



Chief Constable for Dorset

**Annual Financial Reports for Year Ending 31 March 2020
AUDITED**

Chief Constable for Dorset

Officers of the Chief Constable

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

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Steven Mackenzie Chief Finance Officer to the Chief Constable

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Chief Constable for Dorset

Annual Financial Report 2019/20

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ACCOMPANYING REPORTS

Chief Finance Officer's Narrative Report

NARRATIVE REPORT by STEVEN MACKENZIE, CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 Welcome to the Chief Constable's Statement of Accounts for 2019/20. The statement of accounts 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 Dorset, ensuring that the county remains one of the safest in the country in which to live, work and play. 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:
- Protecting people at risk of harm
 - Working with our communities
 - Supporting victims, witnesses and reducing reoffending
 - Transforming for the future
- 1.3 During the latter part of 2019/20 the response to the coronavirus pandemic became a further priority for the Chief Constable and the Police and Crime Commissioner. The pandemic resulted in business continuity plans being implemented. Despite the fears of widespread sickness, Dorset Police were able to respond effectively to the pandemic, maintaining most services as normal and taking on the additional emergency powers put in place by the Government.
- 1.4 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. The single entity accounts for the Police and Crime Commissioner and the accounts for the Group are presented together in a separate booklet.
- 1.5 The aim of this narrative report is to explain the Chief Constable's financial and non-financial performance in 2019/20 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 show the gains and losses that contributed to the changes in resources
 - **Balance Sheet as at 31 March 2020**, 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
- 2.2 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.

Chief Constable for Dorset

3 RESOURCES AVAILABLE IN 2019/20

Setting the Financial Strategy for 2019/20 and Beyond

- 3.1 The Police and Crime Commissioner for Dorset allocates the majority of the available annual funding to the Chief Constable. In 2019/20, the allocation to the Chief Constable was £132.5m out of the total Police and Crime Commissioner funding of £134.7m.
- 3.2 The Chief Constable works with the Commissioner in agreeing a Medium Term Financial Strategy (MTFS), identifying the budget requirement for the following year and for the subsequent three years.
- 3.3 A significant factor for the Commissioner in setting the 2019/20 budget was the expectation of continuing real terms reductions in central government funding over the period of the Medium Term Financial Strategy (MTFS), in the form of future grant increases below the level of potential pay awards and inflation, and the increasing cost of pension schemes. The budget was therefore designed to drive out continued efficiencies, primarily through service area reviews. These efficiencies largely fall within the allocation to the Chief Constable. The Police and Crime Commissioner's decision to increase the Council Tax by the maximum allowed of £24, alongside the programme of efficiencies, enabled the Force to address the following key areas:
- Full implementation of the Operational Business Design (OBD) model, which is designed to reduce demand on front line officers by adopting a new approach, including a new deployment allocation system for certain types of activity. OBD improves the workforce allocation and workforce mix to better deliver the required Police and Crime Plan outcomes.
 - Funding for the PRISM change programme, including the roll out of body worn video, a new Command and Control system, and other technological developments such as a common Command Centre platform with Devon and Cornwall Police. PRISM will deliver vital change to improve operational efficiency and effectiveness.
 - Continued delivery of the Strategic Alliance with Devon and Cornwall Police, including realisation of cashable savings. The Alliance increases operational capacity and capability, while delivering efficiencies in support service delivery.
 - Revenue funding of the capital programme, to ensure a sustainable core capital programme, maintaining Force assets to an appropriate level.
 - A £1m 'Innovation Fund' available for specific areas of investment such as:
 - o Additional police officers in the rural and marine crime teams, and enhancing offender management capability
 - o Introduction of a 'Bobby Van', addressing crime prevention / target hardening issues
 - o Investment in the new Volunteer Police Cadet scheme
 - o Further development of the 'No Excuse' capability, targeted at improving road safety
 - o Investment in tackling issues associated with homelessness, working alongside with homeless individuals and related agencies to help understand and address demand
 - o Creation of an 'Efficiency Officer' designed to identify and drive out future efficiencies
 - o Funding for new and emerging threats

Additional Officers

- 3.4 During the course of the year the government announced plans to increase police officer numbers nationally by 20,000 by 31 March 2023. The first tranche of these was agreed and funded in 2019/20, with 17 additional officers taken on in Dorset.

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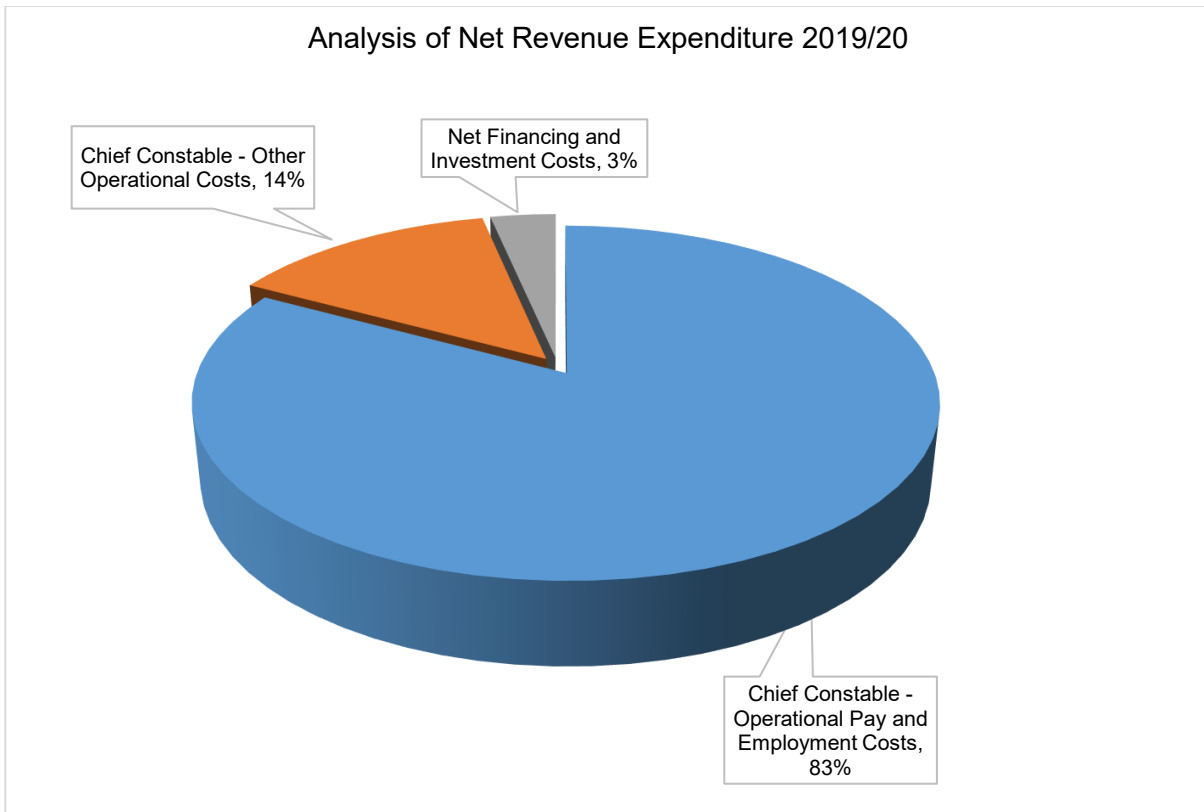
Police Pensions

- 3.5 The most significant issue that affected Force funding in 2019/20 was the increased cost of the Police Officer pension scheme, following changes to the way in which these pensions are calculated. For Dorset Police, the Treasury provided an additional £1.4m specific pensions grant in addition to a £1.2m increase in core grant funding towards this additional cost. The increased cost for Dorset Police was £3.1m, meaning that the precept increase was required to meet the shortfall of £0.5m, as well as cost pressures such as inflation and pay awards, before funding the above developments.

Actual Expenditure 2019/20

- 3.6 The Chief Constable spent £132.2m against the budget allocation of £132.5m, resulting in an underspend of £0.3m (0.2%). This final spend is reflected in the Expenditure and Funding Analysis in the accounts, at note 7.
- 3.7 There were significant pressures on the budget during the year, most notably police officer overtime. The use of overtime included policing major operations during the year, providing a local response to national incidents, and responding to the significant demands on policing, particularly over the summer period. A new resourcing model was introduced during the year to help mitigate overtime expenditure, and to endeavour to best match available resources to expected demand.
- 3.8 The most significant underspends occurred in police staff vacancies, and from over-recovery of income. There were a greater than anticipated level of police staff vacancies during the year, with some difficulties experienced in recruiting to a number of positions. Some vacancies were also held open pending restructures. Assumptions in respect of the level of expected vacancies have been revised for 2020/21 to recognise this trend.
- 3.9 Income budgets exceeded the income anticipated, due partly to recovery of costs from officers deployed to other Forces, events, and national policing requirements. Grant income for specific projects was also higher than anticipated, including the new police officer uplift programme grant of £238k announced part way through the year.
- 3.10 The coronavirus pandemic resulted in some additional costs on such things as personal protective equipment for front line officers and staff and a reduction in income. However, it also resulted in a reduction in the normal demands for policing so that officer and staff costs did not increase significantly, despite the additional responsibilities placed on policing.
- 3.11 The below chart shows a breakdown of actual net revenue expenditure for 2019/20 by category of spend.

Chief Constable for Dorset



Capital Programme

3.12 The table below shows the Chief Constable's capital expenditure, and funding, during 2019/20. The majority of assets used by the Chief Constable, most significantly its 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 £10,000. There were no individual acquisitions or disposals that are material in 2019/20.

	£000's
Equipment and ICT	9,495
<hr/>	
<u>Funded by</u>	
Advance from Police and Crime Commissioner	(9,495)
<hr/>	

3.13 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 ICT and equipment expenditure also covered the purchase of ICT hardware to support new system implementation.

Workforce Resources

3.14 Workforce costs make up 83% of the annual expenditure of Dorset Police. The full time equivalents (FTE) of officers and staff employed by Dorset Police at the beginning and end of the period were:

Chief Constable for Dorset

31/03/18 (FTE)		31/03/19 (FTE)
1,201	Police Officers	1,223
1,249	Police Staff (Force, includes PCSOs)	1,320
2,450	Total	2,543

- 3.15 There was growth of 22 officers during the year. Of these officers, 17 officers were funded by the Government under the new, national, Police Officer Uplift Programme. This programme is expected to fund a further 33 officers in 2020/21.
- 3.16 The increase in police staff is partly explained by Dorset Police taking national responsibility for the transformation of forensics. This has resulted in 31 staff being transferred to Dorset of this national programme.

4 PERFORMANCE INDICATORS

External Indicators

- 4.1 The principal independent financial indicators available to the 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 2018/19 report indicated that Dorset Police was ‘good’ for all three areas reviewed:
 - The extent to which the force is effective at reducing crime and keeping people safe is **good**.
 - The extent to which the force operates efficiently and sustainably is **good**.
 - The extent to which the force treats the public and its workforce legitimately is **good**.
 - Auditors Value for Money Opinion – External auditors last provided a Value for Money conclusion for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2019. This audit concluded that the Police and Crime Commissioner and Chief Constable have in all significant respects put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.
 - HMICFRS Value for Money Profile 2019 – this report does not provide an opinion, but states key financial and performance information of Dorset Police in comparison to other forces. The report did not indicate any significant outliers within Dorset Police.

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Operational Performance of the Force

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

2018/19		2019/20
104,028	999 Calls Received	117,040
391,439	Non-Emergency Calls Received	232,442
183,412	Incidents Recorded	182,915
55,028	Crimes Recorded	54,399
10,515	Arrests Made	10,298
3,795	Voluntary Attendances Undertaken –	3,388
5,832	Missing Persons Incidents	6,532
7,426	Mental Health Flagged Incidents	7,695
4,000	Adults at Risk	3,514
28,808	Public Protection Notices Completed	30,084

5 FUTURE FINANCIAL OUTLOOK

- 5.1 Dorset Police formally updates its MTFS annually during the budget setting process. The 2019/20 MTFS reflected an improved outlook when compared with the 2018/19 forecasts, but still further savings will be required to balance the budget in the last two years of the four year period.
- 5.2 The 2020/21 MTFS designed to support the delivery of the Police and Crime Plan which runs until 2021. A new plan will be developed during 2021 which will be used to drive the budget in future years.
- 5.3 The Financial Strategy, including the Capital Strategy, Reserves Strategy and Treasury Management Strategy are used to translate the vision of the Police and Crime Plan into the detailed budget, with the MTFS setting out what this looks like for future years.
- 5.4 The strategic approach taken to balancing the 2020/21 budget is to take a longer term view to ensure that decisions taken are sustainable and that the budget starts the decade on firm foundations, to build greater financial resilience and delivering value for money for Dorset residents.
- 5.5 For 2021/22 and beyond there is a great deal of uncertainty around funding levels which will impact on our planning process. The uncertainty is exacerbated by the economic impact of the current coronavirus pandemic, and the effect that this will have on future funding and costs. In addition to this fundamental issue, key areas of uncertainty are:-
- The next Comprehensive Spending Review, which the Government had planned to undertake during 2020, has been delayed. It is currently expected that this will be carried out in 2021.
 - The anticipated changes to the formula by which Home Office funding is allocated to forces. The timescale for this review is not confirmed, although seems highly unlikely to be implemented in 2021/22 as previously planned.
 - Future cost of pension schemes. These schemes have seen increased pressure in recent years, with significant additional costs in 2019/20.

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- The impact of the anticipated future recession, including the potential local implications on precept, Collection Funds and taxbase.

5.6 The Chief Constable and Police and Crime Commissioner are determined to learn lessons from the coronavirus pandemic. In particular the pandemic has forced new ways of working and training to be implemented very quickly. There are benefits to this, particularly as the need to replace the Force Headquarters building becomes more urgent and its scale has been discussed. A recovery group has been convened to learn the lessons about what went well and what might have gone better so that changes in working practices can be safely implemented.

6 GOVERNANCE ARRANGEMENTS

6.1 The Annual Governance Statement is published alongside this document. The Annual Governance Statement describes the internal control environment for 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 Annual Governance Statement.

Steven Mackenzie MBA FCPFA
Chief Finance Officer
05 February 2021

Further Information:

This publication provides a review of the financial performance of the Chief Constable for 2019/20. It may be read in conjunction with the single entity accounts of the Police and Crime Commissioner, and the Group Accounts within the same document, and the Police and Crime Plan. Further information on these publications can be obtained by writing to the Chief Financial Officer to the Chief Constable, Dorset Police Headquarters, Winfrith, Dorset, DT2 8DZ

Independent auditor's report to the Chief Constable for Dorset

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Chief Constable for Dorset (the 'Chief Constable') for the year ended 31 March 2020 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the Police Officers' pension fund statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Chief Finance Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Chief Constable's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Chief Constable's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the risks associated

with the Chief Constable's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Chief Constable's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Chief Constable will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to Note 6.1 of the financial statements, which describes the effects of the Covid-19 pandemic on the Chief Constable's share of the local government pension scheme's pooled property investments as at 31 March 2020. As disclosed in Note 6.1 to the financial statements, the outbreak of Covid-19 has impacted global financial markets and market activity has been impacted. A material valuation uncertainty was therefore disclosed in the pension fund's property valuation reports. Our opinion is not modified in respect of this matter.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts and the Annual Governance Statement, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Chief Constable obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Chief Constable gained through our work in relation to the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Chief Constable and the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Chief Constable will no longer be provided.

The Chief Constable is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of the Chief Constable

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

Auditor's responsibilities for the review of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of

resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

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

Use of our report

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

Alex Walling, Key Audit Partner
for and on behalf of Grant Thornton UKLLP, Local Auditor

Bristol

8 February 2021

Chief Constable for Dorset

Statement of Responsibilities

The Chief Constable's Responsibilities

The Chief Constable is required to:

- Make arrangements for the proper administration of the financial affairs of Dorset Police and to secure that one of 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 Dorset Police to secure economic, efficient and effective use of resources and to safeguard its assets;
- Approve the Statement of Accounts.

Approval of the Accounts

I approve the Statement of Accounts.

James Vaughan
Chief Constable
05 February 2021

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 2019/20" (the Code).

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

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

Chief Finance Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2020 gives a true and fair view of the financial position of the Chief Constable for Dorset at the accounting date and of the income and expenditure for the year ended 31 March 2020.

Steven Mackenzie MBA FCPFA
Chief Finance Officer to the Chief Constable
05 February 2021

FINANCIAL STATEMENTS

Chief Constable for Dorset

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 2018/19 and 2019/20 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
Balance at 31 March 2019		0	0	0	0	0	0	0
Movement in Reserves (Surplus) or Deficit on the Provision of Services		137,732	0	0	0	137,732	0	137,732
Remeasurement of the net defined benefit liability (asset)		(137,732)	0	0	0	(137,732)	0	(137,732)
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2020		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
Balance at 31 March 2018		0	0	0	0	0	0	0
Movement in Reserves (Surplus) or Deficit on the Provision of Services		11,187	0	0	0	11,187	0	11,187
Remeasurement of the net defined benefit liability (asset)		(11,187)	0	0	0	(11,187)	0	(11,187)
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2019		0	0	0	0	0	0	0

Chief Constable for Dorset

Comprehensive Income and Expenditure Statement

This statement reflects the Police and Crime Commissioner's financial resources consumed by the Chief Constable for 2018/19 and 2019/20. 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.

2018/19			2019/20			Notes
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000	£'000	£'000	£'000	
211,016	(25,040)	185,976	190,741	(32,567)	158,174	8
211,016	(25,040)	185,976	190,741	(32,567)	158,174	
0	(26,078)	(26,078)	0	(22,602)	(22,602)	
(211,016)	51,118	(159,898)	(190,741)	55,169	(135,572)	
0	0	0	0	0	0	
41,292	(4,252)	37,040	41,492	(4,437)	37,055	19
(41,292)	4,252	(37,040)	(41,492)	4,437	(37,055)	
11,187	0	11,187	137,732	0	137,732	19
11,187	0	11,187	137,732	0	137,732	
		(11,187)			(137,732)	
		0			0	
		0			0	

*The 2018/19 net cost of services includes an allowance for the impact of the McCloud/Sargeant ruling. In 2019/20, the publishing of the proposed remedy has allowed this allowance to be refined, resulting in a reduced contribution to the cost of services. Changes in assumptions have been reflected within the Remeasurement of the Net Defined Benefit Liability/(Asset) in 2019/20.

Chief Constable for Dorset

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 2019 £'000		31 March 2020 £'000	Notes
	Long Term Assets		
6,295	Vehicles, ICT and Equipment	10,218	9
498	Intangible Assets	191	
1,557,664	Pensions Liabilities - Intra-Group Debtor	1,461,195	19
1,564,457	Total Long Term Assets	1,471,604	
	Current Assets		
17,846	Debtors	18,309	10
149	Inventories	162	
2,597	Short Term Debtors - Intra-Group Debtor	23,112	
20,592	Total Current Assets	41,583	
	Current Liabilities		
(16,235)	Creditors	(20,771)	11
(2,597)	Short Term Accumulated Absences	(2,137)	13
(287)	Short Term Provisions	(204)	12
0	Short Term Creditor - Intra-Group Creditor	(18,471)	
(19,119)	Total Current Liabilities	(41,583)	
	Long Term Liabilities		
(1,557,664)	Pension Liabilities	(1,461,195)	19
(8,266)	Vehicles, ICT and Equipment - Intra-Group Creditor	(10,409)	9
(1,565,930)	Total Long Term Liabilities	(1,471,604)	
0	Net Assets	0	

Steven Mackenzie MBA FCPFA
Chief Finance Officer to the Chief Constable
05 February 2021

Chief Constable for Dorset

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 pension's valuation shown against the increase/decrease in pension's liability line.

2018/19 £'000		2019/20 £'000
11,187	Net (Surplus) or Deficit on the Provision of Services	137,732
	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements	
(11,187)	(Increase)/Decrease in pensions liability	(137,732)
<u>0</u>	Net Cash (Inflows)/Outflows from Operating Activities	<u>0</u>
<u>0</u>	Cash and Cash Equivalents at the end of the reporting period	<u>0</u>

Notes to the Financial Statements

Chief Constable for Dorset

Note 1 Accounting Policies

1. General Principles

The statement of accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20; and the Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 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. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Accounting Policy Developments and Changes

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or 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 (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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 those 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.

Chief Constable for Dorset

Note 1 Accounting Policies Continued

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

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. Employee Benefits

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 (e.g. cars) 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 (or any form of leave, e.g. time off in lieu) 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 holiday entitlements are 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 Chief Constable 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 Chief Constable is demonstrably committed to the termination of the employment of an employee. Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards (this only applies to compulsory redundancies). In the movement in reserves statement, appropriations are required to and from the pensions reserve held by the Police and Crime Commissioner 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 Local Government Pensions Scheme, administered by Dorset Council
- The Police Officer 2015 Scheme (CARE)

Chief Constable for Dorset

Note 1 Accounting Policies Continued

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 projected earnings for current employees.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of all Police Schemes. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

This is consistent with the approach used at the previous accounting date which has been chosen to meet the requirements of IAS19.

9.3.2 The Local Government Pension Scheme

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

The liabilities of the Dorset Council 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.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration of the past service liability. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date which has been chosen to meet the requirements of IAS19.

The assets of the Dorset Council 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 changes in the net pensions' 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.

Chief Constable for Dorset

Note 1 Accounting Policies Continued

- 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 (CIES) - 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 – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

The return on plan assets excludes the amounts included in net interest on the net defined benefit liability (asset) which is charged to the pensions reserve as other comprehensive income and expenditure. This is only applicable to the Local Government Pension Scheme.

Actuarial gains and losses are 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. These changes are 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.

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 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 CIES when the Chief Constable has an obligation and the expenditure required to settle the obligation is estimated taking into account the relevant risks and uncertainties, at the balance sheet date.

Chief Constable for Dorset

Note 1 Accounting Policies Continued

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 it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), 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 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 the Force will carry out a 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 CIES of the Chief Constable includes a charge for the use of vehicles, plant and equipment and intangible assets based on the fair value of the assets used by 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 CIES. 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 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 of the item 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 to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 CIES, 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 CIES, 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:

- | | | | |
|---|-----------|---|-----------------------------|
| • | ICT | - | depreciated historical cost |
| • | Equipment | - | depreciated historical cost |
| • | Vehicles | - | depreciated historical cost |

Note 1 Accounting Policies Continued

11.3 Depreciation

Depreciation is provided for on all ICT, equipment and vehicles 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).

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 CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES 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.

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 (e.g. software licences) 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. Assets 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 criteria, 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 CIES.

13. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. 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 CIES 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 CIES is debited with the following amounts to record the real cost of holding non-current 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.

Chief Constable for Dorset

Note 1 Accounting Policies Continued

The Chief Constable is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, he is required to make an annual contribution from revenue to contribute towards the reduction in the overall borrowing requirement (calculated on a prudent basis determined by the Group in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the movement in reserves statement for the difference between the two.

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.

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:

- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

All of these standards will be incorporated in the Code from 2020/21 and will be complied with. However, none have a material impact for the Group and none warrant disclosure in these accounts.

IFRS 16 Leases is an accounting that was due to be implemented on the 1 April 2020. However it has been delayed nationally to 1 April 2021 in response to the COVID-19 pandemic. The new IFRS introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. The impact of IFRS 16 is not yet known; work is in progress to assess the impact in readiness for the 2020/21 Statement of Accounts.

Note 3 Critical Judgements in Applying Accounting Policies

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 Chief Constable has had to make judgements about the allocation of expenditure between Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Service Reporting Code of Practice 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. It is reasonable to expect that should the PCC Group be required to settle future pension liabilities, 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

Chief Constable for Dorset

Note 3 Critical Judgements In Applying Accounting Policies Continued

- appropriate accounting treatment is judged to be disclosure of a contingent liability rather than the making of a provision.
- In light of market conditions arising from COVID-19, a judgement has been made to use the actual conditions as at 31 March to value the Police Staff pensions rather than the usual practice of using a forecast from the end of February. This step has been taken to mitigate some of the uncertainty arising from the current volatility in the markets.
- Judgements are made by professional advisors in valuing pensions. Management have accepted these judgements.
- A judgement has been made to include the impact of the McCloud/Sargeant ruling. Whilst the regulations underpinning the Local Government Pension Scheme (LGPS) and police pension schemes have not yet been amended, the outcome of the McCloud and Sargeant tribunals have been deemed to provide evidence that a legal obligation has been created, resulting in a potential liability.

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 Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. 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. For the period 1 April 2019 to 31 March 2020, all contracts were in the name of the Police and Crime Commissioner. When Police and Crime Commissioner's resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies.

For accounting and regulatory purposes the Police and Crime Commissioner and the Chief Constable are classed as local authorities and are covered by the CIPFA Code of Practice for Local Authority Accounting 2019/20. The financial consequences of the activity under the control of the Chief Constable are shown in these accounts. As the Chief Constable does not hold reserves, the Chief Constable's CIES shows the gross cost of policing which is offset by intra-group adjustments to reflect the payments and accruals made by the Police and Crime Commissioner at the request of the Chief Constable. The result of these adjustments, is that the Chief Constable has a nil balance on his General Fund. The intra-group adjustments are mirrored in the Police and Crime Commissioner's Accounts.

All of the assets and liabilities and reserves of the PCC Group with the following 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.
- Certain categories of operational non-current and current assets are shown on the Chief Constable's Balance Sheet. These assets are offset in the Balance Sheet by a long term and short term creditor respectively.
- Certain categories of current liabilities are shown on the Chief Constable Balance Sheet. These liabilities are offset in the Balance Sheet by a debtor.

Chief Constable for Dorset

Note 5 Events after the Balance Sheet Date

The Financial Statements were authorised for issue on 05 February 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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 Chief Constable 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 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

6.1 Pensions Liability

Valuation Uncertainty

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. Pension fund assets are measured at fair value which requires reference to the market conditions held at the measurement date. As a result of the COVID-19 pandemic, the market has been subject to volatility, however markets have continued trading and information was available to measure the fund assets at the measurement date. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.

Valuation Assumption

A remedy process to resolve the age discrimination of the pension changes resulting from the reform of public service pension schemes has been proposed. Although the LGPS and Police Pension Scheme regulations have not yet been amended, the valuation includes the impact of the proposed remedy for the McCloud/Sargeant ruling. The proposed remedy, which is out for consultation, suggests that members who were active on or prior to 31 March 2012 and on or after 1 April 2015, will be given the choice of which scheme they would like to receive benefits from. The 2019/20 valuation assumes that members will choose the scheme that has the highest benefits. From 1 April 2022, it is assumed, based on the proposal, that all members will accrue benefits in the CARE scheme.

Valuation Uncertainty

The Dorset Pension Fund, of which Dorset PCC Group is an admitted body, holds investments in pooled property investments and level 3 private infrastructure and debt funds. As a result of Covid-19, a material uncertainty has been identified by the valuers in respect of their 31 March 2020 valuations of these investments. The Local Government Pension Scheme property and infrastructure assets attributable to Dorset CC are £30.257m.

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.

6.2 Financial Instruments

Trade Receivables Assumption:

COVID-19 may have an impact on the ability of organisations to make payments in lieu of services provided. An assumption has been made that income due from Central Government, Local Authorities, other Police Forces and the NHS will not be affected. A 2% loss allowance has been made in addition to the bad debt provision for income due from other entities and individuals.

Chief Constable for Dorset

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.

2019/20								
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	132,414	25,760	158,174	1,078	26,070	(1,388)	(25,760)	0
Net Cost of Services	132,414	25,760	158,174	1,078	26,070	(1,388)	(25,760)	0
Other Income and Expenditure from the Funding analysis	0	(22,602)	(22,602)	0	(22,602)	0	22,602	0
Intra-Group Transaction	(132,414)	(3,158)	(135,572)	0	0	0	0	0
Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	0	0	0	1,078	3,468	(1,388)	(3,158)	0
Opening Revenue Reserve Balance as at 31 March 2019	0							
Less/Plus Surplus or (Deficit) on the General Fund in Year	0							
Transfer (to)/from Other Reserves	0							
Closing Revenue Reserve Balance as at 31 March 2020	0							

Chief Constable for Dorset

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

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

7.3 Other Differences

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

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

7.4 Chief Constable Outturn

The Chief Constable reported outturn is the sum of the amount disclosed against the Chief Constable line and the amount shown against the Financing and Investment Income and Expenditure line. In the Statement of Accounts, the Financing and Investment Income and Expenditure line is under the control of the PCC and is excluded from the Chief Constable's CIES and Expenditure and Funding Analysis Statement but shown in the equivalent PCC statements.

Chief Constable for Dorset

Note 8 Expenditure and Income Analysed by Nature

2018/19 £'000	Expenditure/Income	2019/20 £'000
	Expenditure	
167,936	Employee benefit expenses	139,684
39,754	Other service expense	48,848
3,326	Depreciation, amortisation, impairment	2,209
211,016	Total Expenditure	190,741
	Income	
(25,040)	Fees charges and other service income	(32,567)
(26,078)	Pension Top Up Grant	(22,602)
(51,118)	Total Income	(55,169)
	Cost on the Provision of Service including Pension Top Up Grant	
159,898		135,572

Note 9 Vehicles, ICT and Equipment

This table sets out the assets held by the Chief Constable:

2018/19 Vehicles, ICT and Equipment £'000	Movements	2019/20 Vehicles, ICT and Equipment £'000
46,604	Cost	£'000
46,604	Balance at 1 April	49,943
3,933	Additions	5,858
(594)	Disposals	(22,039)
0	Reclassification	0
49,943	Balance at 31 March	33,762
	Accumulated Depreciation	
(41,582)	Balance at 1 April	(43,647)
(2,636)	Depreciation Charge	(1,861)
571	Derecognition-Disposals	21,964
0	Reclassification	0
(43,647)	Balance at 31 March	(23,544)
	Net Book Value	
5,022	Balance at 31 March 2018	0
6,295	Balance at 31 March 2019	6,295
0	Balance at 31 March 2020	10,218

Chief Constable for Dorset

Note 9 Vehicles, ICT and Equipment Continued

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:-

- ICT £10k
- Equipment £10k
- Vehicles £10k

9.2 Depreciation

All depreciation is calculated on a straight-line basis. A review of asset lives has taken place in 2019/20 and the useful life for some assets has been amended. The following useful lives and approaches to depreciation have been used to calculate depreciation charges:

9.2.1 Information and Communications Technology (ICT)

Classes of ICT assets are given specific asset lives these are within the range 3-12 years. ICT assets are depreciated in equal annual instalments over the forecast useful life of the asset.

9.2.2 Equipment

Equipment assets are given specific asset lives that are within the range 3-12 years. These assets are depreciated monthly.

9.2.3 Vehicles

Classes of vehicle are given specific asset lives within the range of 3-12 years. Vehicles are depreciated monthly over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.

9.3 Asset Transfers

No assets have been transferred from the PCC to the CC.

9.4 De-recognition

In 2019/20 a review of lives for assets classed as Vehicles, ICT, Plant, Equipment and Intangibles has been undertaken which has resulted in de-recognition of a number of assets that have reached the end of their useful life or have been disposed of. The figure also includes sales of vehicles that took place in the year as part of vehicle disposal programme. The net book value of these disposed assets resulted in a loss of £75,000 which has been charged to the CIES.

Note 10 Debtors

31 March 2019		31 March 2020
£'000		£'000
12,173	Central government bodies	9,179
648	Other local authorities	3,819
0	National Health Service	0
5,025	Other entities and individuals	5,311
17,846	Total Debtors	18,309

Chief Constable for Dorset

Note 11 Creditors

31 March 2019 £'000		31 March 2020 £'000
(1,578)	Central government bodies	(2,650)
(3,824)	Other local authorities	(7,328)
(280)	National Health Service	(569)
(13,150)	Other entities and individuals	(10,224)
(18,832)	Total Creditors	(20,771)

Note 12 Provisions

2019/20	Other £'000	Total £'000
Current Liabilities		
Balance at 1 April 2019	(287)	(287)
Additional provisions made	(59)	(59)
Amounts used	142	142
Transfer from long term liabilities	0	0
Balance at 31 March 2020	(204)	(204)

2018/19	Other £'000	Total £'000
Current Liabilities		
Balance at 1 April 2018	(385)	(385)
Additional provisions made	0	0
Amounts used	98	98
Transfer from long term liabilities	0	0
Balance at 31 March 2019	(287)	(287)

A provision has been made for compensation for distress for the originating claimants regarding the public service pension scheme reform.

Note 13 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:

Chief Constable for Dorset

Note 13 Accumulated Absences Continued

2018/19 £'000		2019/20 £'000
(1,514)	Balance at 1 April	(2,597)
1,514	Settlement or cancellation of accrual made at the end of the preceding year	2,597
(2,597)	Amounts accrued at the end of the current year	(2,137)
(1,083)	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	460
<u>(2,597)</u>	Balance at 31 March	<u>(2,137)</u>

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 14 External Audit Costs

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

2018/19 £'000		2019/20 £'000
12	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	13
0	Fees payable to external auditors for other services	0
<u>12</u>		<u>13</u>

Chief Constable for Dorset

Note 15 Officers' Remuneration

15.1 Remuneration

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

2019/20	Note	Salary, Fees and Allowances £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Compensation for loss of employment £	Total Remuneration incl Pension Contributions £
<u>Chief Constable</u>								
<u>Salary £150,000 plus per year</u>								
Chief Constable		170,235	0	0	170,235	49,367	0	219,602
<u>Salary £50,000 to £149,999 per year</u>								
Deputy Chief Constable		130,914	0	4,634	135,548	37,016	0	172,564
Assistant Chief Constable from 18/10/2019 to 31/03/2020		50,544	0	0	50,544	12,606	0	63,150
Assistant Chief Constable		122,249	0	12,314	134,563	34,597	0	169,160
Assistant Chief Officer		109,375	0	6,399	115,774	16,953	50,000	182,727
Interim Chief Financial Officer from 24/9/2019 to 31/3/2020		41,174	0	0	41,174	0	0	41,174
Director of Human Resources	2	109,375	0	4,700	114,075	16,953	50,000	181,028
Chief Superintendent - Territorial Policing from 21/10/2019 to 31/03/2020		41,692	0	0	41,692	11,186	0	52,878
Chief Superintendent - Territorial Policing from 01/04/2019 to 17/10/2019		50,210	0	0	50,210	14,860	0	65,070
Chief Superintendent - Crime & Criminal Justice from 15/07/2019 to 31/03/2020		67,447	0	0	67,447	19,680	0	87,127
Chief Superintendent - Crime & Criminal Justice from 01/04/2019 to 14/07/2019		24,166	0	0	24,166	6,543	0	30,709
Chief Superintendent - Crime & Criminal Justice from 01/04/2019 to 19/05/2019		13,479	0	596	14,075	3,639	0	17,714
Chief Superintendent - Corporate Development from 01/04/2019 to 14/07/2019		26,154	0	0	26,154	7,787	0	33,941
Chief Superintendent - ESN Programme Director		95,123	0	0	95,123	27,466	0	122,589
Chief Superintendent - Secondment to College of Policing		90,705	216	0	90,921	27,328	0	118,249

Chief Constable for Dorset

Note 15 Officers' Remuneration Continued

2018/19	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 £
Chief Constable							
Salary £150,000 plus per year							
Chief Constable - James Vaughan from 07/04/18 to 31/03/19		163,914	0	0	163,914	37,053	200,967
Chief Constable - Deborah Simpson from 01/04/18 to 06/04/18		2,596	0	0	2,596	0	2,596
Salary £50,000 to £149,999 per year							
Deputy Chief Constable from 07/04/18 to 31/03/19	3	126,059	0	3,765	129,824	28,227	158,051
Deputy Chief Constable from 01/04/18 to 06/04/18	3	2,106	0	0	2,106	465	2,571
Assistant Chief Constable		113,309	0	14,958	128,267	24,845	153,112
Assistant Chief Constable from 01/04/18 to 06/04/18	1	1,912	0	0	1,912	449	2,361
Assistant Chief Officer		107,008	0	5,114	112,122	15,356	127,478
Director of Human Resources	2	107,008	0	5,138	112,146	15,356	127,502
Chief Superintendent - Territorial Policing from 27/05/18 to 31/03/19		74,803	0	3,916	78,719	17,786	96,505
Chief Superintendent - Territorial Policing from 01/04/18 to 26/05/18		14,029	0	0	14,029	3,175	17,204
Chief Superintendent - Crime & Criminal Justice from 11/12/18 to 31/03/19		25,747	0	0	25,747	5,212	30,959
Chief Superintendent - Crime & Criminal Justice from 27/05/18 to 31/03/19		76,255	0	4,031	80,286	17,786	98,072
Chief Superintendent - Crime & Criminal Justice from 01/04/18 to 26/05/18		13,425	0	0	13,425	3,175	16,600
Chief Superintendent - Seconded to College of Policing from 01/04/18 to 28/02/19		85,276	198	0	85,474	19,199	104,673
Chief Superintendent - Project from 01/04/18 to 26/05/18		13,707	0	0	13,707	3,175	16,882
Chief Superintendent - Corporate Development		88,826	0	0	88,826	20,541	109,367
Chief Superintendent - Secondment to College of Policing		87,069	216	0	87,285	20,371	107,656
Chief Superintendent - Project from 27/05/18 to 31/03/19		78,035	0	0	78,035	17,786	95,821

Chief Constable for Dorset

Note 15 Officers' Remuneration Continued

15.1 Notes

1. This is a regional Assistant Chief Constable post. The Assistant Chief Constable was employed by Dorset Police until 06/04/18. Dorset Police fund 11.76% of this post.
2. The Director of Human Resources 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 of Dorset Police. Devon and Cornwall Police refund Dorset 70% of the pay costs and 50% of the settlement and pension strain costs.
3. The Deputy Chief Constable for Dorset is working across Dorset Police and Devon and Cornwall Police. His employment and associated costs are disclosed within this Statement of Accounts as his employing force.

15.2 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 calculated on an actuarial basis in 2018/19 and 2019/20. They relate to staff employed by the Chief Constable. The costs charged in the Comprehensive Income and Expenditure Statement includes adjustments for the sharing of costs between Dorset Police and Devon and Cornwall Police under the Strategic Alliance Agreement, these adjustments are set out in the table below.

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	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19 £'000	2019/20 £'000
£0 – £20,000	0	0	6	0	6	0	50	0
£20,001 - £40,000	0	0	6	0	6	0	165	0
£40,001 - £60,000	0	0	2	0	2	0	93	0
£180,001 - £200,000	0	0	0	1	0	1	0	198
£280,001- £300,000	0	0	0	1	0	1	0	288
Total included in bandings and in CIES	0	0	14	2	14	2	308	486
Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement								
Redundancy cost recharged from Devon and Cornwall Police to Dorset Police							1	21
Redundancy cost recharged to Devon and Cornwall by Dorset Police							(53)	(144)
Exit Costs charged to the Comprehensive Income and Expenditure Statement							256	363
All of the exit packages in 2019/20 relate to the Force.								

Chief Constable for Dorset

Note 15 Officers' Remuneration Continued

15.3 Remuneration Bands

2018/19	Remuneration Band	2019/20
Number of employees		Number of employees
119	£50,000 - £54,999	144
58	£55,000 - £59,999	81
23	£60,000 - £64,999	28
4	£65,000 - £69,999	8
4	£70,000 - £74,999	2
2	£75,000 - £79,999	0
5	£80,000 - £84,999	8
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
1	£95,000 - £99,999	1
0	£100,000 - £104,999	0
0	£105,000 - £109,999	1
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
216	Total	273

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

- The banding figures include both police staff and police officers remuneration.
- The Police and Crime Commissioner has chosen to disclose all police officers earning more than £50,000 on a voluntary basis (the legislative requirement is to include only police officers above the rank of superintendent).
- Remuneration includes exit costs as set out in the table above.
- The above table does not include staff paid below £50,000.
- The Government agreed a 2.5% pay award for police officers in 2019/20, coming into effect from 1 September 2019. This was the highest award received since 2010, and resulted in a number of officers' salaries increasing above £50,000.

Note 16 Related Party Transactions and Collaborations

16.1 Related Party Transactions

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:

16.1.1 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure. There are no disclosures required.

16.2 Collaborations

16.2.1 Collaborations

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

Chief Constable for Dorset

Note 16 Related Party Transactions and Collaborations Continued

2018/19			2019/20
Expenditure £'000	Notes	Joint Operation	Expenditure £'000
882	1	South West Regional Special Branch	954
3,227	2	South West Regional Forensics Services	3,336
196	3	South West Procurement Services	201
1,093	4	ROCU	1,111
145	5	Regional Programme	164
5,543			5,766

16.2.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Devon and Cornwall Police, Dorset Police and Wiltshire Police. Each Force has a committed number of staff who are based within their own Force area, but work on behalf of the four Forces. The force cost for the year was £954k. The total cost of £3,993k is split on a percentage basis, with Dorset Police contributing 23.9%, Avon and Somerset contributing 28.4%, Devon and Cornwall contributing 28.9% and Wiltshire Police contributing 18.8%.

16.2.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Devon and Cornwall Police as the lead Force. There are bases in all four Forces, with each force employing a number of staff. The Force cost for the year was £3,336k. Most of the £18,171k total cost is split on a percentage basis, with Dorset contributing 18.7%, Avon and Somerset contributing 36.6%, Devon and Cornwall contributing 30.5% and Wiltshire Police contributing 14.2%.

16.2.3 South West Regional Procurement Services

South West Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police and Devon and Cornwall Police as the host Force. Staff are based across the region, with them all employed by Devon and Cornwall Police. The Force cost for the year was £201k. The total cost of £1,028k was split on a percentage basis with Dorset Police contributing 19.5%, Wiltshire Police contributing 17.2%, Gloucestershire Police contributing 17.0% and Devon and Cornwall Police contributing 46.3%.

16.2.4 South West Regional Organised Crime Unit (ROCU)

ROCU is a partnership with Devon and Cornwall Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Staff are employed by each partnering Police Force and based within one of two hubs (North & South). The Force cost for the year was £1,111k. The total cost of £9,447k is split on a percentage basis with Dorset Police contributing 11.76%, Devon and Cornwall contributing 33.3%, Wiltshire Police contributing 11.68%, Gloucestershire Police contributing 10.83%

16.2.5 South West Collaboration Programme

The South West Police Collaboration Programme is a partnership with Devon and Cornwall, Gloucestershire Police and Wiltshire Police with Avon and Somerset as the lead force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects. Costs are shared with the Forces that are involved in each project. The Force cost for the year was £164k. Most of the £1,319k total cost is split on a percentage basis with Dorset Police contributing 11.76%, Devon and Cornwall Police contributing 33.3%, Wiltshire Police contributing 11.68%, Gloucestershire Police contributing 10.83% and Avon & Somerset contributing 32.43%.

Note 17 Contingent Liabilities

There are no contingent liabilities for 2019/20.

Chief Constable for Dorset

Note 18 Capital Expenditure and Financing

Within the Group's 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 the Police and Crime Commissioner.

2018/19		2019/20
£'000		£'000
0	Opening Capital Financing Requirement	0
	Capital Investment:	
992	Vehicles	1,157
2,940	Equipment and ICT	4,702
268	Intangibles	42
0	Revenue Expenditure Funded from Capital Under Statute	3,594
4,200		9,495
	Less Sources of Finance:	
(4,200)	Police and Crime Commissioner	(9,495)
(4,200)		(9,495)
0	Increase/(Decrease) in Capital Financing Requirement	0
0	Closing Capital Financing Requirement	0

Note 19 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 pensionable pay and length of service. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary.

The Chief Constable, along with other Chief Constables and the Home Office, currently has claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. These claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant ruling, but were lifted and a case management hearing was held on 25 October 2019. The resulting Order of 28 October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. This interim declaration applies to claimants only. However, a Written Ministerial Statement on 25 March 2020 made clear that non-claimants who are in the same position as claimants will also be entitled to remedy. On the 16 July 2020, the Government published a consultation on the proposed remedy to be applied to the unfunded pension scheme benefits. The consultation closes on 11 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. The proposed remedy will apply to those members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. These members will be able to choose which scheme they are to accrue benefits over the remedy period, 1 April 2015 to 31 March 2022. It is yet to be decided whether the member will have to make this decision a year or two after 31 March 2022 or at retirement. From 1 April 2022, everyone is assumed to accrue benefits in the CARE scheme. Given the uncertainty in how members' benefits will accrue over the remedy period, due to future salary increases, preferences for early/late retirement over more pension, Barnett Waddingham have made an assumption that a member would choose the scheme that gives the highest benefits. As the outcome for the agreed remedy, and where the burden for that remedy lies, has not yet been established, it could give rise to a possible obligation on the PCC Group.

For giving full transitional protection to members would lead to an increase in the Police Pension Scheme liabilities. Last year, scheme actuaries estimated the potential increase in scheme liabilities to be £33.174m. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018/19 accounts. In 2019/20, scheme actuaries have reviewed

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

these assumptions at a force level. The change in assumptions is reported in Other Comprehensive Income and Expenditure in the CIES. The proposed remedy reduces the liability in 2019/20 by £5.642m and is shown as a past service cost.).

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant ruling will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change. Funding arrangements are under consideration by the Home Office.

With regard to the LGPS a similar adjustment was made in the 2018/19 accounts to reflect an increase in the present value of the defined benefit obligation. This increase was shown as a past service cost and amounted to £3.268m. In 2019/20, scheme actuaries have reviewed these assumptions at a force level. The change in assumptions is reported in Other Comprehensive Income and Expenditure in the CIES.

19.1 Police Officer Schemes

19.1.1 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 Dorset, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Pensions are financed from the Group's and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Group's and the employee contributions are paid into a separate Police Officers' Pension Fund Account.

Police Pension Fund Regulations require Police and Crime Commissioners to transfer a sum not exceeding the amount that the Police Pensions Fund is in deficit at 31 March from the Police and Crime Commissioner's 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.

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

Reconciliation of present value of the scheme liabilities:

2018/19 £'000		2019/20 £'000
(1,391,324)	Opening balance at 1 April	(1,439,638)
(27,309)	Current service cost	(35,063)
(34,984)	Interest cost	(34,089)
(6,215)	Contributions from scheme participants	(6,215)
	Remeasurement gains and (losses):	
75,950	• Actuarial gains/(losses) arising from changes in demographic assumptions	(9,550)
(67,804)	• Actuarial gains/(losses) arising from changes in financial assumptions	124,619
0	• Experience gains/(losses) on defined benefit obligation	0
44,034	Benefits paid	43,517
(33,174)	Past service costs, including curtailments	5,642
1,188	Injury pension payments	1,432
(1,439,638)	Closing balance at 31 March	(1,349,345)

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

19.1.3 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.

2018/19 £'000	Comprehensive Income and Expenditure Account	2019/20 £'000
	Cost of Services	
27,309	Current service cost	35,063
33,174	Past service cost	(5,642)
	Financing and Investment Income and Expenditure	
34,984	Net interest expense	34,089
95,467	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	63,510
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(75,950)	• Actuarial (gains) and losses arising on changes in demographic assumptions	9,550
67,804	• Actuarial (gains) and losses arising on changes in financial assumptions	(124,619)
0	Experience (gain)/loss on defined benefit obligation	0
87,321	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements	(51,559)
	Movement In Reserves Statement	
95,467	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(63,510)
	Actual amounts charged against the General Fund Balance for pensions in the year:	
12,930	Employers' contributions payable to scheme	16,132
26,078	Home Office Top Up Grant	22,602

The past service cost of £33.174m in 2018/19 relates to the McCloud/Sargeant ruling. In 2019/20, the changes in the valuation of this cost has been reflected in the actuarial gains/(losses) arising from changes in financial assumptions line. The 2019/20 past service cost reflects the impact of the proposed remedy, which is a reduction to the liability of £5.642m.

19.1.4 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 £1,349m has a substantial impact on the net worth of the Group as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Police and Crime Commissioner remains healthy:

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

The total contributions expected to be made to the Police Pension Fund Account by the Police and Crime Commissioner in the year to 31 March 2021 is £14.9m.

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

19.1.5 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 for accounting purposes by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2016.

Employer contributions are set every four years as a result of the combined actuarial valuation of the Scheme required by the Home Office on behalf of the Home Secretary. The last combined actuarial valuation was completed at 31 March 2016 which set the contributions for the period from 1 April 2019 to 31 March 2023. The next combined actuarial valuation will be carried out as at 31 March 2020.

The significant assumptions used by the actuary have been:

2018/19	Mortality Assumptions:	2019/20
	Longevity at 65 for current pensioners:	
21.3	Men	21.6
23.7	Women	23.7
	Longevity at 65 for future pensioners:	
23.0	Men	23.3
25.5	Women	25.5
	Financial Assumptions:	
2.40%	Rate of Inflation	1.90%
3.90%	Rate of increase in salaries	3.40%
2.40%	Rate of increase in pensions	1.90%
2.40%	Rate for discounting scheme liabilities	2.35%

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 estimated weighted average duration of the Police Officer schemes is 19 years, and it is this duration that has been used to derive the assumptions. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. Changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

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)	53,558	(51,435)
Rate of increase in salaries (increase or decrease by 0.1%)	2,749	(2,734)
Rate of increase in pensions (increase or decrease by 0.1%)	24,162	(23,662)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(26,255)	26,819

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

19.2 Police Staff Scheme

19.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Dorset Council – this is a funded defined benefit final salary 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.

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.

19.2.2 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.

2018/19 £'000	Comprehensive Income and Expenditure Account	2019/20 £'000
	Cost of Services	
	Service cost comprising:	
12,222	• Current service cost	13,047
3,309	• Past service cost	0
0	• (Gain)/loss from settlements	5,403
130	• Administration Expenses	134
0	• (Gain)/loss from settlements	0
	Financing and Investment Income and Expenditure	
2,773	Net interest expense	2,967
18,434	Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	21,551
	Other Post Employment Benefits Charged to Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(3,165)	• Return on plan assets (excluding the amount included in the net interest expense)	22,444
(16,878)	• Actuarial (gains) and losses arising on changes in demographic assumptions	(6,507)
15,982	• Actuarial (gains) and losses arising on changes in financial assumptions	(35,362)
1,020		(315)
0	Other Actuarial Gains/Losses	(90)
0	Experience (gain)/loss on defined benefit obligation	(2,834)
15,393	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(1,113)

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

2018/19 £'000	Movement in Reserves Statement	2019/20 £'000
(18,434)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(21,551)
Funded Liabilities		
Actual amount charged against the General Fund Balance for pensions in the year:		
5,041	Employers' contributions payable to scheme	5,788
Unfunded Liabilities		
Actual amount charged against the General Fund Balance for pensions in the year:		
16	Retirement benefits payable to pensioners	17

Included within the 2018/19 past service cost is £3.268m which relates to the McCloud/Sargeant ruling. Changes in the valuation of this cost has been reflected in the actuarial gains/(losses) arising from changes in financial assumptions line.

19.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

31 March 2019 £'000		31 March 2020 £'000
(291,248)	Present value of the defined benefit obligation	(276,069)
172,478	Fair value of plan assets	164,219
(118,770)	Net liability arising from defined benefit obligation	(111,850)

Incorporated within the asset and liability figures is an allowance for the settlement of the ongoing Dorset Police and Devon and Cornwall Police bulk transfers of staff pensions that have arisen as a consequence of the Alliance arrangements.

19.2.4 Reconciliation of the Movements in the Fair Value of Scheme (Plan)

31 March 2019 £'000		31 March 2020 £'000
161,327	Opening fair value of scheme assets	172,478
4,252	Interest income	4,436
	Remeasurement gain/(loss):	
3,165	• The return on plan assets, excluding the amount included in the net interest expense	(22,444)
1,628	Apportionment Adjustment	(572)
(130)	Administration expenses	(134)
5,057	Contributions from employer	5,805
2,133	Contributions from employees into the scheme	2,186
(4,954)	Benefits paid	(5,258)
0	Settlement prices received/(paid)	7,632
0	Other actuarial gains and (losses)	90
172,478	Closing fair value of scheme assets	164,219

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

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

31 March 2019		31 March 2020
£'000		£'000
(269,760)	Opening balance at 1 April	(291,248)
(12,222)	Current service cost	(13,047)
(7,025)	Interest cost	(7,403)
(2,133)	Contributions from scheme participants	(2,186)
	Remeasurement gain/(loss):	
16,878	• Actuarial gains/(losses) arising from changes in demographic assumptions	6,508
(15,982)	• Actuarial gains/(losses) arising from changes in financial assumptions	35,362
0	• Experience gain/(loss) on defined benefit obligation	2,834
0	Liabilities assumed/(extinguished) on settlements	(13,034)
(2,648)	Apportionment Adjustment	887
(3,310)	Past service cost including gains/(losses) on curtailments	0
4,954	Benefits paid	5,258
(291,248)	Closing balance at 31 March	(276,069)

19.2.6 Local Government Pension Scheme assets comprised

31 March 2019		31 March 2020
£'000	Fair Value of Scheme assets	£'000
	Cash and cash equivalents	
87,785	UK Equities	81,726
10,217	Diversified Growth Fund	9,314
22,307	Gilts	18,706
12,191	Other Bonds	13,449
18,766	Property	18,899
7,905	Infrastructure	11,358
5,162	Cash	3,426
8,146	Multi Asset Credit	7,341
172,478	Total	164,219

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

19.2.7 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 2019.

The significant assumptions used by the actuary have been:

2018/19		2019/20
	Long-term expected rate of return on assets in the scheme:	
2.45%	Equity investments	2.35%
2.45%	Bonds	2.35%
2.45%	Other	2.35%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.9	Men	23.3
24.8	Women	24.7
	Longevity at 65 for future pensioners:	
24.6	Men	24.7
26.6	Women	26.2
	Financial Assumptions:	
2.40%	Rate of inflation	1.85%
3.90%	Rate of increase in salaries	2.85%
2.40%	Rate of increase in pensions	1.85%
2.45%	Rate for discounting scheme liabilities	2.35%

The past service liability duration has been estimated at 24 years. This duration has been calculated based on the membership data provided for the most recent full valuation of the liabilities at 31 March 2019. 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.

19.2.8 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)	10,054	(9,679)
Rate of increase in salaries (increase or decrease by 0.1%)	810	(801)
Rate of increase in pensions (increase or decrease by 0.1%)	5,785	(5,644)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(6,409)	6,567

19.2.9 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 19 Defined Benefit Pension Schemes Continued

19.2.10 Impact on the Police and Crime Commissioner's Cash Flows

The objectives of the scheme, as administered by Dorset Council, are to keep employer's contributions at as constant a rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The next triennial valuation will be as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026.

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

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

POLICE OFFICER'S PENSION FUND STATEMENT

Chief Constable for Dorset

Police Officers' Pension Fund Statement

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

31 March 2019	FUND ACCOUNT	31 March 2020
£'000		£'000
	Contributions Receivable	
(11,066)	Employers (normal)	(14,210)
(6,215)	Employees (normal)	(6,215)
(676)	Ill Health capital charge	(489)
	Transfers In	
(117)	Individual transfers from other schemes	(331)
	Benefits payable	
34,451	Pensions	37,063
9,672	Commutations & lump sum retirement benefits	6,784
	Payment to and on account of leavers	
29	Individual transfers to other schemes	0
26,078	Net amount paid during the year	22,602
(26,078)	Transfer from Police Fund*	(22,602)
0	Net amount payable / receivable for the year	0
*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office as follows:		
18,964	Received in year	17,788
7,114	Debtor	4,814
26,078		22,602

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 31.0% of police officer pay for 2019/20. 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.

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 2020.

GLOSSARY

Chief Constable for Dorset

Glossary

Accounting Period	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.
Accrual	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.)
Actuarial Gains and Losses	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.
Actuarial Valuation	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
Agency Services	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.
Amortised Cost	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.
Appropriation	Charges to the revenue account that build up funds and reserves in the balance sheet.
Asset	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
Bid Price	A valuation of financial assets based on the highest price a buyer is willing to offer.
Budget	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.
Capital Expenditure	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>).
Capital Grants	Grants received by the Office of the Police and Crime Commissioner that can only be used to pay for capital projects.
Capital Receipts	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.
Carrying Amount	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.
Cash Flow Statement	This statement summarises the inflows and outflows of cash.
CIPFA	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
Collection Fund	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.
Contingency	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.
Contingent Liability	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.)

Chief Constable for Dorset

Glossary

Council Tax	A tax based on the value of property, which is administered by District and Unitary authorities.
Creditors	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.
Current Assets and Liabilities	Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.
Current Service Cost	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.
Curtailments	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.
Debtors	Amounts due to the Police and Crime Commissioner but unpaid by the end of the accounting period.
Deferred Charges	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.
Defined Benefit Scheme	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.
Depreciation	The accounting principle that spreads the cost of a fixed asset over its useful working life.
Discretionary Benefits	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.
Earmarked Reserves	These reserves represent monies set aside to be used for a specific purpose.
Exit Costs	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.
Expected Return on Assets	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.
Experience Gains and Losses (IAS 19 Pensions disclosure)	This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.
Fair Value	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.
Fixed Assets	Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.
International Financial Reporting Standards (IFRS)	Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.
Home Office Grant	A central government grant paid by the Home Office to Police and Crime Commissioner's in support of their day to day expenditure.

Chief Constable for Dorset

Glossary

Impairment	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.
Intangible Asset	An identifiable asset that has no physical substance can be measured reliably and is used for a period of more than one year.
Interest Cost	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.
LAAP	Local Authority Accounting Panel sets accounting rules for the public sector.
Loans and Receivables	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.
Medium Term Financial Strategy	Often referred to as MTFS, it is the financial plan and management of funding, spending and savings over a four year period.
Mid-Price	A valuation of financial assets based on the mid-point between bid and offered prices.
Minimum Revenue Provision	The minimum amount of the Police and Crime Commissioner's outstanding financing commitments that must be charged to the General Fund each year.
Non Distributed Costs (NDC)	For the Police and Crime Commissioner these are principally past service costs relating to pensions benefits earned in prior periods.
Non-Operational Assets	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.
Past Service Cost	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.
Pension Commutation	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.
Pension Scheme (Defined Benefit)	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.
Pension Scheme (Funded)	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.
Pension Scheme (unfunded)	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.
Precept	A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.
Present value (or Net Present Value)	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.
Principal	The amount of a loan that was actually borrowed, before interest is added.
Provisions	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
Related Parties	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.
Reserves	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.

Chief Constable for Dorset

Glossary

Revaluation Reserve	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.
Revenue Support Grant (RSG)	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.
Running Costs	Costs from the use of premises, transport and equipment, and other general expenditure needed to provide a service.
Specific Grants	Grants (usually from the Home Office) that can only be spent on named services and projects.
Statement of Standard Accounting Practice	Guidance issued by the Financial Reporting Council (FRC) on how to use and apply accounting standards.
Termination Benefits	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.
Third Party Payments	Payments made to outside contractors and other bodies who provide specialist or support services to the Police and Crime Commissioner.