer pay for 2017/18. (GAD valuation calculated this contribution to now be 21.3% but Home Office regulations state that the Chief Constable should maintain contributions at 24.2%). As this contribution was insufficient to meet the net costs of benefits after employees' contributions, the account was balanced to nil at the year-end by the Home Office top up grant.

The above accounting statement complies with the accounting policies where applicable. Recoverable overpayments have been estimated by Kier according to scheme regulations.

Further information can be found in the Defined Benefits Pension Schemes Note.

This Financial Statement does not take account of liabilities to pay pensions and other benefits after the 31 March 2018.

# Annual Governance Statement



**Devon & Cornwall Police**

# Table of Contents

<b><u>1.0</u></b>	<b><u>EXECUTIVE SUMMARY</u></b>	<b>54</b>
<b><u>2.0</u></b>	<b><u>INTRODUCTION &amp; PURPOSE</u></b>	<b>55</b>
<u>2.1</u>	<u>Policing in Devon &amp; Cornwall</u>	55
<u>2.2</u>	<u>Purpose &amp; Definition of Governance</u>	55
<b><u>3.0</u></b>	<b><u>THE GOVERNANCE FRAMEWORK</u></b>	<b>56</b>
<u>3.1</u>	<u>Force &amp; OPCC Governance Framework</u>	56
<u>3.2</u>	<u>The Strategic Alliance Governance Framework</u>	58
<u>3.3</u>	<u>The Independent Audit Committee</u>	60
<u>3.4</u>	<u>Other Governance Frameworks</u>	61
<b><u>4.0</u></b>	<b><u>ANNUAL GOVERNANCE FRAMEWORK REVIEW</u></b>	<b>61</b>
<u>4.1</u>	<u>Methods of Review</u>	61
<u>4.2</u>	<u>Summarised Findings Against CIPFA Principles</u>	62
<u>4.3</u>	<u>Risks, Weaknesses and Actions</u>	62
<b><u>5.0</u></b>	<b><u>OPINION &amp; CONCLUSION</u></b>	<b>64</b>
	<b><u>ANNEX 1: Strategic Meetings Governance</u></b>	<b>65</b>
	<b><u>ANNEX 2: Links to Supporting Information</u></b>	<b>66</b>
	<b><u>ANNEX 3: Update on Items Identified in 2016/17 AGS</u></b>	<b>67</b>

## 1.0 EXECUTIVE SUMMARY

Devon & Cornwall Police operates in a challenging environment with external pressures and changing demands on policing. Effective governance arrangements for both the force and Office of the Police & Crime Commissioner (OPCC) are key to ensuring the continued achievement of our shared objectives.

This Annual Governance Statement provides a review of the respective governance arrangements in place for each organisation. It summarises governance frameworks in place, including structures of decision making, responsibilities and broad regulations followed. Assessment is then made of effectiveness against the CIPFA/SOLACE 2016 (*Delivering Good Governance in Local Government*) framework principles. Areas for improvement are identified for the coming year.

The overall opinion of the current assurance arrangements is **reasonable**<sup>1</sup>, with adequate controls in place for most areas reviewed. Further work will take place on Strategic Alliance governance, to integrate better with existing frameworks.

---

<sup>1</sup> See definition given in s4.2



## 2.0 INTRODUCTION & PURPOSE

This statement is written on behalf of the Chief Constable of Devon & Cornwall Police (D&CP) and the Police & Crime Commissioner (PCC) in line with CIPFA Standards. Both organisations are responsible for ensuring that public money is used effectively and have proper governance arrangements in place. The statement sets out the position as at 31st March 2018, including plans for the financial year 2018/2019.

### 2.1 POLICING IN DEVON & CORNWALL

The overall strategic plan for policing in Devon and Cornwall is set out in the [PCC's Police & Crime Plan](#). This plan is fully consulted with the Chief Constable and outlines five broad policing priorities:

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

[Devon and Cornwall Police's mission](#) is underpinned by values of professionalism, courage, integrity, fairness and respect. The mission is to:

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

Continued challenges relating to funding and the evolving policing environment summarised in the [NPCC Policing Vision 2025](#) create an operating environment of risk and complexity. To meet these challenges, we are strengthening our working relationship with Dorset Police (our Strategic Alliance partner), with other regional forces, nationally and with partner agencies such as Fire Service and Local Authorities. We are also implementing a transformational change programme. Such activities emphasise the importance of sound governance to ensure successful long-term decision making, efficient use of our limited resources and to demonstrate accountability. Cross-force governance with Dorset Police has in particular developed during 2017/18.

### 2.2 PURPOSE & DEFINITION OF GOVERNANCE

Governance refers to the arrangements put in place to ensure that outcomes for stakeholders are achieved as defined and intended. The governance framework comprises the systems, processes and values through which the Office of the Police and Crime Commissioner (OPCC) and Devon & Cornwall Police manage their activities. It monitors achievement of strategic objectives, while considering whether this leads to the delivery of appropriate services and value for money for the public.

This governance statement aims to provide assurance by evaluating our internal control structure and management of resources.

## 3.0 THE GOVERNANCE FRAMEWORK

The governance framework for the force and OPCC is underpinned by the CIPFA/SOLACE '7 Principles' of good governance.

### 3.1 FORCE & OPCC GOVERNANCE FRAMEWORK

The structures described in this Corporate Governance Framework are those in place during the financial year 2017-2018. It should be noted that these continue to evolve as the Strategic Alliance with Dorset Police develops, as outlined in section 3.2.

#### The Corporate Governance Framework

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

Within Devon & Cornwall, the Chief Constable and the PCC have established a joint seven-part [Corporate Governance Framework, published in detail online](#). This framework consists of the following:

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

A joint framework with Dorset Police and OPCC is under development as part of the Strategic Alliance.

#### Legal Responsibilities and Regulations

D&CP and the OPCC are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is used efficiently and effectively. In discharging this overall responsibility, D&CP and OPCC are responsible for putting in place proper arrangements for the governance of their affairs, facilitating the effective exercise of functions, including arrangements for managing risk.

The PCC and Chief Constable are two separate legal entities. They govern both jointly and separately to ensure the organisation is working effectively while being accountable to the public. The defined statutory framework for their respective legal responsibilities include the following:

- [Police Reform and Social Responsibility Act 2011](#)
- [Policing Protocol Order 2011](#)
- [Public Sector Equality Duty](#)
- [Financial Management Code of Practice for the Police 2013](#)

- [Strategic Policing Requirement 2015](#)
- [Accounts and Audit Regulations 2015](#)
- [The role of the Chief Financial Officer in local government CIPFA 2016](#)
- [Code of Ethics \(College of Policing 2014\)](#)

## Governance Responsibilities & Management

The Chief Constable provides overall direction of police personnel and operational policing matters. The Chief Constable is responsible for delivering policing in line with the [Commissioner's Police and Crime Plan](#). The PCC is elected locally and required to hold the Chief Constable to account for the exercise of these functions.

The Chief Constable is supported by a team of specialist Chief Officers at an Executive level, who have individual and collective responsibility for the delivery of effective governance. The [Executive portfolios](#) are aligned to the force mission to focus on threat, risk and harm. Below the Executive level summarised at **Figure 1**, [senior officers and department heads](#) hold responsibility for delivering business and operational policing, some of which are strategically aligned with Dorset Police. Recently this model has developed to include two Deputy Chief Constables, each reporting across both Dorset Police and Devon and Cornwall Police. A force model outlines the appropriate level of decision making for D&CP (Executive, Business or Operational).

Figure 1: Force Executive Structure

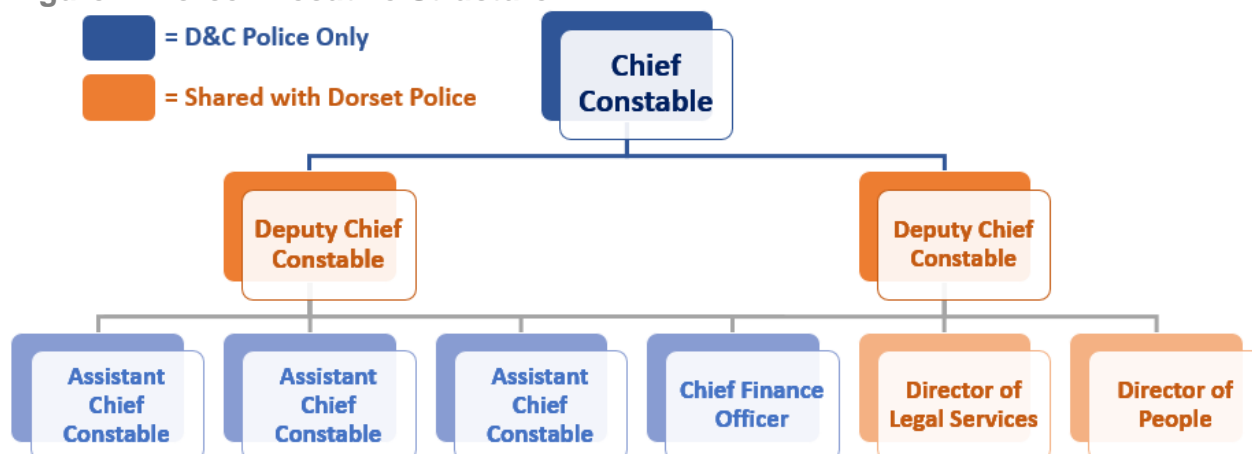
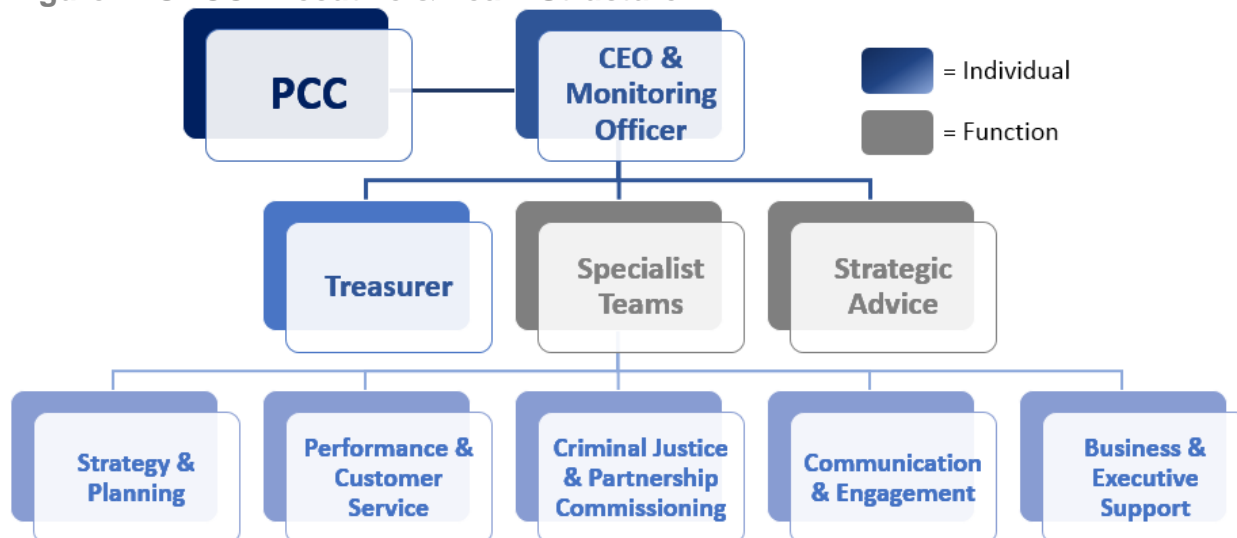


Figure 2: OPCC Executive & Team Structure



The Director of Finance & Resources and OPCC Treasurer undertake the roles of Chief Financial Officer (CFO) to the Chief Constable and PCC respectively. The CFOs adhere to the CIPFA Statement on [‘The Role of the CFO of the Police & Crime Commissioner and the CFO of the Chief Constable’](#). The role and responsibilities of the CFOs are set out in the Scheme of Delegation.

The [OPCC structure](#) is led by the Chief Executive Officer on behalf of the PCC. This role and that of The Treasurer are both statutory roles required by the Police Reform and Social Responsibility Act 2011. Within the OPCC are the specialist teams who consult with stakeholders and the public, summarised at **Figure 2**.

## Decision Making & Strategic Meetings Structure

All [PCC decisions are published](#) and available for public scrutiny online. [Force strategic decisions and meeting minutes](#) are also openly published online. Decisions are often informed by [public consultation](#).

A number of strategic advisory and decision-making boards/committees facilitate progress towards organisational priorities across both the force and OPCC. Each board has a set membership and terms of reference that defines their purpose and agenda. Below are some key examples, while [Annex 1](#) provides a more comprehensive list of such meetings, their remit and interrelatedness.

- The [Police and Crime Panel](#) supports and challenges the PCC on her strategic actions and decisions and ensures that relevant information is made available to the public so that they can effectively hold the PCC to account.
- [Joint Management Board](#) coordinates and decides upon the most significant strategic issues affecting the force and OPCC, setting the strategic direction.
- [Force Executive Board](#) provides organisational leadership and direction for the force. It monitors coordination of activity towards force mission, vision and values.
- A Resources Board, chaired by the Chief Constable, oversees detailed financial reports, estates and HR matters to support more informed decision making.
- The [Independent Audit Committee](#) provide independent assurance/advice on governance arrangements to both legal entities.

The delivery of operational policing is supported by a number of [departments](#) managed and directed by the Executive.

The Police Response Investigation & Safeguarding Model (PRISM) transformational change programme will redesign operational policing and service delivery across the Strategic Alliance. PRISM will require further changes to the governance process to enable a clear reporting and decision making structure to be established.

## 3.2 THE STRATEGIC ALLIANCE GOVERNANCE FRAMEWORK

As a relatively high risk activity to deliver savings for the force, the [Strategic Alliance with Dorset Police](#) remains an area of focus for strong governance. The strategic risks affect both PCCs as well as both forces. Both forces have since declared their ambition for a merger and are seeking government authorisation to implement.

The Strategic Alliance programme has brought departments together across Dorset Police and Devon & Cornwall Police in the delivery of shared services. This has produced substantial cost savings and increased efficiencies across the forces. Due to the size and complexities of some departments, a phased approach to implementation and associated governance has been adopted to support effective decision making.

## Legal Responsibilities and Regulations

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 entities of the Strategic Alliance support a commitment to work together as a single team to support the delivery of an effective police service.

## The Strategic Alliance Governance Framework

As a transformational programme the Strategic Alliance project team is accountable to the four legal entities for the delivery of the programme objectives. A separate governance structure has been established to support this, ensuring robust and effective reporting and decision-making processes. Having one force acting as a 'lead employer' for a given area of joint business is a key component.

Some governance remains outside of the Strategic Alliance structure: The law requires separate PCCs, Chief Constables and Police and Crime Panels. Both Chief Constables therefore remain independently operationally accountable and the PCCs retain their independent scrutiny commitments.

## Governance Responsibilities & Management

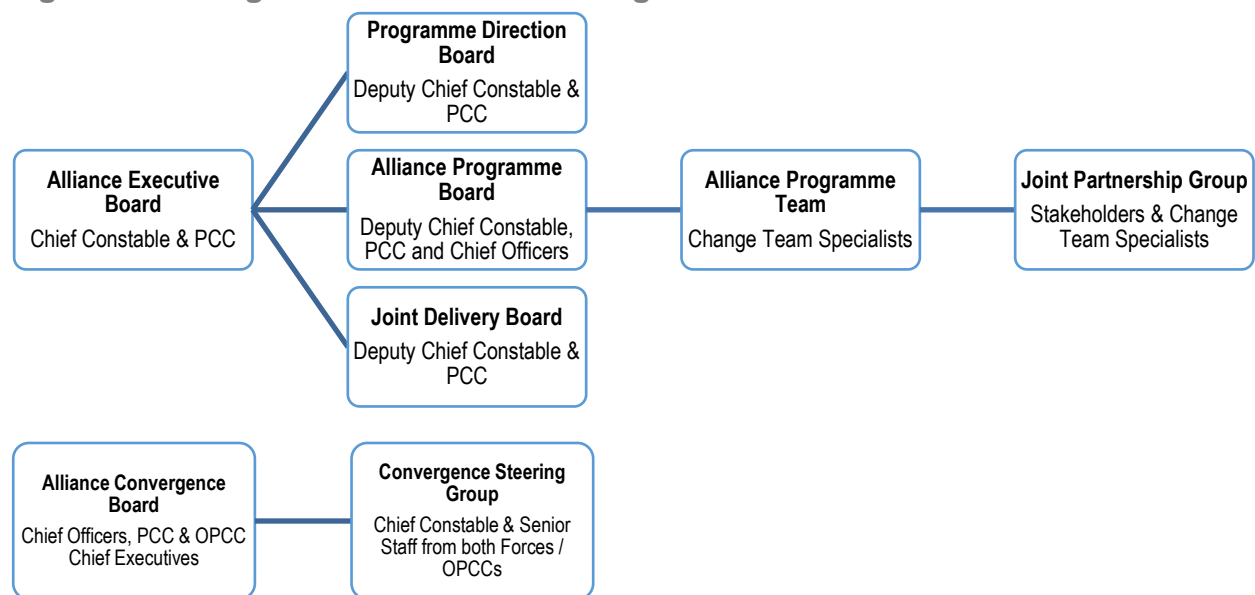
The Strategic Alliance senior management team is supported by specialist officers, each with individual responsibilities for the programme's delivery. The DCCs of D&C Police and Dorset Police are responsible for delivery of change and performance respectively across both forces.

## Decision Making & Strategic Alliance Meetings Structure

Governance arrangements for the Strategic Alliance are monitored through a range of boards. Each board has a set membership and terms of reference that defines their purpose and agenda. Overall governance is provided by the Alliance Executive Board, which includes both Chief Constables and both PCCs.

In line with the Financial Management Code of Practice, the joint Independent Audit Committee provides assurance on Strategic Alliance governance arrangements through scrutiny and challenge. There were previously separate committees for each policing area, details of which are in section 3.3. The Strategic Alliance board meeting structure is recorded in **Figure 3**. Further meetings and how they relate are shown at [Annex 1](#).

In the latter part of 2017/18, the Strategic Alliance developed an outline business case for merger of the two forces. Drafted independently on behalf of the Alliance Convergence Board, it was then submitted to the Home Office for consideration in April 2018. The convergence work is overseen by the Alliance Convergence Board and managed by a Convergence Steering Group.

**Figure 3: Strategic Alliance board meeting structure**

### 3.3 THE INDEPENDENT AUDIT COMMITTEE

The Financial Management Code of Practice for Policing sets out a requirement for the establishment of an independent audit committee who provide assurance on governance arrangements through scrutiny and challenge. This was provided to both the force and the PCC through the Joint Audit Committee (JAC). A joint Strategic Alliance Audit Committee (SAAC) was also established to provide assurance on Strategic Alliance governance arrangements. The SAAC comprised full membership of the two joint independent audit committees of D&C Police and OPCC and Dorset Police and OPCC, running parallel until the SAAC became the sole Audit Committee on 8<sup>th</sup> June 2017.

Due to the size of this SAAC, a review of membership and terms of reference lead to the creation of the new [Independent Audit Committee \(IAC\)](#), responsible for serving the police forces and OPCCs of both Dorset and Devon & Cornwall. Members of the IAC were recruited from all three counties, bringing a mix of knowledge, experience and skills. The first IAC meeting occurred on 8<sup>th</sup> December 2017.

#### Internal Audit

The IAC is informed by the work of the appointed internal auditors, currently South West Audit Partnership (SWAP). SWAP work to the statutory Public Sector Internal Audit Standards and are professionally independent of the Strategic Alliance. They deliver an annually agreed risk-based internal audit plan across the Strategic Alliance. Each audit report provides assurance and where relevant makes recommendations for improvement. Remedial action taken is followed up by the auditors. SWAP consider each report in the year to provide an annual opinion on risk management, governance and control practices across all four legal entities.

#### External Audit

The external audit function is delivered by an independent body appointed to provide an opinion on the annual financial accounts.



The current external auditors are KPMG who are Chartered Accountants and work to national and international accounting standards. KPMG provide an independent 'value for money' opinion and an opinion on the financial accounts. The external auditors are appointed by an independent body known as the Public Sector Auditor Appointments (PSAA), who also review the quality of their work.

Reports by both internal and external audit are submitted to the IAC and chief officers for consideration, with papers available on the PCC's website.

The force is also open to scrutiny by other external agencies, such as the Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and the Independent Office for Police Conduct (IOPC). As part of the HMICFRS inspection regime, D&C Police have embarked upon production of a 'Force Management Statement'. The first statements will be available to the public from June 2018. [Responses to HMICFRS reports](#) are published on the OPCC website.

### 3.4 OTHER GOVERNANCE FRAMEWORKS

Beyond the Strategic Alliance, collaborations exist with other forces and organisations. For example, the force is part of the governance framework for the [South West Police Collaboration \(SWPC\)](#). The Senior Responsible Officer for the SWPC is the Chief Constable of Gloucestershire, with commissioning decisions made by the Strategic Board, consisting of the CCs and PCCs of the five forces involved.

A [Police Pensions Board](#) covers all five regional forces. The Board is established by the Scheme Managers (Chief Constables) for the five forces under the powers of Section 5 of the Public Service Pensions Act 2013 and has an independent chair. Its purpose is to assist the Scheme Managers in their duty to ensure compliance with scheme regulations and the requirements of The Pension Regulator. The Police Pensions Scheme is unfunded and there are no investments decisions to be made at the Board.

## 4.0 ANNUAL GOVERNANCE FRAMEWORK REVIEW

This review provides assurance over current practice, long term delivery of objectives and the force and OPCC's commitment to work in the public's best interest at all times.

### 4.1 METHODS OF REVIEW

Each year the force and OPCC review current governance arrangements against delivery of service. The assessment framework below is from the CIPFA guidance 'delivering good governance: guidance for policing bodies in England and Wales 2016 edition'.

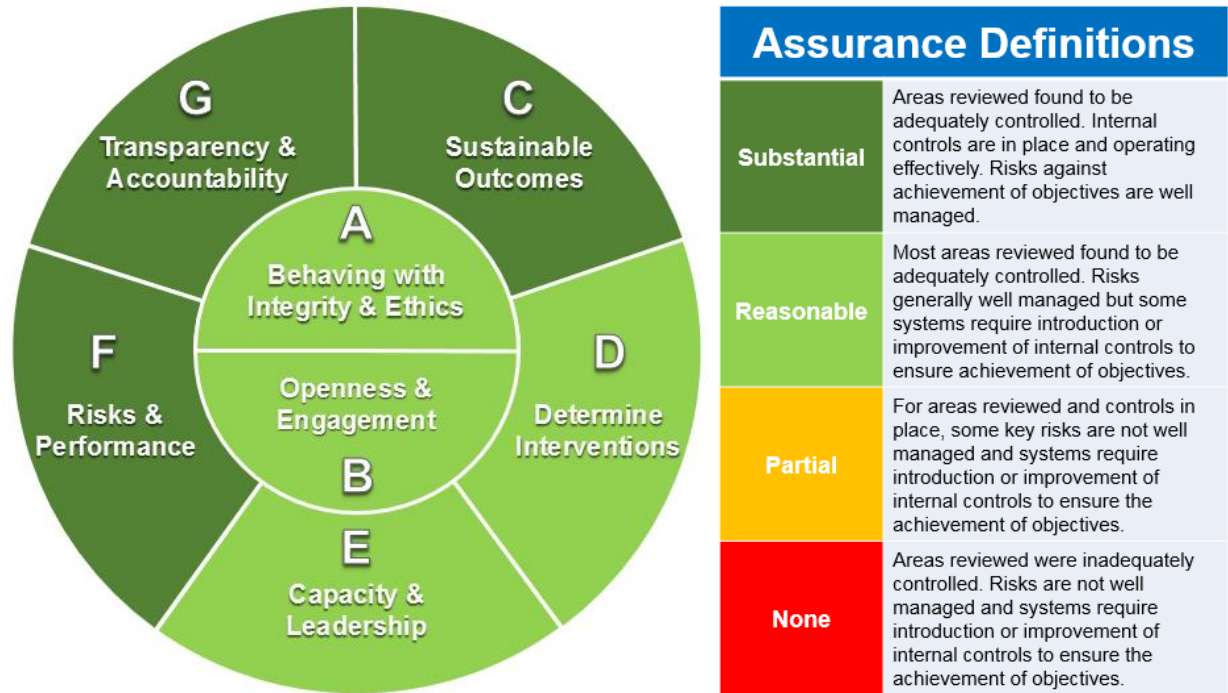
The assessment of effectiveness considered the range of evidence available:

- Internal and externally published material.
- Professional independent opinions, including findings from varied internal/external reviews, audits and inspections. For example SWAP, HMICFRS, IOPC.
- The views of senior management and professional leads.

[Annex 2](#) summarises publicly available resources for both D&C Police and the OPCC.

4.2 SUMMARISED FINDINGS AGAINST CIPFA PRINCIPLES

The following summarises the corporate governance framework self-assessment review against each of the seven principles of good governance, including assurance definitions:



The independent internal audit opinion for the 12 months ended 31 March 2018 states:

*“Overall, based on the work completed to date for the 2017/18 financial year, I can report that risks are reasonably well managed, and the systems of internal control are working effectively. Management respond positively to internal audit suggestions for improvements and corrective action is often taken quickly, wherever this is possible or practical.” - SWAP*

The self-assessment overall opinion of the current assurance arrangements as outlined in this report is **reasonable**. Most 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 help ensure the achievement of objectives. Highlights of these identified minor areas for improvement resulting from this assessment are outlined in the following section.

4.3 RISKS, WEAKNESSES AND ACTIONS

Update on issues and actions identified in 2016-17:

Please see [Annex 3](#) for detailed updates on issues/actions identified last year.

Action plan to address issues identified in 2017-18:

No ‘significant’ governance issues have been identified for 2017/18. However, for completeness the following table provides an action plan to address minor issues identified, towards continually improving the levels of assurance.



Reference	Risk / Weakness	Action for 2018/19 and Beyond
<b>A. Integrity &amp; Ethics</b>	Stop & Search	The force should ensure all stop and searches record 'reasonable grounds'. (PEEL Legitimacy 2017)
	Complaints	The force should ensure that all allegations of discrimination are investigated to a consistent and acceptable standard following IOPC guidelines. The force should improve the quality and timeliness of updates to complainants, in line with IPCC statutory guidance. (PEEL Legitimacy 2017)
	Performance Appraisals	The force needs to improve the management of its PDR process to increase its understanding of workforce performance, development and outcomes. (PEEL Legitimacy 2017). See action in <a href="#">Annex 3</a> for an update.
	Appointments & Remuneration Committee (ARC)	The OPCC should review the Terms of Reference and independent membership of ARC for dealing with Chief Officer appointments and remuneration.
<b>C. Sustainable Outcomes</b>	Performance & Accountability	The OPCC needs to improve its approach to measuring outcomes in the OPCC as well as methods of accountability, by holding the Chief Constable to account. Current review taking place which will result in a new performance framework
<b>D. Determining Interventions</b>	Call Handling	The force needs to improve its call-handling systems and processes to ensure that service quality remains at acceptable levels and crime-recording standards are adhered to. (PEEL Efficiency 2017). Interim 'channel shift' report on investment in technology has shown notable improvement this year.
	Leadership Capacity & Capability	The force should conduct a 'whole force' leadership and skills audit, to better understand leadership capacity and capability. This should help to inform the force's succession planning with regards to its future leadership requirements. (PEEL Efficiency 2017)
<b>F. Manage Risks &amp; Performance</b>	Governance Arrangements - Strategic Alliance	Carried forward from 2016/17: The force will continue to work with its partners, as the Strategic Alliance moves from managing the Programme to managing Delivery, to put in place effective governance arrangements. This will provide clear responsibilities and speed up decision making. A formal review of governance arrangements has been commissioned.
	Governance Arrangements - PRISM	Carried forward from 2016/17: Develop the governance of the Transformational PRISM Programme, ensuring dependencies are clearly defined. PRISM governance arrangements will be included in the corporate governance review.
<b>G. Transparency &amp; Accountability</b>	Transparency of Decision Making	Carried forward from 2016/17: Review the application of Freedom of Information and Data Protection criteria, and signposting to decisions reported at the Police & Crime Panel, to ensure the maximum transparency of decision making to the public.
	Good Practices in Transparency	The force will work with Strategic Alliance partners to implement the requirements of the Law Enforcement Directive and the General Data Protection Regulations Act 2018.

## 5.0 OPINION & CONCLUSION

Based upon the above governance framework review in accordance with the assurance definitions listed in 4.2, the overall assurance opinion is provided as **reasonable**.

The force and OPCC have all the elements of good governance; however, in recognition of the Strategic Alliance and transitional change there is need for ongoing work in order to maintain the effectiveness of the system.

We are committed to a process of continual improvement of governance and will monitor the implementation of the action plan (as per 4.3 above) as part of the next annual review. We will work in partnership, especially with our Strategic Alliance partner Dorset, to deliver these arrangements and we are satisfied that these steps will address the improvements that were identified in the review of effectiveness. We will monitor their implementation and operation as part of our next annual review.

This statement is written on behalf of Devon & Cornwall Police, the OPCC, the Chief Constable and the Police & Crime Commissioner. It sets out the position as at 31<sup>st</sup> March 2018 and refers to plans for the financial year 2018/2019.

Signed:

--	--

Shaun Sawyer  
**Chief Constable of  
Devon & Cornwall Police**

Sandy Goscomb  
**Devon & Cornwall Police  
Director of Finance and Resources**

--	--

Alison Hernandez  
**Police & Crime Commissioner**

Nicola Allen  
**OPCC Treasurer**

## ANNEX 1: STRATEGIC MEETINGS GOVERNANCE

In addition to having distinct joint meetings for strategic decision-making, the strategic business meetings in both the [force](#) and [OPCC](#) have attendance from each legal entity. Listed here are strategic oversight meetings providing governance across both organisations. The scope of each meeting and the roles and responsibilities of attendees are clearly defined in their individual terms of reference.

### Force Meetings

- ❖ **Force Executive Board** – Executive-level decision forum, guiding the organisation
- ❖ **Performance Management Reviews** – Thematic force performance meeting, providing accountability at the business lead level
- ❖ **Business Board** – Makes decisions on business proposals and activities
- ❖ **Equality Diversity & Human Rights Committee** – Advisory board on equality and diversity, while ensuring general adherence to our Public Sector Equality Duty
- ❖ **Health & Wellbeing Delivery Group** – Group working to improve employee wellbeing
- ❖ **Health & Safety Committee** – Manages strategic health and safety issues
- ❖ **BCU & Departmental SMT Meetings** – Ensuring local delivery of force objectives
- ❖ **Joint Negotiating Consultative Committee** – Consultative meeting for staff associations
- ❖ **Ethics Committee** – Enhancing trust in the ethical governance and actions of D&C Police
- ❖ **Independent Advisory Groups** – Advise on matters relating to equality & diversity

### OPCC Meetings

- ❖ **Police & Crime Panel** – Subjects the PCC to scrutiny, open to the public
- ❖ **OPCC Management Board** – Oversees strategic delivery of Police and Crime Plan activities

### Force & OPCC Joint Meetings

- ❖ **Joint Management Board** – Joint strategic decision making forum between force & OPCC
- ❖ **Resources Board** - Oversees the organisation's resource and finances

### Strategic Alliance Joint Meetings

- ❖ **Alliance Executive Board** – Provides strategic direction, finances and resources for the delivery of the defined portfolio of change and in addition provides final sign off and oversight of Strategic Alliance detailed business cases
- ❖ **Programme Direction Board** – Decision-making for business cases during implementation
- ❖ **Joint Delivery Board** – Decision-making for business cases post-implementation
- ❖ **Alliance Programme Board** – Scrutinises detailed business cases prior to AEB signoff
- ❖ **Alliance Programme Team** – Change specialists responsible for implementing business cases
- ❖ **Joint Partnership Group** – All business case stakeholders (including trade unions & staff associations) who scrutinise detailed business cases during their development
- ❖ **Alliance Convergence Board** – Sets strategic direction for Alliance Convergence
- ❖ **Convergence Steering Group** – Manages work packages & decisions for Convergence activity
- ❖ **Independent Audit Committee** – Provide independent advice/assurance on a range of matters
- ❖ **Transformational PRISM Board** – Oversees PRISM change portfolio across Strategic Alliance
- ❖ **PRISM Programme & Project Boards** – Governance for delivery of programmes and projects
- ❖ **Strategic People Board** – Provides oversight of people management in D&C and Dorset

### External Meetings

- ❖ **South West Police Collaboration (SWPC) Strategic Board** – Accountable for overall governance & commissioning of the SWPC change programme
- ❖ **SWPC Programme Board** – Oversight & coordination of regional projects & development activity
- ❖ **SWPC Operations Board** – Reviews tasking & performance of existing collaborations
- ❖ **Various regional & partnership thematic meetings** – Joint partnership meetings for various matters, e.g. delivery of local policing, safeguarding, criminal justice. Includes Joint Working Forum, Strategic Prosecution Team Performance Management (SPTPM)

## ANNEX 2: LINKS TO SUPPORTING INFORMATION

### Devon and Cornwall Police Links

- [Ask NED](#)
  - [Make a Complaint](#)
- [Force Website](#)
  - [Mission, Vision and Values](#)
  - [Force Management](#)
  - [Advice](#)
  - [News and appeals](#)
  - [Services](#)
  - [Your area](#)
  - [Right to information](#)
  - [Freedom of information](#)
  - [Youth](#)
  - [Easy Read advice from the Police](#)
  - [Crime reporting](#)
  - [Strategic Alliance](#)
  - [People & Performance](#)
  - [Departments](#)
- [Contact us](#)

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

- [Police and Crime Plan](#)
- [Contact Us](#)
- [About Us](#)
  - [PCC - Alison Hernandez](#)
  - [Our Structure](#)
  - [Meet the OPCC Team](#)
  - [Police and Crime Panel](#)
  - [Community Link Officers](#)
- [Get Involved](#)
- [News & Blog](#)
- [Meetings & Events](#)
- [Working in Partnership](#)
- [Commissioning](#)
- [Our Information](#)

### Independent Office for Police Conduct: Devon and Cornwall Police Information

- [IOPC Website](#)

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

- [Devon & Cornwall Police Profile](#)
- [PEEL Assessment 2017 – Devon & Cornwall Police](#)

## ANNEX 3: UPDATE ON ITEMS IDENTIFIED IN 2016/17 AGS

### Identified in 2016-17 AGS and actions during 2017-18:

A summary of how the risks identified in the 2016/17 Annual Governance Statement have since been resolved or are in progress is provided below. Note the colour coding reflects the assessment of each CIPFA principle in 2017/18, as per the definitions in section 4.2.

Reference	Risk / Weakness	Action / Update
<b>A. Integrity &amp; Ethics</b>	Force Performance Appraisal perceptions	<p><b>Action:</b> Improve culture in use of Personal Development Review (PDR) process, ensuring clear link to performance.</p> <p><b>Update:</b> ONGOING. Both force Executives approved expenditure for the procurement of a single IT system to support the whole year process of reviewing professional development, culminating in a year end performance assessment and rating. The IT system is to be introduced for the performance year 2018/19. For the performance year 2017/18 some modifications have been made to the process used in both forces, supported by communication to managers and individuals to make clear the benefits of and joint responsibility for conducting meaningful professional development reviews. A single PDR policy for both forces has been developed and following formal consultation will be adopted in the new performance year. Whilst HR will provide the framework for individual performance management it requires the support of all managers to create a culture where value is placed on the professional development review process as a key vehicle for supporting, developing and ensuring the wellbeing of their teams. The Strategy &amp; Policy Lead (Performance &amp; Reward) will monitor and report upon the year end process to ensure high completion rates and analysis of ratings will be used to gain valuable insights of the effective application of the process.</p>
	HMIC Legitimacy - Ethics & behaviour improvement suggested	<p><b>Action:</b> Implement HMIC-identified areas for improvement, including wider vetting compliance, updated counter-corruption strategic assessment and improve integrity-related auditing processes. The force is also enhancing the monitoring capacity of vetting and anti-corruption processes within D&amp;C through the Strategic Alliance with Dorset Police to create a single Professional Standards department.</p> <p><b>Update:</b> ONGOING. Vetting compliance is ongoing and relates to an identified backlog in staff and officers in DCP that were not currently vetted to 2012 ACPO standards. A plan is in place and the force is on schedule to have this completed by the end of 2018. The Counter Corruption strategic assessment has been completed. Improvements to integrity related auditing processes have been completed. The Alliance Professional Standards Department is still developing and as a result capacity and capability in a number of areas is improving and continues to be worked upon. Ethics Committee now well established with involvement from various staff/officer groups.</p>
<b>B. Openness &amp; Engagement</b>	HMIC Effectiveness - Community engagement	<p><b>Action:</b> Implement identified areas for improvement, including improved local engagement with communities and analysis.</p> <p><b>Update:</b> ONGOING: The Connectivity Framework has been agreed through Force Executive Board and supported at Joint Management Board, and it will be used to enhance connectivity between the police and communities in line with both the mission and the Police &amp; Crime Plan. Minimum standards have been set and shared with all areas of the business.</p> <p>A robust governance process is now in place and is monitoring activity against the standards, by way of SMT self-evaluation, peer assessment and a community scrutiny forum. Plans are in place to provide a document for external use to provide communities and their representative context on what connectivity means for them, what they can expect to be delivered and how we will be monitoring our success. This detail will also be shared with the councillor advocate scheme and with the Community Safety Partnerships. This work is ongoing with steering group meetings set for 2018.</p>



	Documentation openness	<p><b>Action:</b> Increase scope and consistency of force documentation published online.</p> <p><b>Update:</b> COMPLETE. The force website has recently been updated and includes a <a href="#">"Your right to information" tab</a>, including links to a Freedom of Information (FOI) Publication Scheme, FOI Disclosure Logs, meeting minutes and a guide to published information. Published information is kept under constant review to ensure compliance with legislation and to meet the connectivity objectives in the Police &amp; Crime Plan.</p>
<b>C. Sustainable Outcomes</b>	HMIC Effectiveness - Improvement areas	<p><b>Action:</b> Improve use of problem-solving models with partners and managing risks relating to sex offenders.</p> <p><b>Update (Problem Solving):</b> COMPLETE. Masterclass training has been completed by over 300 neighbourhood staff at five conferences held between Oct-Dec 2017. A head of profession for problem solving has now been appointed, along with twelve of the thirteen specialist problem solver posts that were created after a pilot programme that ran during 2017. The new team began on 4th January 2018. A new 'Problem solving and Prevention strategy' has now been approved across the Strategic Alliance, and a Problem solving and Prevention Board (Chaired by ACC Fielding) will meet for the first time in March 2018.</p> <p><b>Update (Sex Offenders):</b> ONGOING. A MOSOVO (Management of Sexual Offenders &amp; Violent Offenders) Performance Action Plan has been developed and is currently being delivered.</p>
	Transformational change	<p><b>Action:</b> Develop the governance of the Transformational PRISM Programme, ensuring dependencies are clearly defined. Proposals for strategic change should also be communicated to the public for consideration and scrutiny of outcomes.</p> <p><b>Update:</b> COMPLETE. Following a gateway review, the Phase 1 activity within PRISM has been defined and linked to benefits. Specific activity within Phase 1 include areas of investment for technology, which are included as part of the Police &amp; Crime Plan. Budget funding outcomes are scrutinised by the PCC and Police &amp; Crime Panel, for example investment in Body Worn Video. Similarly, the Neighbourhood Policing Project (Genesis), which is part of the PRISM Programme involves scrutiny both by the PCC, the Police &amp; Crime Panel and engagement with the public.</p>
<b>D. Determining Interventions</b>	HMIC Efficiency - Future demand	<p><b>Action:</b> Develop resilient operating model beyond 2020 and effectively align resources.</p> <p><b>Update:</b> ONGOING. The pillars of the PRISM transformational programme all contribute to meeting this requirement. The Digital Programme from a technology perspective, the Integrated Service Delivery (ISD) and Contact Programmes from a process perspective, with the Workforce Programme providing the right people with the right skills in the right place.</p>
	Change & benefits	<p><b>Action:</b> Clearer articulation of benefits of change, at strategic and local level. Clearer alignment of interrelated projects/programmes through corporate planning timetable.</p> <p><b>Update:</b> ONGOING. Through the governance of the Strategic Alliance and the PRISM Programme.</p>
	Plans driving budgets	<p><b>Action:</b> At local level, work to ensure budgets built upon planned delivery, not last year.</p> <p><b>Update:</b> ONGOING. Budget build focussed on delivering operational requirements for the coming year, and over the course of the MTFs.</p>
<b>E. Capacity &amp; Leadership</b>	OPCC staff appraisal & development	<p><b>Action:</b> Improve clarity over roles and to implement a revised and suitable performance management and development system for OPCC staff.</p> <p><b>Update:</b> COMPLETE. The performance development plans and appraisals process is scheduled for completion by May 2018. A review of the office structure and role profiles will also be completed by this date.</p>
<b>F Manage Risks &amp; Performance</b>	HMIC Crime Data Integrity - Under recording	<p><b>Action:</b> Implement recommendations resulting from the HMIC Crime Data Integrity inspection (2016), which graded the force as 'Inadequate', with under-recording of crimes.</p> <p><b>Update:</b> COMPLETE. All the recommendations have been completed and were overseen by a Gold Group chaired by the Deputy Chief Constable (Operations). HMIC have reviewed the work undertaken to address the recommendations and are happy with progress. The force has been re-inspected on the matter and has now been given an <a href="#">overall grading of Good</a>.</p>

	Strategic Alliance Governance arrangements	<p><b>Action:</b> The force will continue to put in place effective governance arrangements, as the Strategic Alliance moves from managing the Programme to managing Delivery. This includes developing the Strategic Alliance Audit Committee to provide independent audit assurances and advice across both forces. Also developing a single risk management strategy to support our organisational objectives.</p> <p><b>Update:</b> ONGOING. Governance arrangements continue to evolve to support the force, OPCC, Strategic Alliance and PRISM Programme and are described in Section 1 of this statement.</p>
	Internal Audit concerns around payroll & financial control	<p><b>Action:</b> Although no financial loss occurred, implement the full action plan now in place. Management and audit insight/review will continue during 2017/2018. Continue to develop the Resources Committee to strengthen governance of resources issues, particularly for HR, Estates and Finance.</p> <p><b>Update:</b> ONGOING. Significant work continuing to develop financial system to remove risk of incorrect charging between organisations. Use of external consultants to identify revised systems structure to deliver this, is now in process of implementation. Strengthened financial monitoring reports for Resources Committee. Introduction of new, more robust, financial monitoring processes with increased accountability. Improved reporting throughout budget build process.</p>

# Glossary



**Devon & Cornwall Police**



## Glossary

<b>Accounting Period</b>	The period of time covered by the accounts, usually a full year, which for the Office of the Police and Crime Commissioner runs from 1 April to 31 March.
<b>Accrual</b>	Amounts included in the final accounts to cover income and expenditure relating to the accounting period but neither paid nor received by 31 March. (For example, goods delivered in March but not invoiced by suppliers until April.)
<b>Actuarial Gains and Losses</b>	Changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
<b>Actuarial Valuation</b>	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
<b>Agency Services</b>	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.
<b>Amortised Cost</b>	This method applies to both financial assets and liabilities. It is a method of determining the Balance Sheet carrying amount and periodic charges or credits to the Income and Expenditure Account of a financial instrument from the expected cash flows. This approach sees through the contractual terms (for example discounts and premiums) to measure the real cost that a Police and Crime Commissioner bears each year from entering into a financial liability. The Office of the Police and Crime Commissioner does not currently have any complex financial instruments where the contractual terms vary significantly from the real cost. For this reason the amortised cost of financial instruments is close to contractual cost.
<b>Appropriation</b>	Charges to the revenue account that build up funds and reserves in the balance sheet.
<b>Asset</b>	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
<b>Bid Price</b>	A valuation of financial assets based on the highest price a buyer is willing to offer.
<b>Budget</b>	The Police and Crime Commissioner's plan for providing resources to meet its service obligations. The Office of the Police and Crime Commissioner sets an annual budget within a four year financial strategy.
<b>Capital Expenditure</b>	The cost of buying or building significant assets (e.g. land and buildings) which have a long-term value to the Office of the Police and Crime Commissioner. <i>(Also referred to as capital spending or capital payments).</i>
<b>Capital Grants</b>	Grants received by the Office of the Police and Crime Commissioner that can only be used to pay for capital projects.
<b>Capital Receipts</b>	Income from the sale of capital assets (land, buildings, etc.). In the public sector, there are generally strict rules on what the receipts can be spent on.
<b>Carrying Amount</b>	This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.
<b>Cash Flow Statement</b>	This statement summarises the inflows and outflows of cash.
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
<b>Collection Fund</b>	District and unitary councils pay all receipts from local taxpayers into a "collection fund". They then pay county, police, fire, district, unitary and parish council precepts from the fund.
<b>Contingency</b>	A reserve set aside to meet unexpected costs. For example, the Force always has major operations every year, but can never tell how many will happen or how much each will cost.
<b>Contingent Liability</b>	A possible cost of past events where the amount to be paid is not certain, or when the payment may not actually be made. (For example, where a court case is still undecided.)

## Glossary Continued

<b>Council Tax</b>	A tax based on the value of property, which is administered by District and Unitary authorities.
<b>Creditors</b>	Amounts owed by the Police and Crime Commissioner for work done, goods received or services received, but for which payment has not been made by the end of the accounting period.
<b>Current Assets and Liabilities</b>	Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.
<b>Current Service Cost</b>	The increase in the benefits earned by employees in the current period based on their pay and length of service. This is charged to the net cost of services.
<b>Curtailments</b>	Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency or redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.
<b>Debtors</b>	Amounts due to the Police and Crime Commissioner but unpaid by the end of the accounting period.
<b>Deferred Charges</b>	Costs built up when preparing for a capital project that does not eventually create or buy a fixed asset. Deferred charges are written out of the accounts in the year they are incurred.
<b>Defined Benefit Scheme</b>	A pension scheme which defines the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
<b>Depreciation</b>	The accounting principle that spreads the cost of a fixed asset over its useful working life.
<b>Discretionary Benefits</b>	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Police and Crime Commissioner's discretionary powers.
<b>Earmarked Reserves</b>	These reserves represent monies set aside to be used for a specific purpose.
<b>Exit Costs</b>	These are costs of packages for which the Police and Crime Commissioner is demonstrably committed to. The cost of the package includes the termination benefits, all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.
<b>Expected Return on Assets</b>	The average rate of return expected over the remaining life of the pension scheme from the actual investments held by the scheme. Fees charged by investment managers are taken out. The net income is credited to net operating expenditure.
<b>Experience Gains and Losses (IAS 19 Pensions disclosure)</b>	This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.
<b>Fair Value</b>	This is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. In most cases, this amount will be the transaction price, e.g. the amount of a loan made.
<b>Fixed Assets</b>	Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.
<b>International Financial Reporting Standards (IFRS)</b>	Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.
<b>Home Office Grant</b>	A central government grant paid by the Home Office to Police and Crime Commissioner's in support of their day to day expenditure.
<b>Impairment</b>	A loss in the value of a fixed asset, caused by physical damage (such as a major fire) or a significant reduction in market value.

## Glossary Continued

<b>Intangible Asset</b>	An identifiable asset that has no physical substance can be measured reliably and is used for a period of more than one year.
<b>Interest Cost</b>	The expected increase during the period in the present value of the scheme liabilities because members of the scheme are one year closer to retirement. This is charged to net operating expenditure.
<b>LAAP</b>	Local Authority Accounting Panel sets accounting rules for the public sector.
<b>Loans and Receivables</b>	These occur when money, goods or services are provided to a debtor and payment or repayment will be by fixed determinable payments. Such arrangements are not normally tradable.
<b>Medium Term Financial Strategy</b>	Often referred to as MTFS, it is the financial plan and management of funding, spending and savings over a four year period.
<b>Mid-Price</b>	A valuation of financial assets based on the mid-point between bid and offered prices.
<b>Minimum Revenue Provision</b>	The minimum amount of the Police and Crime Commissioner's outstanding financing commitments that must be charged to the General Fund each year.
<b>Non Distributed Costs (NDC)</b>	For the Police and Crime Commissioner these are principally past service costs relating to pensions benefits earned in prior periods.
<b>Non-Operational Assets</b>	Fixed assets that are not used to deliver direct services. For example, police houses, or assets that are still being built or are no longer used and about to be sold.
<b>Past Service Cost</b>	The increase in the benefits earned by employees from their service in previous years arising because of improved retirement benefits. These costs are paid directly by the employer and are charged to the net cost of services.
<b>Pension Commutation</b>	Commutation is where part of the entitlement to a pension for life is exchanged for a lump sum payable on retirement. This requires a calculation of the current value of the entitlement given up. The calculation is done using actuarial advice. The advice is set out in tables containing 'factors'. The level of the factors depends on age and life expectancy.
<b>Pension Scheme (Defined Benefit)</b>	A pension scheme that pays benefits to members based on the rules of the scheme and not on the value of the pension fund. Benefits are usually based on pay and length of service.
<b>Pension Scheme (Funded)</b>	Each year both employers and members pay standard contributions that are invested in a separate pension fund. Benefits to contributors and their dependants are paid out of investments held in the fund.
<b>Pension Scheme (unfunded)</b>	Members pay a standard contribution each year. The employer then pays the cash difference between members' annual contributions and the annual cost of benefits to contributors and their dependants.
<b>Precept</b>	A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.
<b>Present value ( or Net Present Value)</b>	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.
<b>Principal</b>	The amount of a loan that was actually borrowed, before interest is added.
<b>Provisions</b>	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
<b>Related Parties</b>	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.
<b>Reserves</b>	Amounts set aside to meet the cost of specific future expenditure. The Police and Crime Commissioner plans its reserves as part of a four year strategy.
<b>Revaluation Reserve</b>	The Reserve records the accumulated gains on the fixed assets held by the Police and Crime Commissioner arising from increases in value. It is debited with the part of the depreciation charge for the asset relating to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.

## Glossary Continued

<b>Revenue Support Grant (RSG)</b>	A general central government grant paid to the Police and Crime Commissioner, as well as the Home Office Grant, to support its day to day expenditure.
<b>Running Costs</b>	Costs from the use of premises, transport and equipment, and other general expenditure needed to provide a service.
<b>Specific Grants</b>	Grants (usually from the Home Office) that can only be spent on named services and projects.
<b>Statement of Standard Accounting Practice</b>	Guidance issued by the Financial Reporting Council (FRC) on how to use and apply accounting standards.
<b>Termination Benefits</b>	These are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits excluding any voluntary early retirements.
<b>Third Party Payments</b>	Payments made to outside contractors and other bodies who provide specialist or support services to the Police and Crime Commissioner.