



Police and Crime Commissioner for Dorset

Statement of for the year ended 31 March 2023 Unaudited

Police and Crime Commissioner for Dorset

Officers of the Police and Crime Commissioner Group

The statutory officers of the Office of the Police and Crime Commissioner and contact details are as follows:



Police and Crime Commissioner
David Sidwick



Chief Executive to the Police and Crime Commissioner
Simon Bullock



Chief Financial Officer to the Police and Crime Commissioner
Julie Strange

Address:

Winfrith
Dorchester
DT2 8DZ

Website:

www.dorset.pcc.police.uk

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



Chief Constable
Amanda Pearson
(from 1 March 2023)



Chief Constable
Scott Chilton
(5 October 2020 to 21 February 2023)



Chief Financial Officer to the Chief Constable
Neal Butterworth

Address:

Dorset Police Headquarters
Winfrith
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Police and Crime Commissioner for Dorset

Statement of Accounts 2022/23

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Accompanying Reports

Narrative Report by Julie Strange, Chief Financial Officer

1.0 INTRODUCTION

- 2.1 This narrative report aims to provide the context for the Police and Crime Commissioner (PCC) and Group financial statements and to demonstrate how the Police and Crime Commissioner has allocated its resources in line with intended outcomes for the 2022/23 financial year.
- 2.2 The Financial Statements provide information on the Police and Crime Commissioner's and the Group's (incorporating the Chief Constable) financial activities for the year ending 31 March 2023. They are prepared in accordance with proper accounting practices (as defined in the Code of Practice on Local Authority Accounting in the United Kingdom) and are published in accordance with the Accounts and Audit Regulations 2015.
- 2.3 The Chief Constable has prepared a separate Statement of Accounts reflecting how the resources provided by the Police and Crime Commissioner have been used to deliver operational policing services. These are published separately.

2.0 EXPLANATION OF THE POLICE AND CRIME COMMISSIONER AND GROUP

- 2.1 The Police and Crime Commissioner and the Chief Constable are separate legal entities. The Police and Crime Commissioner is elected by the public every four years with a responsibility to secure the maintenance of an efficient and effective police Force and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in Dorset.
- 2.2 The Chief Constable is accountable to the Police and Crime Commissioner for the delivery of efficient and effective policing, the delivery of the Police and Crime Commissioner priorities and the management of resources and expenditure by the Force.
- 2.3 The Police and Crime Commissioner for Dorset during 2022/23 was David Sidwick who took office on 13 May 2021. His Police and Crime plan was launched on 29 October 2021 covering the period 2021 to 2029.
- 2.4 The Police and Crime Plan is a statement of strategic intent for policing in Dorset, set around six key themes:
- Cut Crime and Anti-social behaviour
 - Make Policing more visible and connected
 - Fight violent crime and high harm
 - Fight rural crime
 - Put victims and communities first
 - Make every penny count
- 2.5 The Police and Crime Commissioner is scrutinised by the Police and Crime Panel. The Panel's primary focus is on important strategic actions and decisions made by the Police and Crime Commissioner. These include whether they have:
- achieved the aims set out in the Police and Crime Plan and the Annual Report
 - considered the priorities of community safety partners
 - consulted appropriately with the public and victims of crime
- 2.6 The Police and Crime Commissioner provides an Annual Report to the Police and Crime Panel in the Summer each year which provides more detailed performance information in relation to the financial year just ended.

3.0 RESOURCES AVAILABLE IN 2022/23

- 3.1 The Spending Review announced in Autumn 2021 was for a 3 year period from 2022/23 to 2024/25. Key announcements for Policing included:
- £550mn increase in police funding in 2022/23 to deliver the final year of the Police Uplift Programme
 - Police funding to increase by a further £100mn in 2023/24 and another £150mn in 2024/25, taking increases to £650mn and £800mn respectively when compared with the current year; and
 - £10 council tax referendum limit for Police and Crime Commissioners for each year of review.

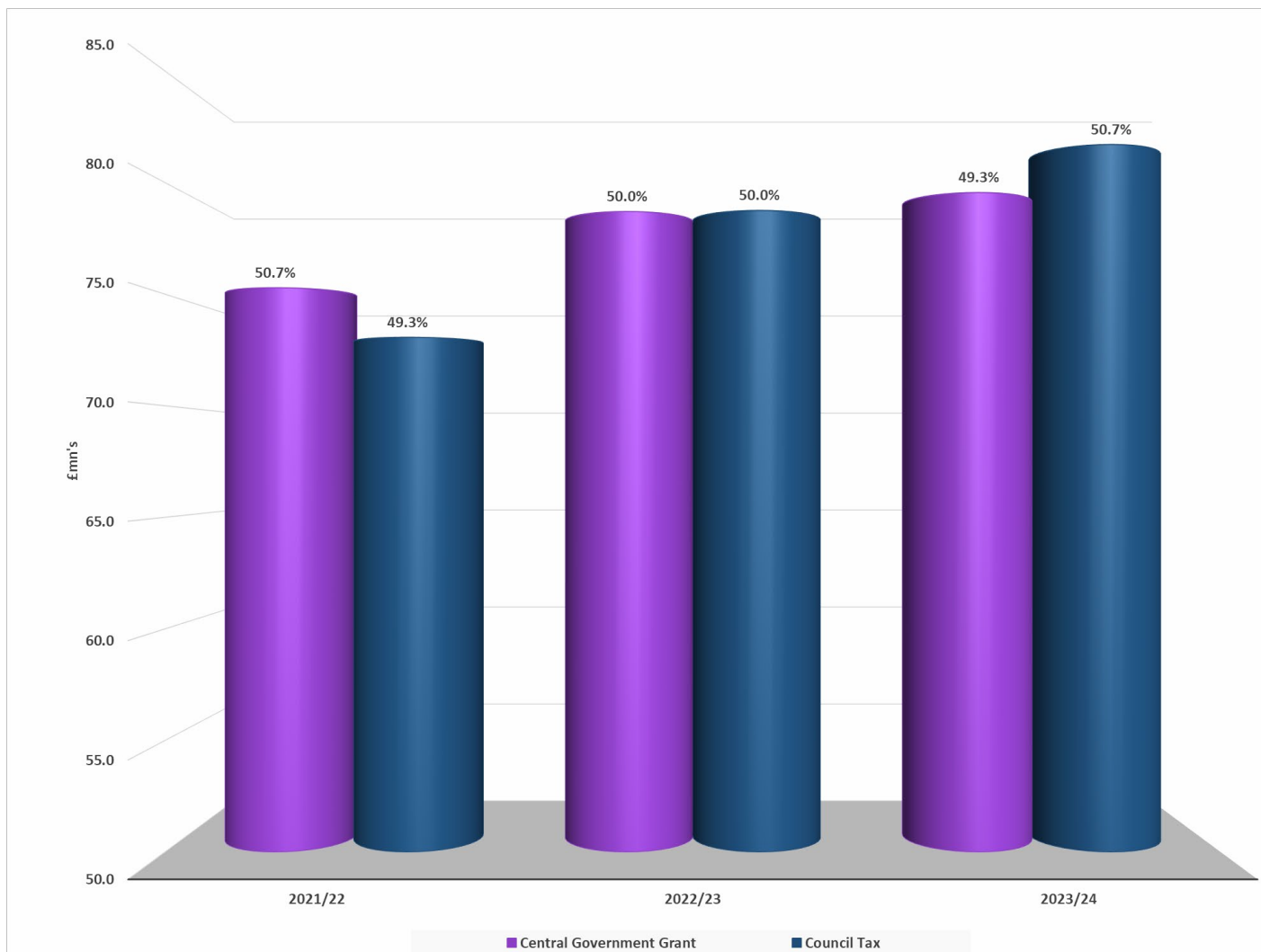
Narrative Report by Julie Strange, Chief Financial Officer Continued

- 3.2 The Police and Crime Commissioner, after public consultation, and ratified by the Police and Crime Panel, increased the council tax element for policing by £10 (3.91%), making full use of the council tax flexibilities, which included provision for unavoidable cost increases such as inflation, but also to provide investment and innovation to improve services further in several key areas.

Council tax was set at £265.58 for a band D property. The overall impact of this Home Office grant position and Council Tax increase was that funding in 2022/23 was £9.095mn more than it was in 2021/22.

- 3.3 The revenue budget income graph below shows main funding sources in 2022/23 as well as the funding in the previous and following year for comparative purposes. In 2021/22 central government grant was 50.7% of revenue funding, in 2022/23 it reduced to 50% and in 2023/24 we are anticipating it to be 49.3%.

Revenue Budget funding 2021/22 – 2023/24



- 3.4 The £550mn increase to the Police Grant was primarily in relation to the national police officer Uplift Programme but also included allowances for pay and inflation and the increase in National Insurance contribution, however these were not quantified separately. As in previous years, a proportion of the Uplift funding was allocated to Police and Crime Commissioners through a ring-fenced grant with the remaining funding allocated through the core grant. The ring-fenced grant was paid on achievement of uplift recruitment numbers.

4.0 SETTING THE FINANCIAL STRATEGY FOR 2022/23 AND BEYOND

- 4.1 The Police and Crime Commissioner takes a multi-year approach to financial planning, considering the budget year and the subsequent three years.

Narrative Report by Julie Strange, Chief Financial Officer Continued

- 4.2 The continued funding, and costs, of the Uplift programme continue to be central to the Medium Term Financial Strategy (MTFS), alongside unavoidable cost pressures such as inflation, pay awards and capital investment requirements. The budget therefore continued to deliver efficiencies and innovation to ensure that maximum value is derived from existing resources. The Police and Crime Commissioner's decision to increase the Council Tax by £10 (3.91%), alongside the delivery of efficiencies, enabled a number of key areas to be addressed, including:
- Continued investment in the Contact, Demand and Engagement project which aims to deliver an excellent and accessible service to the public at the first point of contact. This includes on-line reporting, live chat messaging, "pop up" community contact hubs and improved services to 101 and emergency response
 - Fighting violent crime and high harm through investment in a new County Lines Task Force targeting organised drug supply; increasing capability into protecting and safeguarding children from online sex predators and by better use of specialist resources and partnership initiatives to help protect women and girls from violence, sexual assault and drink spiking.
 - Expanding the rural crime team to protect local communities and business owners
 - Investment in enabling services including additional resources in the People Department to help resource the demands of the Uplift programme, funding to support the rollout of Office365 across the Alliance, and additional resource to support Positive Action.
 - Expansion of the volunteering capability in the Force through growing the established Cadet schemes, investment in Special Constables, including the appointment of a Chief Officer for Special Constables, and the introduction of wider volunteering opportunities to deliver increased visibility and connectivity within our communities.
 - Investment in digital evidence, crime investigation capability and victim care to bring more offenders to justice.
 - Continued delivery of innovative solutions and developments to key policing issues through a dedicated Innovation Fund. Projects supported during the year included:
 - Mobile policing van (part funded by Community Infrastructure Levy)
 - Funding of an ICT developer to improve use of analysis software in the Force
 - Remote view CCTV creating efficiencies in investigations by officers no longer having to travel to the local police station
 - Increased ANPR coverage through the use of existing CCTV infrastructure
 - Continued investment in Estates, creating more efficient and cost-effective solutions to workspace provision, increased "new ways of working" and delivery of improved working environments to support staff and officers and maximise outputs. Benefits include improved visible policing presence through development of more agile community police surgeries and working with partners and communities to further increase our policing footprint, especially in rural towns.
 - Further innovation and investment in technology, including:
 - Continued work around robotic process automation, with 9 live processes in place at the end of this financial year, achieving both cost efficiencies and cost avoidance.
 - Improved demand modelling, resulting in an appropriate correlation of resources to demand, releasing time, including overtime reductions. This work will continue into 2023/24 as part of the ongoing Force savings and efficiency plan.

Narrative Report by Julie Strange, Chief Financial Officer Continued

- 4.3 The 2022/23 MTFS projected budget gaps in future years primarily due to increased pay award assumptions and lower than previously forecast government grant.

	2022/23 £'mn	2023/24 £'mn	2024/25 £'mn	2025/26 £'mn
Projected Funding	157.5	161.2	167.1	172.7
Projected Budget Requirement	157.5	163.8	169.8	175.4
Projected Shortfall	0.0	2.6	2.7	2.7

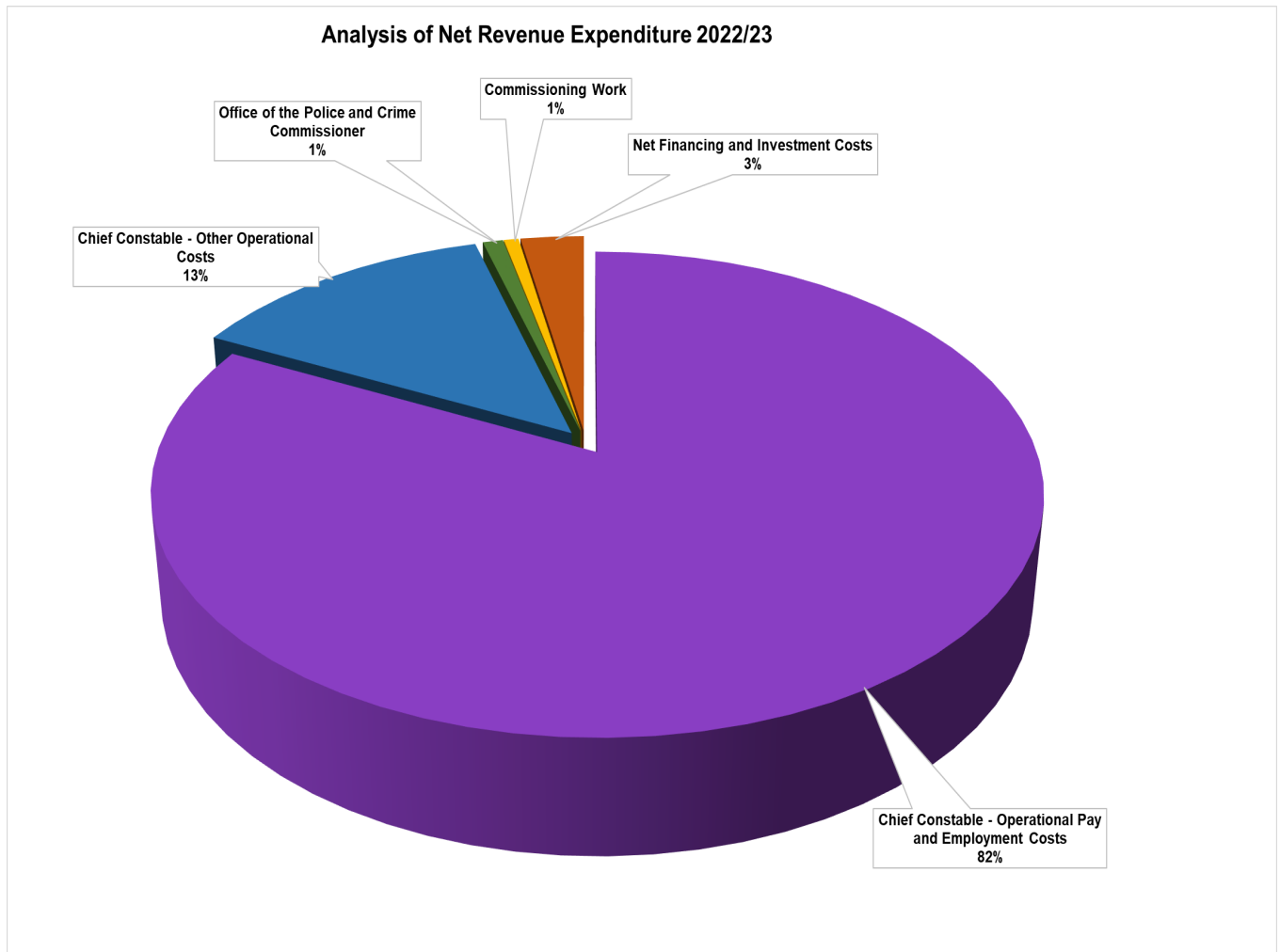
- 4.4 To address the saving challenges for 2023/24 on-wards a delivery plan was drawn up in February 2022 to address the budget shortfall. This included measures such as vacancy scrutiny panels, increased use of Robotic process automation, an overtime review, review of workforce mix and a review of all non-staff expenditure.

5.0 ACTUAL EXPENDITURE IN 2022/23

- 5.1 The final outturn position for the Police and Crime Commissioner Group for 2022/23 was an underspend position of £689,000. This balance was transferred to the budget management reserve to be transferred back to business areas in 2023/24 to meet the funding of specific projects.
- 5.2 2022/23 was a challenging year with pressure to meet the final year of the Uplift requirement to avoid significant financial penalties and a higher than budgeted pay award. Following a pay freeze for all but the lowest paid police officers in 2021 it was anticipated that a pay award would be granted in 2022 and the Force assumed a 2.5% increase. The actual pay award was £1,900 per pay point from September 2022 for all officers which equates to an average increase of 5%. Similarly, police staff pay award gave all pay points a consolidated increase of £1,900 over the period 1 April 2022 to 1 September 2023. Additional grant of £581,000 was received in support of the increased pay award.
- 5.3 The Force achieved an additional 8 officers above the headcount requirement for Uplift for which it received an additional £160,000 in Home Office grant (and ended the year 18.41 FTE over budgeted establishment)
- 5.4 Police officer pay ended the year with an underspend position of £503,000. This was mainly due to a higher number of leavers, timing of recruitment, and an increased level of seconded officer income.
- 5.5 Police staff pay underspent again this year due to higher than budgeted levels of turnover however the underspend was offset by spend on Agency staff and overtime.
- 5.6 Supplies and services overspent in 2022/23 primarily due to higher than budgeted legal costs, increased costs of medical examinations, costs of housing dangerous dogs and consultancy costs. Partnership and Collaboration costs also overspent due to increased contributions to the National Police Air Service and National Police Chief's Council initiatives, together with higher insurance premiums. However, there were also underspends, including within Estates partly due to delays to recruitment and the subsequent impact on both planned maintenance and minor improvements across the estate. New ways of working also continued to have a favourable impact resulting in a substantial reduction in utility costs. Efficiencies were made in renegotiation of ICT contracts, hardware maintenance costs and licenses.
- 5.7 Income exceeded budget due to additional grants from the Home Office to support the pay award as well as increased investment income due to higher than anticipated interest rates.
- 5.8 The Office of the Police and Crime Commissioner outturn for the year was on budget, after allowing for reserve transfers. A transfer of £42,000 has been made to the Office of the Police and Crime Commissioner Legal Reserve to cover future costs of legal support to officers. The underspend on the core budget of £158,000 has been made to the Office of the Police and Crime Commissioner reserve. A transfer of £163,000 has been made to the Office of the Police and Crime Commissioner Police and Crime Plan reserve to fund future community based projects.

Narrative Report by Julie Strange, Chief Financial Officer Continued

5.9 The chart below shows a breakdown of actual net revenue expenditure for 2022/23 by category of spend.



6.0 FORENSIC CAPABILITY NETWORK

6.1 Dorset Police is the financial lead for the Forensic Capability Network (FCN) and in 2022/23 the grant and expenditure for the programme is accounted for within the Group Accounts. Revenue expenditure is fully funded by the grant received and therefore does not affect the overall variance. The Transforming Forensics programme moved to Police Digital Services in 2022/23 although a small grant of £146,000 was received by Dorset Police to fund some on-going projects.

6.2 Total grant funding received in 2022/23 totalled £4.574mn.

7.0 RESERVES

7.1 The Police and Crime Commissioner maintains reserves for 3 main purposes:

- As a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the general fund balance.
- As a contingency to cushion the impact of unexpected events or emergencies: also, part of the general fund balance; and
- As a means of building up funds to meet known or predicted requirements, earmarked reserves.

Narrative Report by Julie Strange, Chief Financial Officer Continued

- 7.2 The Police and Crime Commissioner's Policy for the maintenance of reserves includes the following key principles:

General Balances - The Police and Crime Commissioner will seek to maintain a general reserve at between 3% and 5% of Net Revenue Expenditure. This will be supported by an annual budget risk assessment which will also identify the need for any specific earmarked reserves.

Earmarked Reserves - The need for earmarked reserves will be assessed annually through the budget setting process, to confirm the continuing relevance and adequacy of each earmarked reserve in addition to identifying any new reserves that may be required.

- 7.3 Total Usable Reserves as at 31 March 2023 amounted to £11.004mn comprising; General Fund Balance £5.860mn and Earmarked Reserves £5.144mn. These balances are in line with the Reserves Strategy.

8.0 CAPITAL PROGRAMME

- 8.1 The table below shows the Police and Crime Commissioner's capital expenditure, and funding, during 2022/23. This consists of an ongoing programme of rationalisation, replacement and enhancement of property and other assets, all with an expected life of more than one year, and with an individual or programme value in excess of £10,000.
- 8.2 The purchase of new vehicles continued to be a challenge in 2022/23 with a global shortage of supply of key components and build slots at manufacturers being reduced. However, slippage in planned spend reduced from last year's level with a much lower amount of £103,000 being carried forward for vehicles to be delivered in April 2023.
- 8.3 The build of the replacement Headquarters at Winfrith commenced in 2022/23 with works due to complete in April 2024. The extended Futures programme experienced some delays due to procurement and resourcing challenges and therefore funding has slipped to 2023/24.
- 8.4 ICT and Equipment spend included the further rollout of Wi-Fi, firewall replacement, improved mobile policing capability, ANPR upgrades, drones and other smaller items of equipment.

	£'mn
Capital Programme	
Land and Buildings	4.656
Vehicles and Other Transport	1.375
Equipment and ICT	2.882
PRISM	0.089
Total Expenditure	9.002
Funded by	
Grants	0.257
Capital Receipts reserve	0.756
Revenue Funding	3.659
Borrowing	4.330
Total Funding	9.002

Narrative Report by Julie Strange, Chief Financial Officer Continued

9.0 WORKFORCE RESOURCES

- 9.1 Workforce costs make up 82% of the annual expenditure of the Group. The full time equivalents (FTE) of officers and staff employed by Dorset Police at the beginning and end of the period were:

31/03/22 (FTE)		31/03/23 (FTE)
1,349	Police Officers	1,401
1,205	Police Staff (Force)	1,203
49	Police Staff (Forensics Capability Network)	36
115	PCSO's	90
13	Office of the Police and Crime Commissioner	15
2,731	Total	2,745

- 9.2 The budget included costs for an additional 67 officers that the Force was required to recruit by 31 March 2023 to achieve the police Uplift Programme targets, bringing total budgeted establishment up to 1,383 FTE officers. This included three officers to be provided to the Regional Organised Crime Unit. However, the actual number of officers at year end was higher than this as the conditions of the Uplift grant were based on headcount of officers as opposed to FTE. The decision was also taken to over recruit to ensure that the Force was in a good position going into 2023/24 to maintain its establishment and also to secure additional Home Office funding of £20,000 per additional officer for each officer over target.

10.0 PERFORMANCE INDICATORS

External Indicators

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

- HMICFRS PEEL Report – His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The 2021/22 report showed that Dorset Police was graded 'good' in the following areas:

- Building, supporting and protecting the workforce
- Preventing crime and anti-social behaviour

The Force was graded as Adequate in the area of strategic planning, organisational management and value for money. Key comments in this area included:

- The Force makes best use of available finances and its plans are both ambitious and lasting
- The Force collaborates to improve services
- The Force can show it is continuing to achieve efficiency savings and improve productivity.

- 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 2020. This audit concluded that the Police and Crime Commissioner and Chief Constable have each put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources. At the time of writing this narrative report the 2021 audit review for Value for Money was still in progress but not yet complete.
- HMICFRS Value for Money Profile 2022 – 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's information.

Narrative Report by Julie Strange, Chief Financial Officer Continued

Operational Performance of the Force

10.2 The 2022/23 reporting period is the first period that is not impacted by COVID since the pandemic started in 2020. Demand has returned to levels closer to that experienced before the pandemic, although the profile of demand has varied. Dorset continues to have active communities with a vibrant night-time and holiday economy.

10.3 The following table sets out the key movement in activity in 2022/23 when compared to the previous year.

Contact		
999 Calls	+6.5%	↑
Non-Emergency Calls	-6.2%	↓
Emails and Callbacks	+3.9%	↑
Incidents		
Incidents Recorded	-1.0%	↓
Of which, Anti-Social Behaviour	-13%	↓
Crime		
All Crime Recorded	+1.9%	↑
Sexual Offences	+0.5%	↑
Of which, Serious Sexual Offences	-1.5%	↓
Violence Against the Person	+0.2%	↑
Of which, Most Serious Violence	+13.4%	↑
Domestic Abuse Crime	-9.5%	↓
Theft	+11.3%	↑
Other		
Arrests Made	+1.3%	↑
Positive Outcomes	-0.2%	↓
Missing Persons	-9% (High Risk -7%)	↓
Public Protection Notices Issued	+0%	↔

10.4 999 calls continued to increase, by 6.5% in the latest 12 months. The Force has implemented alternative contact channels, with email and call backs now available alongside telephone call. Single Online Home was introduced in March 2023 and will support the Force in further reducing call demand into the future.

10.5 Overall crime increased by 1.9% for the reporting period, although some lower volume crimes have seen larger increases, which the Force continues to target. The Force continued its focus on reducing violence against women and girls by targeting crimes such as sexual offences and domestic abuse and providing meaningful support to victims. The Force saw an increase of 0.5% in sexual offences, although a reduction of 1.5% was recorded in serious sexual offences. The Force remains committed to reducing and preventing sexual

Narrative Report by Julie Strange, Chief Financial Officer Continued

offences, including rape, and works closely with our partners to improve the journey for victims and to increase positive outcomes. We also encourage victims to report offences, support and safeguard the most vulnerable in our communities, and provide a safe environment for victims and encourage them to come forward and report crimes.

- 10.6 In relation to domestic abuse, the Force saw a reduction of 9.5% in offences reported after a particular focus on this offence type in 2022/23.
- 10.7 The Force has analysed the time that officers spend at incidents, and this increased to an average of 3 hours at each incident. Some of the factors contributing to this is increased length of time ensure greater safeguarding, and provide for additional reporting requirements to support victims and witnesses.
- 10.8 The number of arrests made by the Force increased by 1.3% in 2022/23. However, the Force continued to use the voluntary attendance scheme to manage suspect interviews, and the wider use of other criminal justice outcomes.
- 10.9 The Force invested in two missing persons teams to support missing person investigations, which contributed to a reduction of 9% in missing person incidents. These teams provide Force wide coverage to manage all missing children investigations and all high-risk adult missing person investigations, and contributed to the 7% reduction in high-risk missing person incidents. The creation of public protection notices remained level and there will be further vulnerability 4 training rolled out to all officers.

11.0 FUTURE FINANCIAL OUTLOOK

- 11.1 The Police and Crime Commissioner formally updates the MTFS annually during the budget setting process. The national economic environment has changed significantly since the 2022/23 budget settlement. This has included significant increases in inflation, particularly evident on utilities and contracts linked to national inflationary indicators, interest rates and pay awards. Turnover of officers and staff has also been higher than anticipated. As such, the financial outlook for 2023/24 and beyond is markedly different than it was forecast to be last year.
- 11.2 The 2023/24 MTFS shows a balanced budget for 2023/24 but there is a budget gap in future years of £1.4mn increasing to £1.7mn in 2026/27. The forecasts are underpinned by numerous assumptions including staff and officer turnover, pay increases and rates of inflation and interest.
- 11.3 The 2023/24 MTFS is designed to support the delivery of the Police and Crime Plan.
- 11.4 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.
- 11.5 The strategic approach taken to balancing the 2023/24 budget was to take a longer term view to ensure that decisions taken are sustainable and that future budgets have firm foundations, build greater financial resilience, and deliver value for money for Dorset residents. The Force has taken steps to drive out considerable cashable efficiencies and savings from the 2023/24 budget through a Cost Challenge process. A new Efficiency Board has been created to oversee the delivery of further efficiencies to produce a balanced MTFS in future years.
- 11.6 Grant funding for 2023/24 was in line with figures made available at the 2022/23 settlement adjusted for a reduction in National Insurance funding following the abolition of the Health and Social Care Levy. The core funding increase after this reduction was £0.8mn which does not fund the significant inflationary increase and other unavoidable pressures faced by the Force in 2023/24.

Narrative Report by Julie Strange, Chief Financial Officer Continued

11.7 Key areas of uncertainty in future planning are:

- Future pay awards for officers and staff
- Inflationary pressures particularly on utilities and fuel
- Staff turnover and, in particular, police officer leavers
- Future grant increases following the current 3 year settlement

12.0 GOVERNANCE ARRANGEMENTS

12.1 The Annual Governance Statement is published alongside this document. The Annual Governance Statement describes the internal control environment for the Police and Crime Commissioner. It also comments on the effectiveness of the governance arrangements and identifies issues that require further work.

12.2 The Police and Crime Commissioner and the Chief Constable have an effective joint process for managing risk and the details are also provided in the Annual Governance Statement.

13.0 THE STATEMENT OF ACCOUNTS

13.1 A brief explanation of the purpose of each of the four primary statements is provided below together with a high-level summary.

Movement in Reserves Statement for the Group and for the Police and Crime Commissioner as a single entity - shows the changes in the Police and Crime Commissioner's financial resources over the year. The statement shows the different reserves held which have been analysed into "Usable" and "Unusable" Reserves. Usable reserves can be used to fund expenditure during the year and in future years or to reduce the amount that needs to be raised in council tax. Unusable reserves are technical accounting adjustments that are required to be reported at year end.

The table below is a summary of the movement in reserves:

Summary Movement in Reserves	Balance as at 31/03/2022 £'000	Movements £'000	Balance as at 31/03/2023 £'000
General Fund	5,550	310	5,860
Earmarked Reserves	5,300	(156)	5,144
Capital Receipts	1,072	(693)	379
Capital Grants	0	0	0
Total Usable Reserves	11,922	(539)	11,383
Unusable Reserves	(1,837,737)	734,503	(1,103,234)
Total Reserves	(1,825,815)	733,964	(1,091,851)

The significant movements during the year have been within unusable reserves, specifically for pensions and revaluation. The accounting adjustments applied have been prepared in accordance with generally accepted accounting practices and are not chargeable against council tax for the year.

Comprehensive Income and Expenditure Statement for the Group and for the Police and Crime Commissioner as a single entity – this statement shows the accounting cost in the year of providing services in accordance with accounting standards. This amount is different to the amount funded by taxation due to the accounting treatment of certain costs such as depreciation and pensions.

Police and Crime Commissioner for Dorset

Narrative Report by Julie Strange, Chief Financial Officer Continued

The table below is a summary of the Comprehensive Income and Expenditure Statement:

Summary Comprehensive Income and Expenditure Statement	Gross	Gross	Net
	Expenditure	Income	Expenditure
	2022/23	2022/23	2022/23
	£'000	£'000	£'000
Net Cost of Services	208,378	(32,333)	176,045
Other Operating Income and Expenditure	2,334	(25,999)	(23,665)
Financing and Investment Income and Expenditure	54,446	(9,815)	44,631
Taxation and Non-Specific Grant Income	0	(158,341)	(158,341)
(Surplus)/Deficit on Provision of Services	265,158	(226,488)	38,670
Other Comprehensive Income and Expenditure	(772,634)	0	(772,634)
Total Comprehensive Income and Expenditure	(507,476)	(226,488)	(733,964)

The statement highlights that the expenditure is dominated by the net cost of providing services which is predominantly the costs of policing. The other most significant cost is shown in the Financing Investment Income and Expenditure section and mainly relates to pensions interest cost (£45.270mn). This cost is calculated in accordance with generally accepted accounting practices and reflects the cost of the pensions at the time employees earn their retirement benefits even though the benefits will not actually be payable until employees retire.

A further accounting adjustment of £772.634mn is shown under "Other Comprehensive Income and Expenditure" which reflects the net movement in the revaluation of assets and the valuation of the pension liabilities.

Balance Sheet as at 31 March 2023, shows how the resources available to the Group and the Police and Crime Commissioner are held in the form of assets and liabilities.

The table below is a summary of the balance sheet:

Summary Balance Sheet	Balance as at	Balance as at	Movement
	31/03/2022	31/03/2023	
	£'000	£'000	
Long Term Assets	65,337	68,103	2,766
Current Assets	43,139	43,947	808
Current Liabilities	(39,232)	(28,249)	10,983
Long Term Liabilities	(1,895,059)	(1,175,652)	719,407
Net Liabilities	(1,825,815)	(1,091,851)	733,964
Unusable Reserves	(1,837,737)	(1,103,234)	734,503
Usable Reserves	11,922	11,383	(539)
Total Reserves	(1,825,815)	(1,091,851)	733,964

The significant movements in the balance sheet correspond to the areas highlighted above. The total reserves deficit is mainly due to the police officer and staff pension liabilities. In practice, in year pension costs for police officers are being met by the Home Office.

Police and Crime Commissioner for Dorset

Narrative Report by Julie Strange, Chief Financial Officer Continued

Cash Flow Statement, shows how the movement in resources has been reflected in cash flows.

The table below is a summary of the cash flow position:

Summary Cash Flow Statement	Cash Flows 2021/22 £'000	Cash Flows 2022/23 £'000	Movement £'000
Cash and Cash Equivalents as at 1 April	(13,127)	(8,489)	4,638
Net Cash Flow from:			
Operating Activities	(1,595)	1,729	3,324
Investing Activities	18,846	11,598	(7,248)
Financing Activities	(12,613)	(20,795)	(8,182)
Movement	4,638	(7,468)	(12,106)
Cash and Cash Equivalents as at 31 March	(8,489)	(15,957)	(7,468)

Expenditure and Funding Analysis shows how council tax and funding for the year has been used in providing services compared with resources consumed in accordance with generally accepted accounting practices.

The table below shows how the expenditure and funding analysis note and outturn relate to each other:

Reconciliation	2022/23 £'000
Expenditure and Funding Analysis	
Net Cost of Services - Chief Constable	155,373
Net Cost of Services - Office of the Police and Crime Commissioner	1,384
Net Cost of Services - Commissioning	1,004
Financing and Investment Income and Expenditure	(311)
Total net expenditure funded by Taxation and Non-Specific Grant Income	157,450
Outturn	
Police and Crime Commissioner Group	157,659
Underspend transferred to General Balances	(209)
Total net expenditure funded by Taxation and Non-Specific Grant Income	157,450

- 13.2 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. All notes relate to the Group Statements unless it is otherwise specified. These are further supplemented by a glossary of terms.

Julie Strange CPFA
Chief Financial Officer
31 May 2023

Further Information:

This publication provides a review of the financial performance of the Police and Crime Commissioner for 2022/23. It complements the information in: the single entity accounts of the Chief Constable; the Police and Crime Plan; and the Police and Crime Commissioner's Annual Report. Further information on these publications can be obtained by writing to the Chief Executive or Chief Financial Officer at the Police and Crime Commissioner Offices, Dorset Police Headquarters, Winfrith, Dorset, DT2 8DZ.

Police and Crime Commissioner for Dorset

**Independent Auditor's Report to the
Police and Crime Commissioner for Dorset**

These Financial Statements have not yet been audited. The audited accounts will be presented to the Independent Audit Committee and published when available.

Police and Crime Commissioner for Dorset

Statement of Responsibilities

The Police and Crime Commissioner's Responsibilities

The Commissioner is required to:

- Make arrangements for the proper administration of the financial affairs of the Office of the Police and Crime Commissioner and to secure that one of his officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer to the Police and Crime Commissioner;
- Manage the affairs of the Office of the Police and Crime Commissioner 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.

David Sidwick
Police and Crime Commissioner
TBC

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Police and Crime Commissioner's 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 2022/23" (the Code).

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

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

Chief Financial Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2023 gives a true and fair view of the financial position of the Police and Crime Commissioner for Dorset at the accounting date and of the income and expenditure for the year ended 31 March 2023.

Julie Strange CPFA
Chief Financial Officer to the Police and Crime Commissioner
31 May 2023



DORSET
POLICE & CRIME
COMMISSIONER
DAVID SIDWICK

Financial Statements

Police and Crime Commissioner for Dorset

Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2021/22 and 2022/23 on the different reserves held by the Police and Crime Commissioner Group, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/(decrease) shows the statutory General Fund Balance movements in the year following those adjustments.

Current Year	Notes	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2022		5,550	5,300	1,072	0	11,922	(1,837,737)	(1,825,815)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(38,670)	0	0	0	(38,670)	772,634	733,964
Adjustments between accounting basis and funding basis under regulations	9	38,824	0	(693)	0	38,131	(38,131)	0
Transfers to/(from) Earmarked Reserves	10	156	(156)	0	0	0	0	0
Increase/(Decrease)		310	(156)	(693)	0	(539)	734,503	733,964
Balance at 31 March 2023		5,860	5,144	379	0	11,383	(1,103,234)	(1,091,851)

Comparative Year	Notes	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2021		5,699	3,665	756	0	10,120	(1,878,217)	(1,868,096)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(56,904)	0	0	0	(56,904)	99,186	42,282
Adjustments between accounting basis and funding basis under regulations	9	58,390	0	316	0	58,706	(58,706)	0
Transfers to/(from) Earmarked Reserves	10	(1,635)	1,635	0	0	0	0	0
Increase/(Decrease)		(149)	1,635	316	0	1,802	40,480	42,282
Balance at 31 March 2022		5,550	5,300	1,072	0	11,922	(1,837,737)	(1,825,815)

Police and Crime Commissioner for Dorset

PCC Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2021/22 and 2022/23 on the different reserves held by the Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Police and Crime Commissioner's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/(decrease) shows the statutory General Fund Balance movements in the year following those adjustments.

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 2022		5,550	5,300	1,072	0	11,922	(1,837,737)	(1,825,815)
Movement in Reserves								
Total Comprehensive Income and Expenditure		732,093	0	0	0	732,093	1,871	733,964
Adjustments between accounting basis and funding basis under regulations	9	(731,939)	0	(693)	0	(732,632)	732,632	0
Transfers to/(from) Earmarked Reserves	10	156	(156)	0	0	0	0	0
Increase/(Decrease)		310	(156)	(693)	0	(539)	734,503	733,964
Balance at 31 March 2023		5,860	5,144	379	0	11,383	(1,103,234)	(1,091,851)

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 2021		5,699	3,665	756	0	10,120	(1,878,217)	(1,868,097)
Movement in Reserves								
Total Comprehensive Income and Expenditure		38,997	0	0	0	38,997	3,285	42,282
Adjustments between accounting basis and funding basis under regulations	9	(37,511)	0	316	0	(37,195)	37,195	0
Transfers to/(from) Earmarked Reserves	10	(1,635)	1,635	0	0	0	0	0
Increase/(Decrease)		(149)	1,635	316	0	1,802	40,480	42,282
Balance at 31 March 2022		5,550	5,300	1,072	0	11,922	(1,837,737)	(1,825,815)

Group Comprehensive Income and Expenditure Statement

2021/22				2022/23			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
238,367	(45,580)	192,787	Chief Constable	203,562	(30,599)	172,963	
2,878	(368)	2,510	Office of the Police and Crime Commissioner	2,285	(49)	2,236	29
2,112	(1,056)	1,056	Commissioning	2,531	(1,685)	846	26
243,357	(47,004)	196,353	Net Cost of Services	208,378	(32,333)	176,045	
			Other Operating Income and Expenditure				
12	0	12	Net (Surplus)/Deficit from the Sale of Non-Current Assets	0	(63)	(63)	19.3
3,529	(185)	3,344	(Gain)/Loss on Revaluation of Non-Current Assets	2,334	(11)	2,323	19.3
0	(23,138)	(23,138)	Pensions Top Up Grant	0	(25,925)	(25,925)	PFS
			Financing and Investment Income and Expenditure				
4	0	4	Interest Payable	56	0	56	17.2
0	(14)	(14)	Interest and Investment Income	0	(326)	(326)	17.2
3	(265)	(262)	Income and Expenditure in relation to Investment Properties and changes in their Fair Value	3	(347)	(344)	33
8	(18)	(10)	(Gain)/Loss on Financial Instruments	0	(25)	(25)	17.2
41,920	(4,266)	37,654	Pensions Interest	54,387	(9,117)	45,270	31
			Taxation and Non-Specific Grant Income				
0	(47,874)	(47,874)	Police Grant	0	(50,130)	(50,130)	25
0	(27,415)	(27,415)	Council Tax Support Grants	0	(28,571)	(28,571)	25
0	(75,177)	(75,177)	Council Tax Precept	0	(79,383)	(79,383)	26
0	(6,573)	(6,573)	Capital Grants and Contributions	0	(257)	(257)	25
288,833	(231,929)	56,904	(Surplus)/Deficit on Provision of Services	265,158	(226,488)	38,670	
		(1,727)	(Surplus)/Deficit on Revaluation of Non-Current Assets			634	11
		(97,459)	Remeasurement of the Net Defined Benefit Liability/(Asset)			(773,268)	31
		(99,186)	Other Comprehensive Income and Expenditure			(772,634)	
		(42,282)	Total Comprehensive Income and Expenditure			(733,964)	

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PCC Comprehensive Income and Expenditure Statement

2021/22				2022/23			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
238,367	(45,580)	192,787	Chief Constable - Intra-group transaction	203,562	(30,599)	172,963	
2,878	(368)	2,510	Office of the Police and Crime Commissioner	2,285	(49)	2,236	29
2,112	(1,056)	1,056	Commissioning	2,531	(1,685)	846	26
243,357	(47,004)	196,353	Net Cost of Services	208,378	(32,333)	176,045	
			Other Operating Income and Expenditure				
12	0	12	Net (Surplus)/Deficit from the Sale of Non-Current Assets	0	(63)	(63)	19.3
3,529	(185)	3,344	(Gain)/Loss on Revaluation of Non-Current Assets	2,334	(11)	2,323	19.3
0	(23,138)	(23,138)	Pensions Top Up Grant – Intra-group transaction	0	(25,925)	(25,925)	PFS
			Financing and Investment Income and Expenditure				
4	0	4	Interest Payable	56	0	56	17.2
0	(14)	(14)	Interest and Investment Income	0	(326)	(326)	17.2
3	(265)	(262)	Income and Expenditure in relation to Investment Properties and changes in their Fair Value	3	(347)	(344)	33
8	(18)	(10)	(Gain)/Loss on Financial Instruments	0	(25)	(25)	17.2
121	(66)	55	Pensions Interest	165	(145)	20	31
41,799	(4,200)	37,599	Pensions Interest - Intra-Group Transaction	54,222	(8,972)	45,250	31
			Taxation and Non-Specific Grant Income				
0	(47,874)	(47,874)	Police Grant	0	(50,130)	(50,130)	25
0	(27,415)	(27,415)	Council Tax Support Grants	0	(28,571)	(28,571)	25
0	(75,177)	(75,177)	Council Tax Precept	0	(79,383)	(79,383)	26
0	(6,573)	(6,573)	Capital Grants and Contributions	0	(257)	(257)	25
(95,901)	0	(95,901)	Actuarial Movement on Pension Funds - Intra-Group Transaction	(770,763)	0	(770,763)	
192,932	(231,929)	(38,997)	(Surplus)/Deficit on Provision of Services	(505,605)	(226,488)	(732,093)	
		(1,727)	(Surplus)/Deficit on Revaluation of Non-Current Assets			634	11
		(1,558)	Remeasurement of the Net Defined Benefit Liability (Asset)			(2,505)	31
		(3,285)	Other Comprehensive Income and Expenditure			(1,871)	
		(42,282)	Total Comprehensive Income and Expenditure			(733,964)	

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Police and Crime Commissioner for Dorset

Group and PCC Balance Sheet

The Balance Sheet shows the value as at 31 March 2022 and 31 March 2023 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner. The net assets of the Group/Police and Crime Commissioner (assets less liabilities) are matched by the reserves held by the Group/Police and Crime Commissioner.

As at PCC £'000	31 March 2022 PCC Group £'000		As at PCC £'000	31 March 2023 PCC Group £'000	Notes
		Long Term Assets			
50,164	50,164	Land and Buildings	51,420	51,420	11
0	66	Intangible Assets	0	33	12
149	149	Surplus Assets	155	155	11
0	12,852	Vehicle, Plant and Equipment	0	14,069	11
2,106	2,106	Investment Property	2,426	2,426	33
12,918	0	Intra-Group Debtors	14,102	0	4
65,337	65,337	Total Long Term Assets	68,103	68,103	
		Current Assets			
3,992	3,992	Short Term Investments	0	0	17
2,563	2,563	Assets Held for Sale	2,563	2,563	15
0	456	Inventories	0	611	
4,451	27,639	Short Term Debtors	6,107	24,816	13
23,644	0	Intra-Group Debtors	19,320	0	4
8,489	8,489	Cash and Cash Equivalents	15,957	15,957	14
43,139	43,139	Total Current Assets	43,947	43,947	
		Current Liabilities			
(13,000)	(13,000)	Short Term Borrowing	(7,500)	(7,500)	17
(2,143)	(23,633)	Short Term Creditors	(2,775)	(18,177)	16
(164)	(394)	Provisions	(153)	(386)	18
(2,056)	(2,056)	PFI Liabilities	(2,055)	(2,055)	17
(149)	(149)	Other Short Term Liabilities	(131)	(131)	17
(21,720)	0	Intra-Group Creditors	(15,635)	0	4
(39,232)	(39,232)	Total Current Liabilities	(28,249)	(28,249)	
		Long Term Liabilities			
(997)	(997)	Provisions	(931)	(931)	18
(20,359)	(20,359)	PFI Liabilities	(18,304)	(18,304)	17
(620)	(620)	Other Long Term Liabilities	(489)	(489)	17
0	0	Long Term Borrowing	(15,500)	(15,500)	34
(2,451)	(157,928)	Pensions Liability - Staff	(75)	(4,841)	31
0	(1,715,155)	Pensions Liability - Officers	0	(1,135,587)	31
(1,870,632)	0	Intra-Group Creditors	(1,140,353)	0	4
(1,895,059)	(1,895,059)	Total Long Term Liabilities	(1,175,652)	(1,175,652)	
(1,825,815)	(1,825,815)	Net Liabilities	(1,091,851)	(1,091,851)	
		Represented by			
(1,837,737)	(1,837,737)	Unusable Reserves	(1,103,234)	(1,103,234)	19
11,922	11,922	Usable Reserves	11,383	11,383	
(1,825,815)	(1,825,815)	Total Reserves	(1,091,851)	(1,091,851)	

Julie Strange CPFA
Chief Financial Officer to the Police and Crime Commissioner
31 May 2023

Police and Crime Commissioner for Dorset

Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and the Police and Crime Commissioner during the reporting period. As there is no distinction between the Group and the Police and Crime Commissioner, there is no separate statement for the Police and Crime Commissioner. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the way the Group has managed its cash outflows against the monies received by way of taxation, grant income and from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2021/22 £'000		2022/23 £'000	Notes
56,904	Net (Surplus) or Deficit on the Provision of Services	38,670	
	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements		
(60,028)	(Increase)/Decrease in pensions liability	(40,614)	
(3,961)	Depreciation and amortisation	(4,107)	
(217)	(Increase)/Decrease in provisions	74	
(12)	Surplus/(Loss) on sales of non-current assets	63	
(3,116)	Surplus/(Loss) on revaluation of non-current assets	(2,003)	
8,835	Movement in relevant assets/liabilities	9,646	
(1,595)	Net Cash (Inflows)/Outflows from Operating Activities	1,729	20
18,846	Investing Activities	11,598	21
(12,613)	Financing Activities	(20,795)	22
4,638	Net (Increase)/Decrease in Cash and Cash Equivalents	(7,468)	
(13,127)	Cash and Cash Equivalents at the beginning of the reporting period	(8,489)	
(8,489)	Cash and Cash Equivalents at the end of the reporting period	(15,957)	14



DORSET
POLICE & CRIME
COMMISSIONER
DAVID SIDWICK

Notes to the Financial Statements

Note 1 Accounting Policies

1. GENERAL PRINCIPLES

The statement of accounts summarises the Groups transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Group is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Sections 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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 going concern principle.

2. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply 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.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- 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 in financing and investment income and expenditure 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 if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group'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, CHANGES IN ACCOUNTING POLICIES AND 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.

Note 1 Accounting Policies Continued

5. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period 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. 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 of the audited accounts are not reflected in the statement of accounts.

6. CONTINGENT LIABILITIES

A contingent liability arises where an event has taken place that gives the Group 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 Group.

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. COUNCIL TAX

The council tax income included in the Comprehensive Income and Expenditure Statement is the Group's share of accrued income for the year. However, regulations determine the amount of council tax that must be included in the Group's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Group's share of the end of year balances in respect of council tax relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

8. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Group has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

9. FOREIGN CURRENCY TRANSLATION

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Note 1 Accounting Policies Continued

10. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, Government grants and third-party contributions are recognised as due to the Group when there is reasonable assurance that:

- the Group will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Group are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Amounts in the capital grants unapplied reserve are transferred to the Capital Adjustment Statement once they have been applied to fund capital expenditure.

11. FINANCIAL INSTRUMENTS

11.1 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

11.2 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. The Group holds financial assets measured at:

- amortised cost, and
- fair value through profit or loss (FVPL), and
- fair value through Other Comprehensive Income (FVOCI)

The Group's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

11.3 Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Note 1 Accounting Policies Continued

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

11.4 Expected Credit Loss Model

The Group recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets, however where appropriate the simplified approach model is used to recognise expected credit losses for lease receivables and trade receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

11.5 Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

11.6 Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the surplus or deficit on the provision of services.

11.7 Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are provided by the Group's Treasury advisors.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets that the Group can access at the measurement date.
- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

12. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that are held no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Note 1 Accounting Policies Continued

13. LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

13.1 The Group as Lessee

13.1.1 Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Group are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge debited to the Comprehensive Income and Expenditure Statement.

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Group at the end of the lease period).

The Group is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue 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.

13.1.2 Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

13.2 The Group as Lessor

13.2.1 Operating Leases

Where the Group grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

14. JOINT OPERATIONS

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

Note 1 Accounting Policies Continued

15. OVERHEADS AND SUPPORT SERVICES

The cost of overheads and support services are charged to service segments in accordance with the Group's arrangements for accountability and financial performance.

16. EMPLOYEE BENEFITS

16.1 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 Group. 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 that 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 to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

16.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Police and Crime Commissioner or 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 Police and Crime Commissioner or 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 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.

16.3 Post-Employment Benefits

Employees of the Police and Crime Commissioner are members of the Local Government Pensions Scheme (CARE).

Up until 31 March 2022, employees of the Chief Constable were members of four separate pension schemes:

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

From 1 April 2022, employees of the Chief Constable were members of two separate pension schemes:

- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

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

Note 1 Accounting Policies Continued

16.3.1 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).

16.3.2 The Local Government Pension Scheme

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

The liabilities of the Local Government Pension Scheme 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 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).

The assets of the Dorset County pension fund attributable to the Group 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 |

16.3.3 Net Pensions Liability Analysed

The change in the net pension's liability for the Pension Schemes is 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.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Group - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period and taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Note 1 Accounting Policies Continued

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 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.

16.3.4 Police Officers' Injury Benefits

The Group 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.

16.3.5 Impact on Reserves

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Group 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.

16.4 Discretionary Benefits

The Group 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.

17. PROVISIONS

Provisions are made where an event has taken place on or before the Balance Sheet date that gives the Group a legal or constructive present obligation that probably requires settlement by a transfer of economic benefits or service potential, and where a reliable estimate can be made of the amount of the obligation.

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

When payments are eventually made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where 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 Comprehensive Income and Expenditure Statement.

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

Note 1 Accounting Policies Continued

Provision is made for termination payments due to staff resulting from restructuring when the Group has raised a valid expectation to the staff affected that it will carry out restructuring by starting to implement a particular restructuring plan or announcing its main features to those affected by it. Each element of any 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.

18. RESERVES

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back to the General Fund balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirements and employee benefits and do not represent usable resources for the Group – these reserves are explained in the notes to the accounts.

19. 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.

19.1 Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group 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.

19.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- 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.

The Group does not capitalise borrowing costs incurred whilst the assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- | | |
|---|---|
| • operational specialised property | - depreciated replacement cost (DRC) |
| • operational non-specialised property assets | - existing use value |
| • assets under construction | - historical cost |
| • non-property assets | - depreciated historical cost |
| • surplus assets | - fair value, estimated at highest and best use from a market participant's perspective |

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Note 1 Accounting Policies Continued

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Property assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end but as a minimum every three years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

(Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.)

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the Comprehensive Income and Expenditure Statement.

19.3 Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

19.4 Depreciation

Depreciation is provided for all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Vehicles – are depreciated monthly, using the straight-line allocation, 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.
- Land and Buildings – the useful life of each building is assessed by the valuer and depreciated, using the straight-line allocation, from the first of the month of acquisition; the land value is not depreciated. Where an asset comprises two or more major components with substantially different useful lives, each component is accounted for separately.
- Enhancements/Adaptions to leasehold buildings – are depreciated monthly, using the straight-line allocation, over the life of the lease.
- Information and Communications Technology – depreciation is charged monthly, using the straight-line allocation, from the first of the month of acquisition starting in the year of acquisition. The asset life of individual groups of assets has been assessed and each group is depreciated individually according to asset life.
- Plant and Equipment – these assets are given specific asset lives and are depreciated monthly, using the straight-line allocation.

Note 1 Accounting Policies Continued

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

19.5 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant, ICT, equipment and vehicles or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are (if any) credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are credited to the usable Capital Receipts Reserve and used for new capital investment. 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.

19.6 Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued when reclassified and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as assets held for sale and their recoverable amount at the date of the decision not to sell.

19.7 Surplus Assets

Non-current assets which are surplus to service needs, but which do not meet the criteria required to be classified as investment property, or assets held for sale are classified as surplus assets within property, plant and equipment. Surplus assets can be categorised as either non-current assets or current assets, depending on their nature. These assets are depreciated.

20. INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Group 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 Group.

20.1 Measurement

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Group can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at cost less accumulated depreciation.

20.2 Amortisation

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

Note 1 Accounting Policies Continued

20.3 Impairment

An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to other operating expenditure in the Comprehensive Income and Expenditure Statement.

20.4 Accounting

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

21. 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.

22. INVENTORIES

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average cost formula.

23. LONG TERM CONTRACTS

Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

24. EXCEPTIONAL ITEMS

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

25. CHARGES TO REVENUE NON-CURRENT ASSETS

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year. This comprises:

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

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount 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.

26. INVESTMENT PROPERTY

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued

Note 1 Accounting Policies Continued

annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

27. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The Group's accounting policy for fair value measurement of financial assets is set out in the note to the accounts. The Group also measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

The Group measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group's valuers use valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Group's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

28. PRIVATE FINANCE INITIATIVES (PFI)

PFI are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Group at the end of the contracts for no additional charge, the Group carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

Note 1 Accounting Policies Continued

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- finance cost – the interest cost on the outstanding Balance Sheet liability, debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator.
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

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 that are relevant to these Group accounts are:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2) issued in February 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

All of these standards will be incorporated in the Code from 2023/24. However, CIPFA has indicated that the Amendments to IAS 8 and IAS1, and IFRS Practice Statement 2 will not have a significant impact on the amounts anticipated to be reported in the financial statements; and the amendment to IFRS 3 will be limited in its application. Therefore, as no material impact is expected for the Group, disclosures are not warranted in these accounts.

IFRS 16 Leases is an accounting standard that was due to be implemented on the 1 April 2020. However, the mandatory implementation has been delayed nationally to 1 April 2024 following a consultation that took place in March 2022. 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.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Police and Crime Commissioner 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 Police and Crime Commissioner Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Service Reporting Code of Practice and the Police Reform and Social Responsibility Act. Further detail is shown in Note 4.
- Estimation of the pension element of the provision 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.

Police and Crime Commissioner for Dorset

Note 4 The Police and Crime Commissioner as an Accounting Entity

The Police and Crime Commissioner is part of an accounting group along with the Chief Constable (referred to as the Police and Crime Commissioner 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 does not hold any cash or reserves. When the 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. The Police and Crime Commissioner's Balance Sheet reflects the continuing requirement on an elected policing body, as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the Chief Constable from the Police Fund for the payment of assets and liabilities. It is reasonable to expect that should the Police and Crime Commissioner Group be required to settle future liabilities, then settlement would result in an outflow of resources from the Police and Crime Commissioner.

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 2022/23.

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

All of the assets and liabilities and reserves of the Police and Crime Commissioner 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 the police pensions.
- Certain categories of long term 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's Balance Sheet. These liabilities are offset in the Balance Sheet by a short term debtor.

Police and Crime Commissioner for Dorset

Note 4 The Police and Crime Commissioner as an Accounting Entity

Intra-Group Transactions	2021/22		2022/23	
	Chief Constable	Police and Crime Commissioner	Chief Constable	Police and Crime Commissioner
Comprehensive Income and Expenditure Statements	£'000	£'000	£'000	£'000
Net Cost of Policing	(169,649)	169,649	(147,038)	147,038
Pensions Interest Cost - Intra-Group Transaction	(37,599)	37,599	(45,250)	45,250
Actuarial (Gains)/Losses on Pensions Funds - Intra-Group Transaction	95,901	(95,901)	770,763	(770,763)
Balance Sheet	Chief Constable	Police and Crime Commissioner	Chief Constable	Police and Crime Commissioner
	£'000	£'000	£'000	£'000
Non-Current Assets/Liabilities				
Pensions Liabilities	(1,870,632)	0	(1,140,353)	0
Pensions Liabilities - Intra-Group Debtor	1,870,632	0	1,140,353	0
Pensions Liabilities - Intra-Group Creditor	0	(1,870,632)	0	(1,140,353)
Vehicles, ICT, Equipment Assets and Intangible Assets	12,918	0	14,102	0
Vehicles, ICT, Equipment Assets and Intangible Assets - Intra-Group Creditor	(12,918)	0	(14,102)	0
Vehicles, ICT, Equipment Assets and Intangible Assets - Intra-Group Debtor	0	12,918	0	14,102
Current Assets/Liabilities				
Current Liabilities	(21,720)	0	(15,635)	0
Current Liabilities - Intra-Group Debtor	21,720	0	15,635	0
Current Liabilities - Intra-Group Creditor	0	(21,720)	0	(15,635)
Current Assets	23,644	0	19,320	0
Current Assets - Intra-Group Creditor	(23,644)	0	(19,320)	0
Current Assets - Intra-Group Debtor	0	23,644	0	19,320
Unusable Reserves				
Intra-Group Transactions	0	(1,855,790)	0	(1,122,566)

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

Note 5 Events after the Reporting Period

The draft Statement of Accounts were authorised for issue on 31 May 2023. 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 2023, 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 Police and Crime Commissioner Group 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 Group Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

6.1 Pensions Liability

Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Pension fund assets (relevant in the case of the Local Government Pension Scheme) are measured at fair value which requires reference to the market conditions held at the measurement date. The market has been subject to volatility during 2021/22 and 2022/23, 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

The assumptions recommended by the actuaries have been considered and approved for use in the valuing of the pension liabilities. These assumptions are set out in the Defined Benefit Pension Schemes Note.

A remedy process to resolve the age discrimination of the pension changes resulting from the reform of public service pension schemes has been published by HM Treasury. The Treasury has confirmed that: legacy schemes would be closed from 31 March 2022; a remedy has been introduced for the period 2015-2022 based on a deferred choice underpin basis; and eligibility criteria for members to access the remedy. From 1 April 2022, members are assumed to accrue benefits in the career average revalued earnings (CARE) scheme. The estimated impact of McCloud/Sargeant has been factored into the IAS19 pension valuations estimates since 2018/19. These estimates have evolved as assumptions underpinning them have evolved.

Settlement and curtailment events are assumed to be material and are remeasured using current assumptions and the fair value of plan assets at the time of the event.

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.

Police and Crime Commissioner for Dorset

Note 7 Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants and council tax) by the Police and Crime Commissioner Group in comparison with those resources consumed or earned by the Police and Crime Commissioner Group in accordance with accounting practices. It also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2022/23						Adjustments between the Funding and Accounting Basis			Intra-Group Funding	Total
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences		
	£'000	£'000	£'000	£'000	£'000	(Note 7.1) £'000	(Note 7.2) £'000	(Note 7.3) £'000	£'000	£'000
Chief Constable	155,373	209	155,582	17,381	172,963	(3,551)	21,159	(227)	(17,381)	0
Office for the Police and Crime Commissioner	1,384	(205)	1,179	1,057	2,236	945	110	2	17,381	18,438
Commissioning	1,004	(158)	846	0	846	0	0	0	0	0
Net Cost of Services	157,761	(154)	157,607	18,438	176,045	(2,606)	21,269	(225)	0	18,438
Other Operating Income and Expenditure	0	0	0	(23,665)	(23,665)	2,260	(25,925)	0	0	(23,665)
Financing and Investment Income and Expenditure	(311)	0	(311)	44,941	44,630	(320)	45,270	(9)	0	44,941
Taxation and Non-Specific Grant Income	(157,450)	0	(157,450)	(890)	(158,340)	(257)	0	(633)	0	(890)
Difference between General Fund (Surplus) or Deficit and CIES Surplus or Deficit on the Provision of Services	0	(154)	(154)	38,824	38,670	(923)	40,614	(867)	0	38,824
Opening Revenue Reserve Balance as at 31 March 2022	10,850									
Less/Plus Surplus or (Deficit) on the General Fund in Year	154									
Closing Revenue Reserve Balance as at 31 March 2023	11,004									

Police and Crime Commissioner for Dorset

Note 7 Expenditure and Funding Analysis Continued

2021/22						Adjustments between the Funding and Accounting Basis			Intra-Group Funding	Total
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences		
	£'000	£'000	£'000	£'000	£'000	(Note 7.1) £'000	(Note 7.2) £'000	(Note 7.3) £'000	£'000	£'000
Chief Constable	146,066	(1,173)	144,893	47,894	192,787	(3,046)	45,287	5,653	(47,894)	0
Office for the Police and Crime Commissioner	1,347	(365)	982	1,528	2,510	1,320	225	(17)	47,894	49,422
Commissioning	1,004	52	1,056	0	1,056	0	0	0	0	0
Net Cost of Services	148,417	(1,486)	146,931	49,422	196,353	(1,726)	45,512	5,636	0	49,422
Other Operating Income and Expenditure	0	0	0	(19,782)	(19,782)	3,356	(23,138)	0	0	(19,782)
Financing and Investment Income and Expenditure	(62)	0	(62)	37,432	37,370	(228)	37,654	6	0	37,432
Taxation and Non-Specific Grant Income	(148,355)	0	(148,355)	(8,682)	(157,037)	(6,573)	0	(2,109)	0	(8,682)
Difference between General Fund (Surplus) or Deficit and CIES Surplus or Deficit on the Provision of Services	0	(1,486)	(1,486)	58,390	56,904	(5,171)	60,028	3,533	0	58,390
Opening Revenue Reserve Balance as at 31 March 2021	9,364									
Less/Plus Surplus or (Deficit) on the General Fund in Year	1,486									
Closing Revenue Reserve Balance as at 31 March 2022	10,850									

Police and Crime Commissioner for Dorset

Note 7 Expenditure and Funding Analysis Continued

7.1 Adjustment for Capital Purposes

This column deducts the depreciation, amortisation, minimum revenue provision, finance lease, revenue contributions, 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 disposals of assets and the amounts written off for those assets.
- **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 the Pensions Adjustments

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

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

7.3 Other Differences

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

- **For financing and investment income and expenditure** the other difference column recognises adjustments to the General Fund that do not fall into one of the above categories, such as gains/losses on financial instruments.
- The charge under **taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax that was projected to be received at the start of the year and the income recognised under generally accepted accounting policies in the code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the collection fund.
- Accumulated absences that have been accrued for absences earned but not taken in the year.

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 Police and Crime Commissioner and is excluded from the Chief Constable's Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis Statement but shown in the equivalent Police and Crime Commissioner statements.

Police and Crime Commissioner for Dorset

Note 8 Expenditure and Income Analysed by Nature

The Group's expenditure and income is analysed as follows:

2021/22	Expenditure/Income	2022/23
£'000		£'000
	Expenditure	
178,020	Employee benefit expenses	160,903
61,379	Other service expense	43,371
3,961	Depreciation, amortisation, impairment	4,107
4	Interest payments	56
8	Loss on financial instruments	0
3,529	Loss on revaluation of fixed assets	2,334
12	Loss on the sale of non-current assets	0
41,920	Pensions Interest	54,387
288,833	Total Expenditure	265,158
	Income	
(13,143)	Fees charges and other service income	(13,074)
0	Surplus from the Sale of Non-Current Assets	(63)
(185)	Gain on revaluation of fixed assets	(11)
(18)	Gain on financial instruments	(25)
(265)	Gain on investment of property	(347)
(14)	Interest and investment income	(326)
(4,266)	Pensions interest	(9,117)
(75,177)	Income from council tax	(79,383)
(138,861)	Government grants and contributions	(124,142)
(231,929)	Total Income	(226,488)
56,904	Deficit on the Provision of Services	38,670

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Police and Crime Commissioner Group in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Police and Crime Commissioner Group to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

9.1 General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Group are required to be paid and out of which all liabilities of the Group are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Group is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Group is required to recover) at the end of the financial year.

9.2 Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Police and Crime Commissioner for Dorset

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

9.3 Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Group has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Current Year - Police and Crime Commissioner Group	2022/23			Unusable Reserves
	Usable Reserves			
	General Balances	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	
Adjustments to Revenue Resources				£'000
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	40,614	0	0	(40,614)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	(8)	0	0	8
Council Tax and NDR (transfers to or from Collection Fund)	(633)	0	0	633
Holiday pay (transferred to the Accumulated Absences Reserve)	(225)	0	0	225
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	6,047	0	0	(6,047)
Total Adjustments to Revenue Resources	45,795	0	0	(45,795)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	63	0	(63)
Transfer of Grants from Revenue to the Capital Grant Reserve	(257)	0	257	0
Statutory provision for the repayment of debt (transfer from the CAA)	(3,055)	0	0	3,055
Capital expenditure financed from revenue balances (transfer to the CAA)	(3,659)	0	0	3,659
Total Adjustments between Revenue and Capital Resources	(6,971)	63	257	6,651
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(756)	0	756
Application of capital grants to finance capital expenditure	0	0	(257)	257
Total Adjustments to Capital Resources	0	(756)	(257)	1,013
Total Adjustments excluding Earmarked Adjustments	38,824	(693)	0	(38,131)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				(38,131)

Police and Crime Commissioner for Dorset

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Comparative Year - Police and Crime Commissioner Group		2021/22		
		Usable Reserves		Unusable Reserves
	General Balances £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:.				
Pensions costs (transferred to (or from) the Pensions Reserve)	60,028	0	0	(60,028)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	8	0	0	(8)
Council Tax and NDR (transfers to or from Collection Fund)	(2,110)	0	0	2,110
Holiday pay (transferred to the Accumulated Absences Reserve)	(484)	0	0	484
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	13,209	0	(6,041)	(7,168)
Total Adjustments to Revenue Resources	70,651	0	(6,041)	(64,610)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	0	0
Transfer of Grants from Revenue to the Capital Grant Reserve	(6,573)	0	6,573	0
Statutory provision for the repayment of debt (transfer from the CAA)	(3,085)	0	0	3,085
Capital expenditure financed from revenue balances (transfer to the CAA)	(2,603)	0	0	2,603
Total Adjustments between Revenue and Capital Resources	(12,261)	0	6,573	5,688
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	316	0	(316)
Application of capital grants to finance capital expenditure	0	0	(532)	532
Total Adjustments to Capital Resources	0	316	(532)	216
Total Adjustments excluding Earmarked Adjustments	58,390	316	0	(58,706)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				(58,706)

Police and Crime Commissioner for Dorset

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Current Year - Police and Crime Commissioner		2022/23		
		Usable Reserves		Unusable Reserves
	General Balances	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	131	0	0	(131)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	(8)	0	0	8
Council Tax and NDR (transfers to or from Collection Fund)	(633)	0	0	633
Holiday pay (transferred to the Accumulated Absences Reserve)	3	0	0	(3)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	2,885	0	0	(2,885)
Intra-Group Adjustments	(734,060)	0	0	734,060
Total Adjustments to Revenue Resources	(731,682)	0	0	731,682
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	63	0	(63)
Transfer of Grants from Revenue to the Capital Grant Reserve	(257)	0	257	0
Statutory provision for the repayment of debt (transfer from the CAA)	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the CAA)	0	0	0	0
Total Adjustments between Revenue and Capital Resources	(257)	63	257	(63)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(756)	0	756
Application of capital grants to finance capital expenditure	0	0	(257)	257
Total Adjustments to Capital Resources	0	(756)	(257)	1,013
Total Adjustments excluding Earmarked Adjustments	(731,939)	(693)	0	732,632
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				732,632

Police and Crime Commissioner for Dorset

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Comparative Year - Police and Crime Commissioner		2021/22		
		Usable Reserves		Unusable Reserves
		General Balances	Capital Receipts Reserve	Capital Grants Unapplied
		£'000	£'000	£'000
				£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	277	0	0	(277)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	8	0	0	(8)
Council Tax and NDR (transfers to or from Collection Fund)	(2,110)	0	0	2,110
Holiday pay (transferred to the Accumulated Absences Reserve)	(17)	0	0	17
Equal pay settlements (transferred to the Unequal Pay/Back Pay AC				0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	10,568	0	(6,041)	(4,527)
Intra-Group Adjustments	(39,664)	0	0	39,664
Total Adjustments to Revenue Resources	(30,938)	0	(6,041)	36,979
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	0	0
Transfer of Grants from Revenue to the Capital Grant Reserve	(6,573)	0	6,573	0
Statutory provision for the repayment of debt (transfer from the CAA)	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the CAA)	0	0	0	0
Total Adjustments between Revenue and Capital Resources	(6,573)	0	6,573	0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	316	0	(316)
Application of capital grants to finance capital expenditure	0	0	(532)	532
Total Adjustments to Capital Resources	0	316	(532)	216
Total Adjustments excluding Earmarked Adjustments	(37,511)	316	0	37,195
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				37,195

Police and Crime Commissioner for Dorset

Note 10 Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in the year.

	Balance at 1 April 2021	Transfer Out 2021/22	Transfer In 2021/22	Balance at 31 March 2022	Transfer Out 2022/23	Transfer In 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget Management Fund	1,238	(1,238)	2,140	2,140	(1,337)	813	1,616
Regional Collaboration Reserve	260	(201)	14	73	(39)	0	34
Workforce Change Reserve	643	0	0	643	0	0	643
Capital Financing Reserve	0	(2,603)	2,603	0	0	0	0
PEQF Reserve	265	0	22	287	0	88	375
Learning & Development Reserve	46	0	0	46	0	0	46
Uplift Reserve	200	0	649	849	(300)	0	549
Office of the PCC Legal Reserve	96	0	82	178	0	42	220
Police and Crime Plan	917	(90)	38	865	0	163	1,028
Dorset OPCC Reserve	0	0	219	219	0	158	377
Forensics Capability Network Reserve	0	0	0	0	0	256	256
Total	3,665	(4,132)	5,767	5,300	(1,676)	1,520	5,144

The purpose of the Funds and Reserves held at 31 March 2023 are set out below:

Budget Management Fund	This is a fund to allow the transfer of carry-forward requests to the following year.
Regional Collaboration Reserve	To hold funds related to past underspends for future planned spending for regional collaborations.
Workforce Change Reserve	To fund one-off and transitional costs of change programmes including the Strategic Alliance with Devon and Cornwall Police.
Capital Financing Reserve	To fund capital investment.
Major Operations Reserve	To meet the costs of major policing operations.
PEQF Reserve	To fund costs of the Policing Education Qualification Framework.
Learning and Development Reserve	Used for the benefit of Police Officers and Staff for training and development purposes.
Uplift Reserve	To hold funds for infrastructure relating to the future years uplift programme.
Office of the PCC Legal Reserve	To fund legal costs as required by the OPCC.
Police and Crime Plan	To fund planned Police and Crime Plan developments.
Dorset OPCC Reserve	To fund additional projects and pilot schemes within the Office.
Forensics Capability Network	To fund continuing projects of the Forensic Capability Network.

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment

This table sets out the 2022/23 property, plant and equipment for the Police and Crime Commissioner Group.

Movements for 2022/23						
	Operational and Non-Operational Assets		Assets Under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	49,674	28,230	686	267	149	79,006
Additions	1,711	4,204	3,452	142	0	9,509
Revaluation recognised in the Revaluation Reserve	(1,369)	0	0	0	6	(1,363)
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(2,574)	0	0	0	0	(2,574)
Derecognition-Disposals	0	(482)	0	0	0	(482)
Reclassification (to)/from Held for Sale	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Balance at 31 March 2023	47,442	31,952	4,138	409	155	84,096
Accumulated Depreciation and Impairments						
Balance at 1 April 2022	(196)	(15,645)	0	0	0	(15,841)
Depreciation Charge	(943)	(3,129)	0	0	(1)	(4,073)
Depreciation written out to the Revaluation Reserve	728	0	0	0	1	729
Depreciation written out to the Surplus/Deficit on the Provision of Services	251	0	0	0	0	251
Derecognition-Disposals	0	482	0	0	0	482
Reclassification (to)/from Held for Sale	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Balance at 31 March 2023	(160)	(18,292)	0	0	0	(18,452)
Net Book Value						
Balance at 31 March 2022	49,478	12,585	686	267	149	63,165
Balance at 31 March 2023	47,282	13,660	4,138	409	155	65,644

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment Continued

This table sets out the 2021/22 property, plant and equipment for the Police and Crime Commissioner Group.

Movements for 2021/22						
	Operational and Non-Operational Assets		Assets Under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	50,198	26,483	105	1,552	149	78,487
Additions	4,094	1,973	581	553	0	7,201
Revaluation recognised in the Revaluation Reserve	457	0	0	0	0	457
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(3,197)	0	0	0	0	(3,197)
Derecognition-Disposals	0	(2,064)	0	0	0	(2,064)
Reclassification	(1,878)	1,838	0	(1,838)	0	(1,878)
Balance at 31 March 2022	49,674	28,230	686	267	149	79,006
Accumulated Depreciation and Impairments						
Balance at 1 April 2021	0	(15,041)	0	0	0	(15,041)
Depreciation Charge	(1,318)	(2,655)	0	0	(1)	(3,974)
Depreciation written out to the Revaluation Reserve	1,269	0	0	0	1	1,270
Depreciation written out to the Surplus/Deficit on the Provision of Services	(147)	0	0	0	0	(147)
Derecognition-Disposals	0	2,051	0	0	0	2,051
Reclassification	0	0	0	0	0	0
Balance at 31 March 2022	(196)	(15,645)	0	0	0	(15,841)
Net Book Value						
Balance at 31 March 2021	50,198	11,442	105	1,552	149	63,446
Balance at 31 March 2022	49,478	12,585	686	267	149	63,165

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment Continued

This table sets out the 2022/23 property, plant and equipment for the Police and Crime Commissioner.

Movements for 2022/23				
	Operational and Non- Operational Assets	Assets under Construction	Surplus Assets	Total
	Land & Buildings	Land & Buildings	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000
Balance at 1 April 2022	49,674	686	149	50,509
Additions	1,711	3,452	0	5,163
Revaluation recognised in the Revaluation Reserve	(1,369)	0	6	(1,363)
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(2,574)	0	0	(2,574)
Derecognition-Disposals	0	0	0	0
Reclassification	0	0	0	0
Balance at 31 March 2023	47,442	4,138	155	51,735
Accumulated Depreciation and Impairments				
Balance at 1 April 2022	(196)	0	0	(196)
Depreciation Charge	(943)	0	(1)	(944)
Depreciation written out to the Revaluation Reserve	728	0	1	729
Depreciation written out to the Surplus/Deficit on the Provision of Services	251	0	0	251
Derecognition-Disposals	0	0	0	0
Reclassification	0	0	0	0
Balance at 31 March 2023	(160)	0	0	(160)
Net Book Value				
Balance at 31 March 2022	49,478	686	149	50,313
Balance at 31 March 2023	47,282	4,138	155	51,575

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment Continued

This table sets out the 2021/22 property, plant and equipment for the Police and Crime Commissioner.

Movements for 2021/22				
	Operational and Non-Operational Assets	Assets under Construction	Surplus Assets	Total
	Land & Buildings	Land & Buildings	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000
Balance at 1 April 2021	50,198	105	149	50,452
Additions	4,094	581	0	4,675
Revaluation recognised in the Revaluation Reserve	457	0	0	457
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(3,197)	0	0	(3,197)
Derecognition-Disposals	0	0	0	0
Reclassification	(1,878)	0	0	(1,878)
Balance at 31 March 2022	49,674	686	149	50,509
Accumulated Depreciation and Impairments				
Balance at 1 April 2021	0	0	0	0
Depreciation Charge	(1,318)	0	(1)	(1,319)
Depreciation written out to the Revaluation Reserve	1,269	0	1	1,270
Depreciation written out to the Surplus/Deficit on the Provision of Services	(147)	0	0	(147)
Derecognition-Disposals	0	0	0	0
Reclassification	0	0	0	0
Balance at 31 March 2022	(196)	0	0	(196)
Net Book Value				
Balance at 31 March 2021	50,198	105	149	50,452
Balance at 31 March 2022	49,478	686	149	50,313

11.1 Recognition

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

- Land and buildings £25,000
- All other assets £10,000

11.2 Surplus Assets

One property has been classed as a Surplus Asset as at the 31 March 2023.

11.3 Depreciation

A review of asset lives has taken place during 2022/23 and the useful life for some assets have been amended. The following useful lives and approaches to depreciation have been used to calculate the depreciation charges:

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment Continued

11.3.1 Land and Buildings

The asset lives for individual buildings are assessed by the valuer and are within the range of 8–100 years. Buildings are depreciated monthly over the forecast useful life of the asset.

11.3.2 Vehicles

Classes of vehicle are given specific asset lives. These are within the range 3-18 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.

11.3.3 Information and Communications Technology (ICT)

Classes of ICT assets are given specific asset lives these are within the range 3-20 years. ICT assets are depreciated monthly over the forecast useful life of the asset.

11.3.4 Plant and Equipment

Classes of plant and equipment assets are given specific asset lives these are within the range 3-25 years. These assets are depreciated monthly over the forecast useful life of the asset.

11.4 Significant Capital Commitments

The nature of capital expenditure is such that long lead times and significant programmes of work often result in slippage in incurring expenditure. The unspent capital funding in 2022/23 will be carried forward to meet the cost of future and ongoing schemes that were provided for in that year. As at 31 March 2023, significant capital commitments amounted to £12.559mn.

11.5 Revaluations

Land and buildings have been revalued by qualified external valuers by South West Norse. Valuations are carried out in accordance with the methodologies and basis for estimation set out in the updated professional standards of the Royal Institution of Chartered Surveyors. A revaluation exercise was undertaken on 85% of the properties with inspections conducted internally and externally. The remaining 15% of properties were valued using the desktop exercise approach. Valuations and remaining asset lives were provided as at 1 February 2023. A further assessment was undertaken to ascertain if the valuations had changed between the valuation date and 31 March 2023. The valuation of one property was revised to take account of improvements made between the valuation date and accounting date. The land and building revaluation has resulted in an overall reduction in the value of properties of £2.636mn.

11.6 Componentisation

Component assets are recognised separately from the main asset that they are associated with when the value of the component is more than 25% and greater than £1mn of the main asset value. No assets have met the criteria in 2021/22.

11.7 Derecognition

An annual review of assets classed as Vehicles, ICT, and Plant and Equipment has been undertaken which has resulted in the derecognition of a number of assets that have reached the end of their useful lives or which have been disposed.

11.8 Fair Value Measurement

Level 2 valuation techniques have been used to determine the fair value of the Surplus Asset. This process requires the property to be measured using a market approach which takes into account transactional evidence for similar assets in active markets. Market conditions are such that comparable properties are actively purchased and sold and there are a good level of observable inputs which are able to be verified and the source identified.

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment Continued

11.9 Impairment

During the year, a small number of vehicles experienced issues which resulted in them no longer being used as intended. The carrying value of these vehicles was reduced to their recoverable value resulting in an overall reduction of £53k.

Note 12 Intangible Assets

All of the intangible assets held are ICT software and are recognised separately from the tangible asset with which they are associated, where the value of the intangible asset is more than 25% gross expenditure and greater than £100k of the main asset value.

2021/22 Non-Operational Assets £'000		2022/23 Non-Operational Assets £'000
	Balance at start of year	
2,648	Gross carrying amounts	455
(2,597)	Accumulated amortisation	(389)
51	Net carrying amount at start of year	66
2	Additions	1
(2,194)	Derecognition - Gross Value	0
13	Amortisation for the period	(34)
2,194	Derecognition - Gross Amortisation	0
66	Net carrying amount at end of year	33
	Comprising:	
455	Gross carrying amounts	456
(389)	Accumulated Amortisation	(423)
66		33

12.1 Amortisation

All intangible assets are given a finite life, based on assessments of the period that the software is expected to be of use to the Group. Asset lives range from 3-10 years and the carrying amount is amortised on a straight-line basis.

12.2 Derecognition

An annual review of intangible assets has been undertaken which resulted in the derecognition of a number of assets that have reached the end of their useful lives or which were disposed during the year.

Police and Crime Commissioner for Dorset

Note 13 Debtors

31 March 2022			31 March 2023	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
1,791	14,295	Central government bodies	1,908	10,451
2,636	6,482	Other local authorities	4,199	6,944
0	42	National Health Service	0	45
24	6,820	Other entities and individuals	0	7,376
4,451	27,639	Total Debtors	6,107	24,816

Note 14 Cash and Cash Equivalents

31 March 2022			31 March 2023	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
27	27	Cash held by the Commissioner	26	26
3,319	3,319	Bank operational current accounts	2,367	2,367
5,143	5,143	Short-term deposits	13,564	13,564
8,489	8,489	Total Cash and Cash Equivalents	15,957	15,957

Note 15 Assets Held for Sale

2021/22		2022/23
£'000		£'000
2,879	Balance at 1 April	2,563
0	Assets newly classified as held for sale	0
0	Revaluation	0
(316)	Derecognition-Disposals	0
2,563	Balance at 31 March	2,563

One property was classed as an asset held for sale as at 31 March 2023.

Level 2 valuation techniques have been used to determine the fair value of this property. This process requires the property to be measured using a market approach which takes into account transactional evidence for similar assets in active markets. Market conditions are such that comparable properties are actively purchased and sold and there are a good level of observable inputs which are able to be verified and the source identified.

Note 16 Creditors

31 March 2022			31 March 2023	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
0	(451)	Central government bodies	(98)	(3,348)
(1,784)	(4,807)	Other local authorities	(2,520)	(6,175)
0	(61)	National Health Service	0	(3)
(359)	(18,314)	Other entities and individuals	(157)	(8,651)
(2,143)	(23,633)	Total Creditors	(2,775)	(18,177)

The balance against other entities and individuals in the Police and Crime Commissioner Group includes accumulated absence creditors of £2,549k (2021/22 £2,774k).

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments

17.1 Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

	Long Term		Current	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£'000	£'000	£'000	£'000
Investments (17.1.1)				
Fair value through profit or loss	0	0	3,992	0
Total Investments	0	0	3,992	0
Cash and Cash Equivalents (17.1.2)				
Amortised cost	0	0	3,346	1,693
Fair value through profit or loss	0	0	5,143	14,264
Total Cash and Cash Equivalents	0	0	8,489	15,957
Debtors (Trade Receivables)				
Amortised cost	0	0	1,763	1,622
Total included in Debtors	0	0	1,763	1,622
Long-Term Liabilities (17.1.3)				
Other liabilities at amortised cost	(608)	(489)	(119)	(118)
PFI liabilities	(20,359)	(18,304)	(2,056)	(2,055)
Total Long-Term Liabilities	(20,967)	(18,793)	(2,175)	(2,173)
Borrowing (17.1.4)				
Amortised cost	0	(15,500)	(13,000)	(7,500)
Total Borrowing	0	(15,500)	(13,000)	(7,500)
Finance Lease*				
Amortised cost	(12)	0	(30)	(13)
Total Finance Lease	(12)	0	(30)	(13)
Creditors (Trade Payables)				
Amortised cost	0	0	(15,381)	(5,511)
Total included in Creditors	0	0	(15,381)	(5,511)

* The finance lease liability is shown within the "Other Long Term and Other Short Term Liabilities" lines on the Balance Sheet.

17.1.1 Investments

Financial assets at fair value through profit and loss consist of deposits with external fund managers. These are valued by reference to quoted market price.

17.1.2 Cash and cash equivalents

Cash and cash equivalents consist of the bank current account, on call accounts and money market funds all of which are repayable at 24 hours' notice without penalty.

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments Continued

17.1.3 Long-Term Liabilities

The long term liabilities relates to two schemes under the government's Private Finance Initiatives (PFI). The first was for the replacement of the Western Division HQ and certain section stations. Occupation of the facilities and payments commenced in 2001 and will continue for 30 years. The second relates to the provision of a new facility at Poole as part of a joint PFI between Dorset Police and Dorset Fire and Rescue Services. Occupation was in 2009 and payments will continue for 25 years. Government grants are received annually towards the costs of these schemes.

17.1.4 Borrowing

All long-term borrowing was from the Public Works Loan Board, an executive agency of HM Treasury. Most of the arrangements are based on annual repayments for interest only and the principal is repayable at the date of loan maturity. One arrangement is based on equal instalments of principal and so the repayment includes interest and an element of principal.

All short-term borrowing was arranged from Local Authorities to cover short term fluctuations in cash.

	2021/22 Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure £'000	2022/23 Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure £'000
Net (gains)/losses on:		
Financial assets measured at fair value through profit and loss	8	(8)
Financial assets measured at amortised cost	(18)	(17)
Total net (gains)/losses	(10)	(25)
Interest revenue*(Restated)		
Financial assets measured at fair value through profit and loss	(11)	(325)
Financial assets measured at amortised cost	(3)	(1)
Total Interest revenue	(14)	(326)
Interest expense		
Financial liabilities measured at amortised cost	4	56
Total Interest expense	4	56

17.2 Income, Expense, Gains and Losses

* Interest revenue has been restated to show revenue associated with assets measured at amortised cost and assets measured at fair value though profit and loss separately.

17.3 Fair Value of Financial Assets and Financial Liabilities

Financial liabilities and financial assets can be assessed by calculating the present value of the cash flow that will take place over the remaining term of the instruments, using the following assumptions:

- The fair value balances for financial assets as at 31 March 2023 have been calculated using interest rates in Force and with reference to quoted markets where appropriate as at 31 March 2022 and 2023.
- The long-term borrowing as at 31 March 2023 has been calculated by reference to market interest rates.
- The fair value of trade receivables and payables is taken to be the invoiced or the billed amount.
- The fair value of the PFI's and finance lease liabilities have been calculated by reference to AA-rated corporate bond yields for use as discount rates.

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments Continued

- Level 1 input has been used to measure the fair value of the financial assets which uses quoted prices in active markets for identical assets as a basis of valuation.
- Level 2 input has been used to measure the fair value of the financial liabilities.
- There have been no transfers between levels 1 and 2 and no change in valuation technique during the year.

Financial Assets	31 March 2022	31 March 2022	31 March 2023	31 March 2023
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short term investments				
Investments held at FVPL	0	3,992	0	0
Cash and cash equivalents				
Investments held at amortised cost	3,346	3,346	1,693	1,693
Investments held at FVPL	0	5,143	0	14,264
Debtors (Trade Receivables)	1,763	1,763	1,622	1,622
	5,109	14,244	3,315	17,579
	31 March 2022	31 March 2022	31 March 2023	31 March 2023
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Other liabilities at amortised cost	(727)	(727)	(607)	(505)
PFI liabilities	(22,415)	(19,012)	(20,359)	(15,344)
Borrowing	(13,000)	(13,001)	(23,000)	(22,258)
Finance Lease	(42)	(41)	(13)	(12)
Creditors (Trade Payables)	(15,381)	(15,381)	(5,511)	(5,511)
	(51,565)	(48,162)	(49,490)	(43,630)

17.4 Nature and extent of risks arising from financial instruments

The Police and Crime Commissioner's activities expose it to a variety of financial risks, including:

- credit risk the possibility that other parties might fail to pay amounts due to the Police and Crime Commissioner.
- liquidity risk the possibility that the Police and Crime Commissioner might not have funds available to meet its commitments to make payments
- market risk the possibility that financial loss may arise for the Police and Crime Commissioner as a result of changes in such measures as interest rates and stock market movements.

The Police and Crime Commissioner's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Treasury Team in consultation with Arlingclose (Treasury Advisors), under policies approved by the Police and Crime Commissioner in the Treasury Management Strategy. The Police and Crime Commissioner provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments Continued

17.4.1 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Police and Crime Commissioner's customers.

This risk is minimised through the Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Treasury Management Strategy also imposes a maximum sum to be invested with a financial institution located within each category. The credit criteria in respect of financial assets held by the Police and Crime Commissioner are contained within the Treasury Management Strategy which is published on the Police and Crime Commissioner website. The Police and Crime Commissioner exposure to credit risk is an average credit rating of A+.

17.4.2 Credit Risk Management Practices

The Police and Crime Commissioner's credit risk management practices are set out in the Treasury Management Strategy.

For 2022/23, a 0.30% loss allowance of trade receivables has been calculated as well as the 12 month expected credit loss on investments held with banks.

The changes in the loss allowance during the year are as follows:

Amounts Arising from Expected Credit Losses		12 month expected credit losses £'000
Interest revenue		1
Financial assets measured at amortised cost		22
Total loss allowance		23

17.4.3 Liquidity Risk

The Police and Crime Commissioner has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Police and Crime Commissioner has ready access to borrowings from the money markets, the Public Works Loan Board and Local Authorities. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Police and Crime Commissioner will be bound to replenish a significant proportion of its borrowing at a time of unfavourable interest rates.

The maturity analysis of borrowing held as at 31 March 2023 is shown in the long term borrowing note.

At 31 March 2023 the Police and Crime Commissioner held £14.677mn (31 March 2022 £5.16mn) in on-call and money market fund accounts to manage short term liquidity requirements.

17.4.4 Market Risk

17.4.4.1 Interest Rate Risk

The Police and Crime Commissioner is exposed to risk in terms of interest rate movements on borrowings and investments. Movements in interest rates have a complex impact on the Police and Crime Commissioner. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates the fair value of the liabilities borrowings will fall
- investments at variable rates the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates the fair value of the assets will fall.

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments Continued

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Police and Crime Commissioner manages interest rate risk by setting indicators to control the exposure. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The Treasurer assesses interest rate exposure that feeds into the setting of the annual budget, and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

All borrowing held at 31 March 2023 is with fixed interest rates. All investments held have variable rates. If interest rates had been 1% higher with all other variables held constant, the financial effect on interest receivable on investments would be £155k. This would have an impact on the Surplus or Deficit on the Provision of Services. The impact of 1% fall in interest rates would be as above but with the movements being reversed.

17.4.4.2 Price Risk

The Police and Crime Commissioner is exposed to price risk in terms of movement in the value of pooled investments and financial assets valued at fair value through profit and loss. Controls for this exposure is set out in the Treasury Management Strategy.

Note 18 Provisions

2022/23	Insurance £'000	Other £'000	Total £'000
Current Liabilities			
Balance at 1 April 2022	(164)	(230)	(394)
Additional provisions made	(208)	(3)	(211)
Amounts used/reversed/change in reserve	219	0	219
Balance at 31 March 2023	(153)	(233)	(386)
Long Term Liabilities			
Balance at 1 April 2022	(997)	0	(997)
Additional provisions made	(86)	0	(86)
Amounts used/reversed/change in reserve	152	0	152
Balance at 31 March 2023	(931)	0	(931)
Total Provisions Balance	(1,084)	(233)	(1,317)

Police and Crime Commissioner for Dorset

Note 18 Provisions Continued

2021/22	Insurance £'000	Other £'000	Total £'000
Current Liabilities			
Balance at 1 April 2021	(432)	(157)	(589)
Additional provisions made	(203)	(73)	(276)
Amounts used/no longer required	471	0	471
Balance at 31 March 2022	(164)	(230)	(394)
Long Term Liabilities			
Balance at 1 April 2021	(585)	0	(585)
Additional provisions made	(569)	0	(569)
Amounts used/no longer required	157	0	157
Balance at 31 March 2022	(997)	0	(997)
Total Provisions Balance	(1,161)	(230)	(1,391)

18.1 Insurance Provision

Police and Crime Commissioner is uninsured for the first £0.5mn of individual public and employer's liability claims. The Police and Crime Commissioner for Devon and Cornwall and the Police and Crime Commissioner for Dorset have a single insurance policy with a stop loss of £2.75mn for claims. The insurance provision is to cover any claims from 2022/23 and previous years. The payments from the provision are expected to be made over the next five years. An assessment of liabilities as at 31 March 2023 has been undertaken and the provision has been decreased to a level estimated to be sufficient to meet all the forecast obligations.

18.2 Other Provisions

The other provisions mainly relate to contractual pay claims. The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2023/24.

Police and Crime Commissioner for Dorset

Note 19 Unusable Reserves

31 March 2022			31 March 2023
£'000	Note		£'000
27,040	19.1	Revaluation Reserve	26,374
9,992	19.3	Capital Adjustment Account	11,641
(1,873,083)	19.4	Pensions Reserve	(1,140,429)
1,096	19.5	Collection Fund Adjustment Account	1,729
(2,774)	19.6	Accumulated Absences Account	(2,549)
(8)	19.2	Pooled Investment Fund Adjustment Account	0
(1,837,737)		Total Unusable Reserves	(1,103,234)

19.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Police and Crime Commissioner arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2021/22		Revaluation Reserve	2022/23	
£'000	£'000		£'000	£'000
	25,459	Balance at 1 April		27,040
	1,727	Upward/(Downward) revaluation of assets and impairment losses not posted to the Surplus/Deficit on the Provision of Services		(634)
(27)		Difference between fair value depreciation and historical cost depreciation	(32)	
(118)		Accumulated gains on assets sold or scrapped	0	
	(146)	Amount written off to the Capital Adjustment Account		(32)
	27,040	Balance at 31 March		26,374

19.2 Pooled Investment Fund Adjustment Account Reserve

The Pooled Investment Fund Adjustment Account Reserve contains the gains and losses made by the Police and Crime Commissioner arising from changes in the value of investments in pooled funds as required by the capital finance and accounting regulations.

2021/22		Pooled Investment Fund Adjustment Account	2022/23	
£'000	£'000		£'000	£'000
	(1)	Balance at 1 April		(8)
1		Upward revaluation of investments	0	
(8)		Gain/(loss) on derecognition of investment	8	
	(7)			8
	(8)	Balance at 31 March		0

Police and Crime Commissioner for Dorset

Note 19 Unusable Reserves Continued

19.3 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Police and Crime Commissioner as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on investment properties that have yet to be consumed by the Police and Crime Commissioner. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2021/22 £'000	Capital Adjustment Account	2022/23 £'000
11,111	Balance at 1 April	9,992
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(3,974)	• Charges for depreciation and impairment of non-current assets	(4,073)
(3,344)	• Revaluation losses on Property, Plant and Equipment	(2,323)
13	• Amortisation of intangible assets	(34)
(6,121)	• Revenue expenditure funded from capital under statute	0
(12)	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	63
(13,438)		(6,367)
146	Adjusting amounts written out of the Revaluation Reserve	32
(13,292)	Net written out amount of the cost of non-current assets consumed in the year	(6,335)
	Capital Financing applied in the year:	
(316)	• Transfer of sale proceeds to the Capital Receipts Reserve and application to finance new capital expenditure and disposal costs	693
6,573	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	257
3,085	• Statutory provision for the financing of capital investment charged against the General Fund balances	3,055
2,603	• Capital expenditure charged against the General Fund balances	3,659
11,945		7,664
228	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	320
9,992	Balance at 31 March	11,641

Police and Crime Commissioner for Dorset

Note 19 Unusable Reserves Continued

19.4 Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Police and Crime Commissioner accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Police and Crime Commissioner makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Police and Crime Commissioner has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22		Pension Reserve	2022/23	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(1,910,514)	(1,910,514)	Balance at 1 April	(1,873,083)	(1,873,083)
36,150	0	Intra-Group Adjustments	730,280	0
1,558	97,459	Re-measurements of the net defined benefit liability/(asset)	2,505	773,268
(394)	(108,411)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(257)	(92,748)
117	48,383	Employer's pensions contributions and direct payments to pensioners payable in the year	126	52,134
(1,873,083)	(1,873,083)	Balance at 31 March	(1,140,429)	(1,140,429)

19.5 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2021/22 £'000	Collection Fund Adjustment Account	2022/23 £'000
(1,014)	Balance at 1 April	1,096
2,110	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	633
1,096	Balance at 31 March	1,729

Police and Crime Commissioner for Dorset

Note 19 Unusable Reserves Continued

19.6 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2021/22		Accumulated Absences Account	2022/23	
PCC £'000 (41)	PCC Group £'000 (3,258)		PCC £'000 (25)	PCC Group £'000 (2,774)
		Balance at 1 April		
41	3,258	Settlement or cancellation of accrual made at the end of the preceding year	25	2,774
(25)	(2,774)	Amounts accrued at the end of the current year	(28)	(2,549)
16	484	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	(3)	225
(25)	(2,774)	Balance at 31 March	(28)	(2,549)

Note 20 Cash Flow Statement – Operating Activities

2021/22 £'000		2022/23 £'000
(1,585)	Net cash receipts/(payments) from operating activities excluding interest receipts and payments	1,999
(14)	Interest received	(326)
4	Interest paid	56
(1,595)	Net cash flows from operating activities	1,729

Note 21 Cash Flow Statement – Investing Activities

2021/22 £'000		2022/23 £'000
6,162	Purchase of property, plant and equipment, investment property and intangible assets	8,161
13,000	Net movement in short-term and long term investments	3,500
(316)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(63)
18,846	Net cash flows from investing activities	11,598

Police and Crime Commissioner for Dorset

Note 22 Cash Flow Statement – Financing Activities

2021/22		2022/23
£'000		£'000
(13,000)	Cash receipts from short term borrowing	(7,500)
0	Cash receipts from long term borrowing	(15,500)
30	Cash payments to reduce finance lease liabilities	30
357	Cash payments to reduce on balance sheet liabilities	2,175
(12,613)	Net cash flows from financing activities	(20,795)

Note 23 External Audit Costs

The Police and Crime Commissioner has incurred the following costs in relation to the audit of the Statement of Accounts:

2021/22			2022/23	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
40	60	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	40	60
40	60		40	60

The fees for the 2022/23 accounts were not confirmed at the time of drafting the accounts and therefore as agreed with Grant Thornton the 2021/22 approved fees have been used.

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration

24.1 Remuneration

This note shows the officer remuneration costs for officers and staff employed by the Office of the Police and Crime Commissioner and the Chief Constable above the rank of Superintendent and the staff equivalent. The Police and Crime Commissioner (PCC) is an elected official and is excluded from this note and shown within the Office of the Police and Crime Commissioner Cost note.

2022/23	Note	Salary, Fees and Allowances £	Bonuses, Subsistence & Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Compensation for loss of employment £	Total Remuneration incl Pension Contributions £
<u>Office of the Police & Crime Commissioner</u>								
<u>Salary £50,000 to £149,999 per year</u>								
OPCC Chief Executive		109,299	0	0	109,299	17,927	0	127,226
Chief Finance Officer		61,869	0	0	61,869	9,295	0	71,164
<u>Chief Constable</u>								
<u>Salary £150,000 plus per year</u>								
Chief Constable from 01/03/23 - Amanda Pearson		14,817	0	0	14,817	4,314	0	19,131
Chief Constable to 21/02/23 - Scott Chilton		151,854	0	0	151,854	18,827	0	170,681
Deputy Chief Constable to 15/09/22 and from 11/10/22 to 31/01/23 and from 01/03/23 to 31/03/23 - Chief Constable from 16/09/22 to 10/10/22 and 01/02/23 to 28/02/23 - Sam De Reya		138,200	0	5,794	143,994	42,842	0	186,836
<u>Salary £50,000 to £149,999 per year</u>								
Assistant Chief Constable from 01/04/22 to 31/01/23 and from 01/03/23 to 31/03/23 - Deputy Chief Constable from 01/02/23 to 28/02/23	1	120,082	0	0	120,082	33,877	0	153,959
Assistant Chief Constable		118,329	0	0	118,329	28,786	0	147,115
Assistant Chief Constable from 01/02/23 to 28/02/23 - Chief Superintendent to 31/01/23 and from 01/03/23 to 31/03/23		104,296	500	0	104,796	28,786	0	133,582
Assistant Chief Constable (Regional) to 29/08/22	2	49,034	0	4,320	53,354	15,201	0	68,555
Chief Financial Officer from 02/01/23		27,929	0	0	27,929	4,597	0	32,526
Chief Financial Officer to 31/01/23		65,259	0	0	65,259	10,239	0	75,498
Director of People and Support Services		110,329	0	4,093	114,422	19,627	0	134,049
Chief Superintendent		100,327	500	0	100,827	27,880	0	128,707
Chief Superintendent to 25/10/22		56,070	0		56,070	16,221	0	72,291
Chief Superintendent		102,083	0		102,083	28,644	0	130,727
Chief Superintendent from 15/08/22		60,518	0	0	60,518	17,303	0	77,821
Chief Superintendent to 18/10/22		56,831	0		56,831	15,160	0	71,991
Chief Superintendent		99,604	0		99,604	26,292	0	125,896
Chief Superintendent - ESN Programme Director	3	98,805	500	0	99,305	27,419	0	126,724

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration Continued

2021/22	Note	Salary, Fees and Allowances £	Bonuses, Subsistence & Expenses & Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Compensation for loss of employment £	Total Remuneration incl Pension Contributions £
<u>Office of the Police & Crime Commissioner</u>								
<u>Salary £50,000 to £149,999 per year</u>								
OPCC Chief Executive		102,230	0	0	102,230	16,360	0	118,590
Chief Financial Officer		56,281	0	0	56,281	8,227	0	64,508
<u>Chief Constable</u>								
<u>Salary £150,000 plus per year</u>								
Deputy Chief Constable to 13/08/21 - Chief Constable from 14/08/21 - Scott Chilton	1	156,301	0	3,751	160,052	47,373	0	207,425
Chief Constable - James Vaughan from 01/04/21 to 13/10/21		95,324	0	0	95,324	27,347	0	122,671
<u>Salary £50,000 to £149,999 per year</u>								
Assistant Chief Constable to 13/08/21 - Deputy Chief Constable from 14/08/21	1	123,696	1,051	5,083	129,830	35,641	0	165,471
Assistant Chief Constable from 12/03/21		6,204	0	0	6,204	1,760	0	7,964
Chief Superintendent to 13/08/21 - Assistant Chief Constable from 14/08/21		108,403	0	0	108,403	28,279	0	136,682
Assistant Chief Constable to 17/04/21 - Chief Superintendent from 18/04/21*		100,124	0	0	100,124	28,442	0	128,566
Assistant Chief Constable (Regional)	2	119,220	21,248	12,065	152,533	36,958	0	189,491
Chief Financial Officer from 06/09/21		44,586	0	0	44,586	6,904	0	51,490
Interim Chief Financial Officer to 31/12/21		59,660	0	0	59,660	0	0	59,660
Director of People and Support Services from 12/07/21		80,436	0	0	80,436	12,988	0	93,424
Chief Superintendent from 14/08/21		60,583	0	0	60,583	17,032	0	77,615
Chief Superintendent		98,192	0	0	98,192	28,442	0	126,634
Chief Superintendent		99,191	0	0	99,191	27,644	0	126,835
Chief Superintendent from 21/06/21		75,328	0	0	75,328	20,969	0	96,297
Chief Superintendent from 14/03/22		4,765	0	0	4,765	1,243	0	6,008
Chief Superintendent - ESN Programme Director from 15/02/22	3	11,944	0	0	11,944	3,370	0	15,314
Chief Superintendent - ESN Programme Director to 28/02/22	3	86,981	0	0	86,981	26,072	0	113,053

* This line has been restated by two lines that were disclosed in the 2021/22 accounts merging into one as the costs relate to the same officer.

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration Continued

24.1 Notes

1. The Deputy Chief Constables for Devon and Cornwall Police and Dorset Police provide some specific services across both Forces. Their employment and associated costs are disclosed within the Statement of Accounts for each of their respective Forces.
2. The regional Assistant Chief Constable is employed by Dorset Police. Costs are shared between the collaborating Police Forces. More information on the collaboration is shown below.
3. Dorset Police fund 11.76% of the Chief Superintendent ESN Programme Director post.

24.2 Group 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 2021/22 and 2022/23. They relate to staff employed by the Group. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of cost with Devon and Cornwall Police. The 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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22 £'000	2022/23 £'000
£0 – £20,000	0	3	3	0	3	3	12	24
£20,001 - £40,000	0	1	0	0	0	1	0	22
£40,001 - £60,000	0	1	0	0	0	1	0	45
£80,001 - £100,000	0	1	0	0	0	1	0	100
£450,001- £500,000	0	1	0	0	0	1	0	473
Total included in bandings and in CIES	0	7	3	0	3	7	12	664
Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement								
Redundancy cost recharged from Devon and Cornwall Police as part of Strategic Alliance agreement							0	0
Redundancy cost recharged to Devon and Cornwall Police as part of Strategic Alliance agreement							(3)	0
Exit Costs charged to the Comprehensive Income and Expenditure Statement							9	664

The exit packages in the £40,001 - £60,000 band and in the £80,001 - £100,000 band have been funded by contributions from all 43 Police Forces.

The exit package in the £450,001 - £500,000 band has been fully funded by the National Police Chiefs' Council.

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration Continued

24.3 Remuneration Bands

The figures presented below do not include the remuneration of the senior employees and relevant police officers as they have been disclosed separately but do include other police staff and police officers remuneration as shown at 24.1.

2021/22		2022/23
Number of employees	Remuneration Band	Number of employees
185	£50,000 - £54,999	216
122	£55,000 - £59,999	135
48	£60,000 - £64,999	59
17	£65,000 - £69,999	20
13	£70,000 - £74,999	6
6	£75,000 - £79,999	7
3	£80,000 - £84,999	4
6	£85,000 - £89,999	3
1	£90,000 - £94,999	3
0	£95,000 - £99,999	2
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
1	£115,000 - £119,999	1
0	£205,000 to £209,999	1
402	Total	457

The above table does not include staff and officers paid below £50,000 who make up approximately 86% of the workforce.

Pay scales for police officers are set nationally.

There has been an increase in the number of employees receiving above £50,000. This is mainly due to being in receipt of a pay award.

Police and Crime Commissioner for Dorset

Note 25 Grant Income

The Police and Crime Commissioner Group credited the following grants, and contributions to the Comprehensive Income and Expenditure Statement.

2021/22 £'000		2022/23 £'000
	Credited to Taxation and Non Specific Grant Income	
(47,874)	Police Grant	(50,130)
(27,415)	Council Tax Support Grants	(28,571)
(6,573)	Recognised Capital Grant and Contributions	(257)
(81,862)	Total	(78,958)
	Credited to Services	
(14,299)	Police Transformation Fund - Transforming Forensics	(146)
(6,865)	PFI Grant	(6,865)
(1,020)	Other Local Grants	(1,875)
(1,390)	Commissioning	(1,655)
(1,542)	COVID 19 Support Funding	0
(1,444)	Projects	(2,330)
(5,922)	Forensics Capability Network	(4,428)
(1,379)	Pension Support Grant	(1,379)
0	Pay Award Grant	(581)
(33,861)	Total	(19,259)
	Credited to Other Operating Income and Expenditure	
(23,138)	Pensions Top Up Grant	(25,925)
(138,861)	Total Grant Income	(124,142)

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations

26.1 Related Party Transactions

The Police and Crime Commissioner is required to disclose material transactions with related parties, including the Chief Constable, central government, other local authorities, members, senior officers and their close families.

26.1.1 Central Government

The United Kingdom Government has effective control over the general operations of the Police and Crime Commissioner. It is responsible for providing the statutory framework within which the Police and Crime Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Police and Crime Commissioner has with other parties (e.g. council tax bills). Grants received from government departments are set out in the Grant Income Note. Outstanding balances are set out in the Debtors and Creditors Notes.

26.1.2 Independent Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all members explaining the need for disclosure. Independent Officers' interests are also publicly reported on the Police and Crime Commissioner's website. As at the point of publication there were no relevant transactions reported.

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

26.1.3 Officers

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

A family member of the Deputy Chief Constable has provided support to five training events as a subject matter expert on ethics. This support had no cost associated and was delivered as a serving public servant.

26.2 Commissioning and Partnerships

There are a number of partnerships in which the Police and Crime Commissioner participates. These are arrangements where the Police and Crime Commissioner carries out activities relevant to its own functions jointly with others. For a number of the partnerships a formal partnership agreement is in place. The Police and Crime Commissioner accounts only for its share of the jointly controlled assets, liabilities and expenses that it incurs in relation to partnership activities. The main commissioning and partnership working is shown in the table below.

2021/22			2022/23		
Expenditure £'000	Income £'000	Notes	Expenditure £'000	Income £'000	
					OPCC Commissioning and Partnerships
687	(13)	1	611	0	Commissioner's Safety Fund
382	0	2	235	0	Local Innovation Fund
1,043	(1,043)	3	1,221	(1,221)	Victims Services
0	0	4	465	(465)	Other Local Grants and Funding
38	(90)		158	0	Transfer to/(from) Reserves
2,150	(1,146)		2,690	(1,686)	Outturn Total
0	0		0	0	Pension Cost
0	0		0	0	Accumulated Absence
(38)	90		(158)	0	Reverse Transfer to/(from) Reserves
2,112	(1,056)		2,532	(1,686)	CIES Total

Full details of the Police and Crime Commissioner's future plans and intentions with regard to commissioning and partnerships can be found in the Commissioning Intentions Plan and the Police and Crime Plan on the Office of the Police and Crime Commissioner website.

The funding mechanisms for partnerships are complex, and the table above shows expenditure that has passed through the Police and Crime Commissioners accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2023.

26.2.1 Commissioner's Safety Fund

This fund covers numerous community-based projects and the key initiatives covered in the above expenditure include:

The Maple Project - Domestic Abuse Advisors, employed by Dorset Police. This service ensures that women, men and children whose lives are affected by domestic abuse receive a high level of support and protection and perpetrators are held accountable for their actions and behaviour - *also part funded by the Victims Services budget*.

Drug Intervention Programme - Provision of appropriate support to people within the criminal justice system with substance misuse issues.

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaboration Continued

Safe Schools and Communities Team - Provide targeted interventions to young people and the wider community, helping to reduce and prevent crime and Anti Social Behaviour - *core contributor to the Safe Schools and Communities Team.*

Combined Dorset Youth Offending Services - Supporting the Youth Offending Services to provide interventions that reduce and prevent offending/reoffending by children and young people within the criminal justice system - *core contributor to the Youth Offending Service for pan-Dorset.*

Restorative Justice Service - Providing a pan-Dorset Restorative Justice and restorative mediation capability for victims of crime and anti-social behaviour - *also part funded by the Victims Services budget.*

Victims Bureau – Funding towards the running costs of a team dedicated to supporting victims of crime. Enabling direct contact by Dorset Police with victims of crime, including providing updates on progress of relevant cases through the Criminal Justice System.

Victim Support – Support for victims of domestic abuse – *primarily funded from the Victim Services budget.*

Police Consultation Groups - Enabling Dorset Police to consult with appropriate and experienced organisations representing harder to reach communities.

Electronic Tagging scheme - Lease of electronic tags to be issued to offenders as a part of their bail conditions.

26.2.2 Local Innovation Fund

This fund covers numerous community-based projects and the key initiatives covered in the above expenditure include:

Boscombe Community Safety Accreditation Scheme - Enabling accreditation of Bournemouth Christchurch and Poole Council employed staff in order to enhance the delivery of community safety interventions within Boscombe.

Learning Disability Advisors - Providing targeted support to victims of crime with learning difficulties, including providing advice regarding the criminal justice process.

Stalking Co-ordinator – Funding for an Independent Stalking Advocate post to reduce risk and increase safety by providing an effective service to all high-risk victims of stalking.

Weymouth Community Safety Accreditation Scheme - Accrediting council staff to use certain police and council powers reduce anti-social behaviour, street drinking, rough sleeping and begging in Weymouth, primarily in the Melcombe Regis area of the town.

Poole Community Safety Accreditation Scheme - Enabling accreditation of Bournemouth Christchurch and Poole Council employed staff in order to enhance the delivery of community safety interventions within Poole Town Centre and the bus station.

Circles South-West - To provide Circles of Support to known perpetrators of sexual offences, to reduce offending behaviours and therefore prevent further sexual abuse. Circles are delivered to adults convicted of serious sexual offences who have been assessed as high or very high risk of re-offending and/or serious harm.

Regional Re-offending – Collaborative funding with South West Forces for a Re-Offending Co-ordinator to explore potential opportunities for commissioning or co-commissioning of services to reduce re-offending.

Operation Relentless Grant Fund – Grant pot for community groups to bid for small grants to support projects addressing anti-social behaviour.

Fix the Future Grant Fund – Grant pot for community groups to bid for small grants to support young people in the local community

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

26.2.3 Victims Services, Community Safety Accreditation and Police Transformation Funding

Independent Sexual Violence Advisors - Sub-contract of the Sexual Assault Referral Centre - Provision of Independent Sexual Violence Advisors to provide targeted support to victims of sexual violence, including providing advice regarding the criminal justice process.

Victims Services - Providing emotional and practical support to victims of crime in Dorset.

Dorset Rape Crisis Counselling Services - Providing immediate and ongoing support to victims and survivors of sexual violence, including longer-term specialist support.

26.2.4 Other Local Grants

Safer Dorset Fund is a Community Grant Scheme which offers the ability for Charities and Community Interest Companies to apply for small grants, up to £3,000, to carry out projects which benefit Dorset's communities and in-line with the Police and Crime Plan objectives. In 2022/23 this was replaced by the Operation Relentless grant scheme within the Local Innovation Fund and the Fix the Future Fund.

Grants totalling £169,168 were provided by Ministry of Justice to provide additional support for charities working with victims of domestic abuse and sexual violence. The fund was to be used to:

- 1) address short term income disruption.
- 2) meet essential costs of sustaining current activities, such the purchasing of assets to support the move to remote and digital working, and additional staff to cover those unable to work for reasons related to the pandemic; and
- 3) address increased demand.

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

26.3 Collaborations

The Police and Crime Commissioner's Group have 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 are disclosed. The table below shows the regional activities.

2021/22			2022/23
Expenditure £'000	Notes	Joint Operation	Expenditure £'000
920	1	South West Regional Special Branch	0
4,057	2	South West Regional Forensics Services	3,866
206	3	South West Police Procurement Services	224
1,521	4	South West Regional Organised Crime Unit (ROCU)	1,750
185	5	South West Regional Programme	217
12	6	South West Disaster Victim Identification & Casualty Bureau Co-ordination*	10
6,901			6,067

26.3.1 South West Regional Special Branch

South West Regional Special Branch has now been incorporated under the national CT (Counter Terrorism) network and therefore is Nationally funded and no longer Force funded. CTPSW (Counter Terrorism Policing South West) Collaboration now oversee all aspects of Special Branch.

26.3.2 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 cost totalled £22,948k of which £22,602k was spent on operational costs and was split on a percentage basis, with Dorset contributing 16.81%, Avon and Somerset contributing 35.37%, Wiltshire contributing 13.96% and Devon and Cornwall contributing 33.86%. The remaining costs related to project work and totalled £361k with Dorset contributing 18.70%. The Force cost for the year was £3,866k.

26.3.3 South West Police Procurement Services

South West Police Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police and Devon and Cornwall Police and from 1 May 2021, Avon and Somerset Police. Staff are employed by Devon and Cornwall Police and based across the region. The Force cost for the year was £224k. Most of the £1,662k total cost is split on a percentage basis with Dorset contributing 13.49%, Wiltshire Police contributing 12.08%, Gloucestershire Police contributing 11.94%, Devon and Cornwall contributing 31.81% and Avon and Somerset contributing 30.68%.

26.3.4 South West Regional Organised Crime Unit (ROCU)

South West 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 based within one of two hubs (North and South). The Force cost for the year was £1,750k. The total cost of £12,975k is split on a percentage basis with Dorset Police contributing 13.49%, Devon and Cornwall contributing 31.81%, Wiltshire contributing 12.08%, Gloucestershire contributing 11.94% and Avon and Somerset contributing 30.68%.

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

26.3.5 South West Regional Programme

The South West Regional Programme is a partnership with Dorset Police, Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects. Costs are shared with the Forces that are involved in each project. The cost totalled £1,566k of which £1,501k was split on a percentage basis, with Dorset contributing 13.49%, Avon and Somerset contributing 30.68%, Wiltshire contributing 12.08% and Devon and Cornwall contributing 31.81% and Gloucestershire contributing 11.94%. The Force cost for the year was £217k.

26.3.6 South West Disaster Victim Identification (DVI) and Casualty Bureau (CB) Co-ordination

The South West Disaster Victim Identification and Casualty Bureau Co-ordination is a partnership with Dorset Police, Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The co-ordination consists of a small team that are ready to respond to a DVI/CB event. Costs are shared with the Forces that are involved in each project. The total cost of £75k is split on a percentage basis with Dorset Police contributing 13.49%, Devon and Cornwall contributing 31.81%, Wiltshire contributing 12.08%, Gloucestershire contributing 11.94% and Avon and Somerset contributing 30.68%. The Force cost for the year was £10k.

26.4 Other Public Bodies

Precept Income

Most of the revenue to pay for the costs of policing comes from government grants co-ordinated nationally. District councils, borough councils and unitary authorities collect the balance by charging their council tax payers a police precept. The amounts collected (adjusted for surpluses or shortfalls collected for previous years) are shown below.

31 March 2022		31 March 2023
£'000	Billing Authority	£'000
37,818	Dorset Council	40,743
35,249	Bournemouth, Christchurch & Poole	38,007
73,067		78,750
2,110	Adjusted for accruals	633
75,177		79,383

Pension Administration

The Police and Crime Commissioner purchases the Police Staff pension administration services from Dorset Council. Transactions within the pension fund are shown in the Defined Benefit Pension Schemes Note. Outstanding balances with other public bodies are shown in the Debtors and Creditors Notes.

Note 27 Contingent Liabilities

27.1 Pension Guarantee

The Police and Crime Commissioner has along with all other Police and Crime Commissioner's provided a pension guarantee of £21k for the APCC pension fund which is currently held by Merseyside Local Government Pension Scheme.

27.2 Compensation Claims

Claimants have lodged claims for compensation regarding the public service pension scheme reform. Claims considered as part of the first tranche will be covered by the Home Office. The Group have been made aware of further claims, but the exact number has not been confirmed and therefore no liability in respect of these compensation claims is recognised in the accounts.

Police and Crime Commissioner for Dorset

Note 28 Capital Expenditure and Financing

Within the four-year financial planning model, the Police and Crime Commissioner approves an annual capital programme to provide and maintain buildings, vehicles and other equipment for the Force. The report below shows what was spent and how the spending was financed.

2021/22			2022/23	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
29,803	29,803	Opening Capital Financing Requirement	30,864	30,864
		Capital Investment:		
4,675	4,675	Land and buildings	5,163	5,163
0	742	Vehicles and Other Transport	0	1,202
0	1,784	Plant, Equipment and ICT	0	3,144
0	2	Intangible Assets	0	0
0	6,120	Revenue Expenditure Funded from Capital Under Statute	0	0
8,648	0	Intra-Group Transaction	4,346	0
13,323	13,323		9,509	9,509
		Less Sources of Finance:		
(774)	(6,573)	Government Grants	0	(257)
0	0	Capital Receipts	(699)	(756)
0	(216)	Borrowing: Minimum Revenue Provision	0	(343)
0	(30)	Finance Lease: Minimum Revenue Provision	0	(30)
(2,840)	(2,840)	PFI/Loan Charge: Minimum Revenue Provision	(2,683)	(2,683)
0	(2,603)	Reserves	0	(3,659)
(8,648)	0	Intra-Group Transaction	(4,346)	0
(12,262)	(12,262)		(7,728)	(7,728)
30,864	30,864	Closing Capital Financing Requirement	32,645	32,645
		Represented by:		
23,141	23,141	PFI and Other Long Term Liabilities	20,966	20,966
0	0	External Borrowing	3,452	3,452
7,681	7,681	Internal Borrowing	8,215	8,215
42	42	Finance Lease Liabilities	12	12
30,864	30,864		32,645	32,645
		Borrowing During the Year		
0	0	External Borrowing	3,452	3,452
(358)	(358)	PFI and Other Long Term Liabilities	(2,175)	(2,175)
1,449	1,449	Internal Borrowing	534	534
(30)	(30)	Finance Lease	(30)	(30)
1,061	1,061		1,781	1,781

The total capital expenditure includes assets under a finance lease arrangement.

Police and Crime Commissioner for Dorset

Note 29 Office of the Police and Crime Commissioner

2021/22		2022/23
£'000	Office of the Police and Crime Commissioner	£'000
5	Independent members and advisors costs	19
137	Police and Crime Commissioner including reimbursements	142
656	Statutory and other OPCC staff	791
552	Other costs	277
(368)	Income	(49)
365	Transfer to/(from) Reserves	205
1,347	Outturn Total	1,385
225	Pension costs	110
(17)	Accumulated Absence	2
(365)	Reverse Transfer to/(from) Reserves	(205)
1,320	Depreciation	944
2,510	CIES Total	2,236

Disclosed below are the Police and Crime Commissioner's remuneration costs which are included within the above table.

2021/22		2022/23
£'000	Police and Crime Commissioner	£'000
72	Salary, Fees and Allowances	84
0	Benefits in Kind	0
72	Total excluding pension contributions	84
11	Employer's Pension	13
83	Total	97

In the 2021/22 accounts, a note was included showing the remuneration costs for the Police and Crime Commissioner that was in post to the 12/05/2021. The total cost amounted to £11k.

Note 30 Operating Leases

The Police and Crime Commissioner leases some properties used to provide operational services. The total future minimum lease payments in future years are:

31 March 2022		31 March 2023
£'000		£'000
298	Not later than one year	287
868	Later than one year and not later than five years	833
1,324	Later than five years	1,144
2,490		2,264

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

31 March 2022		31 March 2023
£'000		£'000
266	Minimum lease payment	296
266		296

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and staff, the Police and Crime Commissioner Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. During 2021/22, the Police and Crime Commissioner Group operated four pension schemes, three for police officers and one for police staff. From 1 April 2022, members of the police officer pension scheme will accrue benefits in the career average revalued earning (CARE) scheme. Therefore during 2022/23, the Police and Crime Commissioner Group operated two pension schemes, one 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 police officer pension's disclosures below apply to the Group Accounts only, this is because all of the police officers are under the control of the Chief Constable and for this reason there are no charges to the Police and Crime Commissioner single entity accounts other than the intra-group transfers. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary.

Following successful claims by individuals against the transitional arrangements for many public sector schemes, the Public Service Pensions and Judicial Offices Act was passed in March 2022. This puts in place legislative changes to provide a remedy for members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. The valuation provided reflects this legislation.

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant judgement 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 still under consideration by the Home Office. The Police Pension Fund Regulations 2007 require the Police and Crime Commissioner Group to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the Group in the form of a central government top-up grant

A similar adjustment has been made for the Local Government Pension Scheme.

31.1 Police Officer Schemes

31.1.1 Participation in Pension Schemes

From 1 April 2015 both the 1987 and 2006 Police Officers' pension schemes were replaced by a new scheme with a future accrual based on the career average retained earnings (CARE) model for new entrants. Both final salary police schemes closed from April 2015, however, there is protection for those who were members of the scheme prior to April 2012, who will be entitled to the benefits which would have accrued in their legacy scheme up to April 2022, at the point of their retirement. The new scheme is open to all newly recruited officers.

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 into 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, who then must repay the amount to central government. The Group 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.

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes Continued

31.1.2 Reconciliation of Present Value of the Scheme of Liabilities (Defined Benefit Obligation)

2021/22 £'000		2022/23 £'000
(1,725,922)	Opening balance at 1 April	(1,715,155)
(48,692)	Current service cost	(32,568)
(34,112)	Interest cost	(44,024)
(6,778)	Contributions from scheme participants	(7,096)
	Remeasurement gains and (losses):	
0	• Actuarial gains/(losses) arising from changes in demographic assumptions	0
55,297	• Actuarial gains/(losses) arising from changes in financial assumptions	708,504
(2,565)	• Experience gains/(losses) on defined benefit obligation	(96,515)
46,152	Benefits paid	49,685
0	Past service costs, including curtailments	0
1,465	Injury pension payments	1,582
(1,715,155)	Closing balance at 31 March	(1,135,587)

31.1.3 Transactions relating to Retirement Benefits

The Group 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. 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 officer schemes in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes Continued

2021/22 £'000	Comprehensive Income and Expenditure Statement	2022/23 £'000
	Cost of Services	
48,692	Current service cost	32,568
0	Past service cost	0
	Financing and Investment Income and Expenditure	
34,112	Net interest expense	44,024
82,804	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	76,592
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
0	• Actuarial (gains)/losses arising on changes in demographic assumptions	0
(55,297)	• Actuarial (gains)/losses arising on changes in financial assumptions	(708,504)
2,565	Experience (gains)/losses on defined benefit obligation	96,515
30,072	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements	(535,397)
	Movement In Reserves Statement	
(82,804)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(76,592)
	Actual amounts charged against the General Fund Balance for pensions in the year:	
17,701	Employers' contributions payable to scheme	18,245
23,138	Home Office Top Up Grant	25,925

31.1.4 Impact on the Police and Crime Commissioner's Cashflow

The liabilities show the underlying commitments that arise from the fact that the Police and Crime Commissioner has to pay retirement benefits over a long-term period. The total liability of £1.136bn 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, as:

- 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 employer contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2024 is £17.821mn.

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes Continued

31.1.5 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 LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2020.

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 and set contributions for the period from 1 April 2019 to 31 March 2023. The next combined actuarial valuation is to be carried out as at 31 March 2020.

The significant assumptions used by the actuary have been:

2021/22	Mortality Assumptions:	2022/23
	Longevity at 65 for current pensioners:	
21.1	Men	21.2
23.4	Women	23.5
	Longevity at 65 for future pensioners:	
22.4	Men	22.5
24.9	Women	25.0
	Financial Assumptions:	
3.30%	Rate of Inflation	2.90%
4.30%	Rate of increase in salaries	3.90%
3.30%	Rate of increase in pensions	2.90%
2.60%	Rate for discounting scheme liabilities	4.80%

The estimated weighted average duration of the Police Officer schemes is 16 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 2021/22.

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)	43,301	(41,588)
Rate of increase in salaries (increase or decrease by 0.1%)	2,137	(2,125)
Rate of increase in pensions (increase or decrease by 0.1%)	15,719	(15,317)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(17,113)	17,546

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes Continued

31.2 Police Staff Scheme

31.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Dorset Council. This is a funded defined benefit career average retained earnings scheme, meaning that the Police and Crime Commissioner Group 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.

31.2.2 Transactions Relating to Retirement Benefits

The Group 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 that is 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.

2021/22		Comprehensive Income and Expenditure Statement	2022/23	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
		Cost of Services		
		Service cost comprising:		
336	21,683	• Current service cost	227	14,275
0	0	• Past service cost	7	458
3	212	• (Gain)/loss from settlements	0	0
3	170	• Administration Expenses	3	177
		Financing and Investment Income and Expenditure		
55	3,542	Net interest expense	20	1,246
397	25,607	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	257	16,156
		Other Post-Employment Benefits Charged to Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
(278)	(17,930)	• Return on plan assets (excluding the amount included in the net interest expense)	326	20,530
0	0	• Actuarial (gains)/losses arising on changes in demographic assumptions	(173)	(10,896)
(334)	(21,572)	• Actuarial (gains)/losses arising on changes in financial assumptions	(3,091)	(194,390)
(865)	0	Apportionment Adjustment	59	0
(95)	(6,122)	Other actuarial (gains)/losses	(322)	(20,229)
14	897	Experience (gains)/losses on defined benefit obligation	695	43,706
(1,161)	(19,120)	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(2,249)	(145,123)

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes Continued

2021/22		Movement in Reserves Statement	2022/23	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(397)	(25,607)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(257)	(16,156)
Funded Liabilities			Funded Liabilities	
PCC	PCC Group		PCC	PCC Group
£'000	£'000	Actual amount charged against the General Fund	£'000	£'000
117	7,526	Balance for pensions in the year:	126	7,951
		Employers' contributions payable to scheme		
Unfunded Liabilities			Unfunded Liabilities	
PCC	PCC Group		PCC	PCC Group
£'000	£'000	Actual amount charged against the General Fund	£'000	£'000
0	18	Balance for pensions in the year:	0	13
		Retirement benefits payable to pensioners		

31.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

31 March 2022			31 March 2023	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(6,217)	(401,580)	Present value of the defined benefit obligation	(4,151)	(261,079)
3,766	243,652	Fair value of plan assets	4,076	256,238
(2,451)	(157,928)	Net liability arising from defined benefit obligation	(75)	(4,841)

On 31 March 2022, a bulk transfer payment was made from the Devon County Council Pension Fund to the Dorset County Pension Fund in respect of the bulk transfers that occurred between Devon and Cornwall Police and Crime Commissioner (in the Devon Fund) and Police and Crime Commissioners for Dorset (in the Dorset Fund) between 1 December 2015 and 1 November 2019 (inclusive).

For bulk transfers that occurred on or before 31 March 2019, an allowance was made in the employer's 31 March 2020 IAS19 report for the estimated impact of these bulk transfers on the employer's assets. The estimate of the impact was based on limited information that was available at the time of producing the 2019/20 accounts. As the bulk transfer payment has now been made in respect of these transfers, an allowance for the actual payment made on 31 March 2022 based on the actual approach agreed by the Fund actuaries has been taken into account. This has led to an experience loss, as shown below. A liability experience item has not been allowed for as the adjustment made in the employer's 2020 report was based on the 31 March 2019 valuation data and therefore reflected the pre-31 March 2019 bulk transfers.

In addition, the bulk transfer payment made on 31 March 2022 included allowance for the bulk transfers which occurred on 1 April 2019 and 1 November 2019. As these were not included in any previous accounting estimates, the impact of these bulk transfers are shown as settlements. The value of the assets shown reflect the amount that was paid on 31 March 2022 in respect of each transfer.

No such transaction took place in 2022/23 but the information is relevant to the 2021/22 accounts.

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes Continued

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

31 March 2022			31 March 2023		
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000	
(7,980)	(394,977)	Opening balance at 1 April	(6,217)	(401,580)	
(336)	(21,683)	Current service cost	(227)	(14,275)	
(121)	(7,808)	Interest cost	(165)	(10,363)	
(41)	(2,699)	Contributions from scheme participants	(44)	(2,755)	
		Remeasurement gains/(losses):			
0	0	• Actuarial gains/(losses) arising from changes in demographic assumptions	173	10,896	
334	21,572	• Actuarial gains/(losses) arising from changes in financial assumptions	3,091	194,390	
(14)	(897)	• Experience gains/(losses) on defined benefit obligation	(695)	(43,706)	
8	486	Liabilities assumed/(extinguished) on settlements	0	0	
1,864	0	Apportionment Adjustment	(167)	0	
0	0	Past service cost including gains/(losses) on curtailments	(7)	(458)	
69	4,426	Benefits paid	107	6,772	
(6,217)	(401,580)	Closing balance at 31 March	(4,151)	(261,079)	

31.2.5 Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

The Police and Crime Commissioner's Group contribution to the Local Government Pension Scheme for the accounting period to 31 March 2024 is estimated to be £7.641mn of which £0.121mn is for the Police and Crime Commissioner. This estimation excludes the capitalised cost of any early retirements or augmentations which may occur after 31 March 2023. These projections are based on the assumptions as at 31 March 2023.

31 March 2022			31 March 2023		
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000	
4,250	210,385	Opening fair value of scheme assets	3,766	243,652	
66	4,266	Interest income	145	9,117	
		Remeasurement gains/(losses):			
278	17,930	• The return on plan assets, excluding the amount included in the net interest expense	(326)	(20,530)	
(1,000)	0	Apportionment Adjustment	108	0	
(3)	(170)	Administration expenses	(3)	(177)	
117	7,544	Contributions from employer	127	7,964	
42	2,698	Contributions from employees into the scheme	44	2,755	
(68)	(4,425)	Benefits paid	(107)	(6,772)	
(11)	(698)	Settlement prices received/(paid)	0	0	
95	6,122	Other actuarial gains/(losses)	322	20,229	
3,766	243,652	Closing fair value of scheme assets	4,076	256,238	

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes Continued

31.2.6 Local Government Pension Scheme assets comprised

31 March 2022			31 March 2023	
PCC £'000	PCC Group £'000	Fair Value of Scheme assets	PCC £'000	PCC Group £'000
1,997	129,561	Cash and cash equivalents	2,541	159,689
249	16,058	UK Equities	274	17,229
0	0	Diversified Growth Fund	0	0
190	12,269	Gilts	265	16,689
354	22,809	Other Bonds	328	20,618
258	16,632	Property	309	19,414
76	4,875	Infrastructure	68	4,284
0	0	Cash	0	0
173	11,172	Secured Income Funds	269	16,934
469	30,276	Multi Asset Credit	22	1,381
		Liability Driven Investment		
3,766	243,652	Total	4,076	256,238

31.2.7 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 and salary levels.

The liabilities have been estimated by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

2021/22		2022/23
	Long-term expected rate of return on assets in the scheme:	
2.60%	Equity investments	4.80%
2.60%	Bonds	4.80%
2.60%	Other	4.80%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
23.1	Men	22.2
24.7	Women	24.2
	Longevity at 65 for future pensioners:	
24.4	Men	23.5
26.1	Women	25.6
	Financial Assumptions:	
3.20%	Rate of inflation	2.90%
4.20%	Rate of increase in salaries	3.90%
3.20%	Rate of increase in pensions	2.90%
2.60%	Rate for discounting scheme liabilities	4.80%

The past service liability duration has been estimated at 20 years. This duration has been calculated based on the membership data provided for the most recent full valuation of the liabilities at 31 March 2022. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis

Police and Crime Commissioner for Dorset

Note 31 Defined Benefit Pension Schemes Continued

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 2021/22.

31.2.8 Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
PCC		
Mortality age rating assumption (increase or decrease in 1 year)	131	(127)
Rate of increase in salaries (increase or decrease by 0.1%)	8	(8)
Rate of increase in pensions (increase or decrease by 0.1%)	74	(72)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(79)	81
PCC Group		
Mortality age rating assumption (increase or decrease in 1 year)	8,239	(7,963)
Rate of increase in salaries (increase or decrease by 0.1%)	534	(530)
Rate of increase in pensions (increase or decrease by 0.1%)	4,643	(4,509)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(4,944)	5,087

31.2.9 Other Assumptions

It is assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

31.2.10 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. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation will be carried out as at 31 March 2025 and will set contributions for the period from 1 April 2026 to 31 March 2029.

Dorset Council publishes details of the Fund's performance. More detail can be found on their website <https://dorsetpensionfund.org/>

Police and Crime Commissioner for Dorset

Note 32 Private Finance Initiatives

The majority of the borrowing balance shown in the Balance Sheet relates to two Private Finance Initiatives.

Payments

An agreed payment (or unitary charge) is made each year which comprises both fixed and variable elements. Payments remaining to be made under the service concession contract at 31 March 2023 are as follows:

2021/22					2022/23			
Payment for Services £'000	Reimb. of Capital Exp £'000	Interest £'000	Total £'000		Payment for Services £'000	Reimb. of Capital Exp £'000	Interest £'000	Total £'000
4,536	2,564	1,353	8,453	Payable within 1 year	5,439	2,685	1,231	9,355
19,919	11,313	4,307	35,539	Payable within 2 to 5 years	24,653	10,867	3,862	39,382
32,287	11,771	2,955	47,013	Payable within 6 to 10 years	34,262	11,429	2,428	48,119
9,414	5,244	485	15,143	Payable within 11 to 15 years	6,339	3,345	225	9,909
66,156	30,892	9,100	106,148	Total	70,693	28,326	7,746	106,765

Value of Assets under PFI Contracts

The value of assets held under PFI contracts and their movements during the year is set out in Note 11. The movement in the value of liabilities resulting from the contract is as follows:

	2021/22 £'000	2022/23 £'000
Balance outstanding at 1 April	(22,653)	(22,415)
Payments during the year	2,721	2,563
Capital expenditure incurred in the year	(2,482)	(507)
Balance outstanding at 31 March	(22,415)	(20,359)

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

2021/22 £'000	Assets	2022/23 £'000
14,437	Opening Balance	13,276
2,802	Additions/Development/Lifecycle	542
(3,735)	Revaluations	(1,704)
(228)	Depreciation	(206)
13,276	Closing Balance	11,908

Police and Crime Commissioner for Dorset

Note 33 Investment Property

Investment properties are those that are used solely to earn rentals and/or capital appreciation. They are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at the year end. In 2022/23 there were seven investment properties.

2021/22		2022/23
£'000		£'000
0	Balance at 31 March 2022	2,106
228	Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	320
1,878	Transfers to/from property, plant and equipment	0
2,106	Balance at 31 March 2023	2,426

The following rental income has been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

2021/22		2022/23
£'000		£'000
(37)	Rental Income from Investment Property	(27)
3	Direct operating expenses arising from investment property	3
(34)	Net (gain)/loss at year end	(24)

The investment property has been revalued by qualified external valuers, South West Norse. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the updated professional standards of the Royal Institution of Chartered Surveyors. In 2022/23 a valuation and remaining useful life was provided as at 1 February 2023. A further assessment was undertaken to ascertain if the valuation had changed between the valuation date and 31 March 2023. There were no changes to the valuations.

Level 2 valuation techniques have been used to determine the fair values of these properties. This process requires these properties to be measured using a market approach which takes into account transactional evidence for similar assets in active markets. Market conditions are such that comparable properties are actively purchased and sold and there are a good level of observable inputs which are able to be verified and the source identified.

Note 34 Long Term Borrowing

The maturity analysis of long term borrowing is as follows:

31 March 2022			31 March 2023		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000	Contractual Maturity	£'000	£'000	
0	0	More than one year less than five years	(6,500)	(6,500)	
0	0	Between five and ten years	(9,000)	(9,000)	
0	0	Total Long Term Borrowing	(15,500)	(15,500)	



DORSET
POLICE & CRIME
COMMISSIONER
DAVID SIDWICK

Pension Fund Accounting Statements

Police and Crime Commissioner for Dorset

Police Officers' Pension Fund Statement (PFS)

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 2022 £'000		31 March 2023 £'000
	Contributions Receivable	
(15,665)	Employers (normal)	(16,429)
(6,778)	Employees (normal)	(7,096)
(571)	Ill Health capital charge	(234)
	Transfers In	
(58)	Individual transfers from other schemes	(84)
	Benefits payable	
39,181	Pensions	40,784
7,029	Commutations & lump sum retirement benefits	8,797
0	Lump sum death payments	184
	Payment to and on account of leavers	
0	Individual transfers to other schemes	3
23,138	Net amount paid during the year	25,925
(23,138)	Transfer from Police Fund*	(25,925)
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		
18,234	Received in year	19,792
4,904	Debtor	6,133
23,138		25,925

The Police Officer Pension Fund is unfunded and has no investment assets.

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 employer paid a contribution equal to 31.0% of police officer pay for 2022/23. 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 2023.

Glossary

Police and Crime Commissioner 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 Statement 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.
CIES	Comprehensive Income and Expenditure Statement.
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.)

Police and Crime Commissioner for Dorset

Glossary Continued

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.
FTE	Full Time Equivalent.
FVOCI	Classification of Financial asset. FVOCI stands for, Fair Value through other Comprehensive Income.
FVPL	Classification of Financial asset. FVPL stands for, Fair Value through profit or loss.

Police and Crime Commissioner for Dorset

Glossary Continued

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.
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.
Medium Term Financial Strategy (MTFS)	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.
OPCC	Officer of the Police and Crime Commissioner.
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.
PCC	Police and Crime Commissioner.
PCSO	Police Community Support Officer.
PFS	Police Officers' Pension Fund Statement.
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.

Police and Crime Commissioner for Dorset

Glossary Continued

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.
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.
ROCU	Regional Organised Crime Unit.
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.