



**DORSET
POLICE**

**Chief Constable
for Dorset**

Statement of Accounts

For the year ended 31 March 2022

Audited

Chief Constable for Dorset

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
(from 2 January 2023)



Chief Financial Officer to the Chief Constable
Tim Newman
(6 September 2021 to 1 January 2023)

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Website:

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Chief Constable for Dorset
Statement of Accounts 2021/22

Contents

	Page
Accompanying Reports	
Chief Financial Officer's Narrative Report	4
Independent Auditor's Report	13
Statement of Responsibilities	18
Financial Statements	
Movement in Reserves Statement	20
Comprehensive Income and Expenditure Statement	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Financial Statements	
Note 1 Accounting Policies	25
Note 2 Accounting Standards Issued, Not Adopted	31
Note 3 Critical Judgement in Applying Accounting Policies	31
Note 4 The Chief Constable as an Accounting Entity	32
Note 5 Events After the Reporting Period	33
Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty	33
Note 7 Expenditure and Funding Analysis	35
Note 8 Expenditure and Income Analysed by Nature	38
Note 9 Vehicles, ICT and Equipment	38
Note 10 Debtors	40
Note 11 Creditors	40
Note 12 Provisions	40
Note 13 Accumulated Absences	41
Note 14 External Audit Costs	41
Note 15 Officers' Remuneration	42
Note 16 Related Party Transactions and Collaborations	46

Chief Constable for Dorset
Statement of Accounts 2021/22

Contents

	Page
Notes to the Financial Statements continued	
Note 17 Contingent Liabilities	47
Note 18 Capital Expenditure and Financing	48
Note 19 Intangible Assets	48
Note 20 Defined Benefit Pension Schemes	49
Police Officers' Pension Fund Statement (PFS)	59
Glossary	61



**DORSET
POLICE**

Accompanying Reports

Chief Constable for Dorset

Narrative Report by Tim Newman, Chief Financial Officer

1.0 INTRODUCTION

- 1.1 This narrative report aims to provide the context for the Chief Constable's financial statements and to demonstrate how the resources have been allocated in line with intended outcomes for the 2021/22 financial year.
- 1.2 The financial statements provide information on the Chief Constable's financial activities for the year ending 31 March 2022. 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.
- 1.3 The primary function of the Chief Constable is to provide an efficient and effective police service in Dorset, ensuring that the county remains one of the safest in the country in which to live, work and play. The Chief Constable introduced his Vision for the Force in 2021 which is to make Dorset a safe County for everyone. The vision outlined the purpose of the Force as being tough on crime, keeping people safe and putting victims first. To achieve the vision and purpose there are six priorities for the Force which provide a benchmark and standard against which they will be compared.
- Relentless pursuit of criminality
 - Putting victims first
 - Exceptional local policing
 - Ethical and inclusive
 - Innovating, transforming and improving
 - Empowering people to deliver excellence
- 1.4 The Police and Crime Commissioner for Dorset is David Sidwick who was elected on 6 May 2021. He launched his new Police and Crime plan on 29 October 2021 covering the period 2021 to 2029.
- 1.5 2021/22 saw a move to business as usual following the COVID pandemic although there were still implications for the Force as summer travel restrictions continued and absence levels through COVID and isolation were high.
- 1.6 The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. These accounts are the Chief Constable's single entity accounts. The single entity accounts for the Police and Crime Commissioner and the accounts for the Group are presented together in a separate document.

2.0 RESOURCES AVAILABLE IN 2021/22

- 2.1 The Police and Crime Commissioner for Dorset allocates the majority of the available annual funding to the Chief Constable. In 2021/22, the allocation to the Chief Constable was £146mn out of the total Police and Crime Commissioner funding of £148.4mn.
- 2.2 The Chief Constable works with the Police and Crime Commissioner in agreeing a Medium-Term Financial Strategy (MTFS), identifying the budget requirement for the following year and for the subsequent three years.
- 2.3 The Uplift programme entered its second year although the original national requirement to recruit 8,000 additional officers was reduced to 6,000 recognising the difficulties in recruiting caused by the pandemic. The shortfall will be made up in year 3. Of the 6,000 target, 300 were ring-fenced for additional support to Regional Organised Crime units (ROCU). For Dorset this equated to an additional 49 officers with 2 of these being its share of the ROCU target.
- 2.4 The additional funding, and costs, of this programme were central to the MTFS, alongside unavoidable cost pressures such as inflation, the increasing costs of pension schemes and capital investment requirements. The budget therefore continued to deliver efficiencies and innovation to ensure maximum value is derived from existing resources. The Police and Crime Commissioner's decision to increase the precept by the maximum £15 (6.23%) enabled a number of key areas to be addressed, including:

Chief Constable for Dorset

Narrative Report by Tim Newman, Chief Financial Officer Continued

- Investment in contact management staffing to enhance call response. 2021 has also seen the creation of an additional call handling facility in Bournemouth which has realised benefits in recruitment. This has put the Force in a better position to manage rising emergency call demand and the increasing use by the public of online reporting of crime.
- Creation of a new operating model to improve service delivery and safeguard the most vulnerable in the community. Phase 1 of this was the implementation of two local policing areas, Phase 2 is underway and carrying on into 2022/23 with the review of Public Protection and Prevention. The Force has invested in an additional Chief Superintendent and two Superintendents into these Commands.
- Investment in enabling services including additional resources for Professional Standards to deal with new Conduct and Complaints regulations; additional resource in Finance to deal with increasing demand and pension remedy work and increasing capacity within Welfare and Health and Safety.
- Recruitment of a further 18 police officers over and above the national uplift target of 49 was announced by the Home Office. This enhanced the Force response in tackling anti-social behaviour through dedicated resources working in neighbourhood teams with our partners across Dorset. It also enabled enhanced County Lines teams to target those criminal networks who exploit vulnerable people to deal drugs and harm local communities.
- Dedicated vulnerability funding to enable focus on the highest harms such as domestic abuse.
- Investment in resources available to support witnesses and other operational support.
- Continued delivery of innovative solutions and developments to key policing issues through a dedicated Innovation Fund. Projects supported during the year included:
 - The pilot of the Good Sam live video streaming application in partnership with Devon and Cornwall Police for 12 months.
 - Investment in Smart water kits for property and UV torches. This has contributed to a marked reduction in catalytic converter thefts.
 - Increased measures to protect victims of Domestic Abuse.
- Investment in the Estates Futures programme will enable improved service delivery to the public by having estates assets in the right place, with the right capacity and flexibility. The programme will deliver an estate that is fit for purpose and more energy efficient and sustainable.
- Further innovation and investment in technology, including:
 - Continued work around Robotic Process Automation with a view to setting up an in-house centre of excellence team to exploit the benefits of this technology to streamline workflows and free up resources.
 - Pronto, a mobile solution which enables wireless access to core policing systems such as Niche and Storm and replaces paper forms. It also means that officers do not need to return to the station to use a desktop computer therefore making better use of their time.

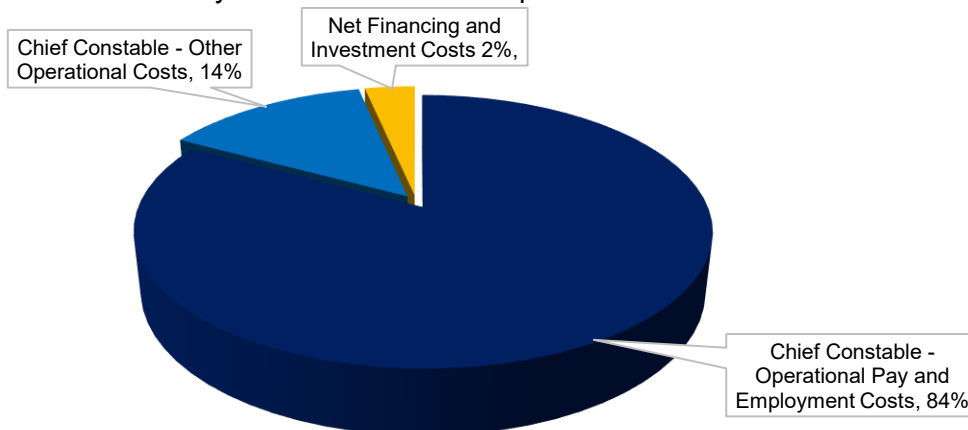
Chief Constable for Dorset

Narrative Report by Tim Newman, Chief Financial Officer Continued

3.0 ACTUAL EXPENDITURE IN 2021/22

- 3.1 The Chief Constable spent £146mn against the budget allocation of £146mn, a breakeven position. This is following year end transfer of carry forwards to the budget management reserve of £1.45mn to be transferred back to the areas of business in 2022/23. This final spend is reflected in the Expenditure and Funding Analysis in the accounts.
- 3.2 The challenge of the pandemic continued in 2021/22. The Force invested an additional £420,000 into Summer policing to deal with the exceptional demand arising from more visitors visiting the county as foreign travel restrictions continued. Despite this additional investment overtime spend continued to be a significant cost pressure. As well as this the Force had to deal with a higher than usual level of absences due to officers and staff being off sick. This was a particular challenge in custody where staffing levels must be maintained.
- 3.3 As in previous years there was an underspend in police staff pay, however this was offset by spend on agency staff and overtime.
- 3.4 Overspends in pay and employment costs have been offset by underspends in overheads, most significantly supplies and services and premises related costs and communications and computing. Reduced occupation of the buildings due to flexible working arrangements resulted in lower than budgeted spend on utilities, particularly electricity. Delays in recruiting staff also impacted spend on planned maintenance and minor improvements. There were underspends again this year in areas such as hotel accommodation, subsistence, and travel as delivery of meetings/courses continued virtually. Efficiencies were made in renegotiation of ICT contracts, hardware maintenance costs and licenses.
- 3.5 Income exceeded budget due to additional grants from the Home Office and the Office of the Police and Crime Commissioner (OPCC) as well as higher than expected income in relation to seconded officers. The return of football matches following COVID and events such as the Bournemouth Air Festival and Camp Bestival also contributed to an increase in income.
- 3.6 There were two major mutual aid events in 2021/22, namely the G7 conference in Cornwall and UN Climate Change Conference in Glasgow which placed significant demand on the Force but also generated over £500k of mutual aid income.
- 3.7 The chart below shows a breakdown of actual net revenue expenditure for 2021/22 by category of spend.

Analysis of Net Revenue Expenditure 2021/22



Chief Constable for Dorset

Narrative Report by Tim Newman, Chief Financial Officer Continued

4.0 CAPITAL PROGRAMME

4.1 The table below shows the Chief Constable's capital expenditure during 2021/22, which was all funded by advances from the Police and Crime Commissioner. The majority of the assets used by the Chief Constable, most significantly its buildings, are owned by the Police and Crime Commissioner. However certain items of equipment, ICT and vehicles are considered to be under the ownership and control of the Chief Constable. Capital expenditure in this respect consists of an ongoing programme of rationalisation, replacement and enhancement of assets, all with an expected life of more than one year, and with an individual or programme value in excess of £10,000. Capital expenditure incurred during the year is shown in the table below:

	£'m
Equipment	0.339
ICT and PRISM*	1.637
Vehicles	0.695
	2.671
*Includes revenue expenditure funded by capital under statute	0.233

4.2 ICT and equipment across the Force area is replaced when necessary to ensure officers and staff have the most appropriate access to technology and equipment to support them in their roles. Notable expenditure this year included continued replacement of digital speed cameras, upgrades to Office 365 and Windows and additional ANPR capability.

4.3 Spend on vehicles was significantly lower than budget due to the availability of new vehicles as a result of closure of factories because of COVID and a shortage of component parts.

5.0 WORKFORCE RESOURCES

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

31/03/21 (FTE)		31/03/22 (FTE)
1,275	Police Officers	1,349
1,154	Police Staff (Force)	1,205
46	Police Staff (Transforming Forensics)	49
126	PCSO's	115
2,601	Total	2,718

5.2 There was budgeted growth of 49 officers during the year funded through the Police Officer Uplift Programme and a further 19 officers that were precept funded. The actual increase in officer numbers during the year was higher than this as the uplift numbers were based on headcount of officers as opposed to FTE. The decision was also taken to over recruit towards the end of the financial year to help with the ongoing recruitment to reach the Uplift target in 2022/23.

Chief Constable for Dorset

Narrative Report by Tim Newman, Chief Financial Officer Continued

6.0 PERFORMANCE INDICATORS

External Indicators

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

- HMICFRS PEEL Report – Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The 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 “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 in progress.
- HMICFRS Value for Money Profile 2021 – 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 areas where Dorset Police is more expensive than other Forces.

Operational Performance of the Force

6.2 The 2021/22 year was again a challenging year as the county began to recover from the COVID-19 pandemic. The effect on operational performance was considerable, in particular summer policing as travel restrictions continued and people were again unable to holiday abroad. This had to be managed whilst also dealing with higher levels of absenteeism due to COVID sickness or isolation.

6.3 The following table sets out the key movement in activity in 2021/22 when compared to the previous year. The comparison is impacted by 2020/21 being a COVID year hence some areas are showing significant increases due to low volumes in 2020/21.

Chief Constable for Dorset

Narrative Report by Tim Newman, Chief Financial Officer Continued

Contact		
999 Calls	+13.9%	↑
Non-Emergency Calls	-6.9%	↓
Emails and Callbacks	-12.2%	↓
Incidents		
Incidents Recorded	+3.6%	↑
Of which, Anti-Social Behaviour *	-29.8% (-13.0%)	↓
Crime		
All Crime Recorded	+8.1%	↑
Sexual Offences	+13.2%	↑
Of which, Serious Sexual Offences	+40.7%	↑
Violence Against the Person	+8.2%	↑
Of which, Most Serious Violence	-7.1%	↓
Domestic Abuse Crime	-0.2%	↓
Theft	+10.2%	↑
Other		
Arrests Made	-2.7%	↓
Positive Outcomes	-2.7%	↓
Missing Persons	+16% (High Risk +24%)	↑
Public Protection Notices Issued	+15%	↑

* Anti-social Behaviour (ASB) includes COVID-19 related ASB. The comparator figure of -13.0% excludes COVID-19 related ASB.

- 6.4 Through changes in the 101 reporting process which included email and online reports, the Force saw a reduction in demand on 101 services, however by comparison the volume of 999 calls received by the Force has increased by 13.9%. The number of incidents created also increased by 3.9% which placed further demand on policing services.
- 6.5 Overall crime has increased by 8.1% for the reporting period, and this includes a 13.2% increase in sexual offences. The Force continues its focus on reducing violence against women and girls by targeting crimes such as sexual offending and domestic abuse and providing meaningful support to victims. The Force saw an increase in serious sexual offences by 40.7% however this included historical reporting of crimes. The Force is committed to reducing and preventing sexual offences, including rape, and works closely with our partners to improve the journey for victims and 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.

Chief Constable for Dorset

Narrative Report by Tim Newman, Chief Financial Officer Continued

- 6.6 The latest figures show Dorset has seen an increase in violence against the person offences – an increase of 8.2%, however the Force did see a decrease in most serious violence by 7.1%.
- 6.7 In relation to domestic abuse, the Force saw a small reduction of 0.2% offences reported.
- 6.8 The Force has analysed the time officers are spending at incidents, and this has increased to an average of 3 hours at each incident, and some of the factors contributing to this is ensuring greater safeguarding and increased reporting requirements to support victims and witnesses.
- 6.9 The number of arrests made by the Force has reduced by 2.7%. The Force continues to use the voluntary attendance scheme to manage suspect interviews.
- 6.10 Demand to support vulnerable people has seen an increase in missing person reports by 16%, and a 24% increase in high risk missing persons. To support missing person investigations the Force has invested in two missing persons teams, with a third due to go live in September 2022. These teams provide Force wide coverage to manage all missing children investigations and all high-risk adult missing person investigations. The creation of public protection notices has also increased by 16%, and the increased training on public protection notices and missing persons investigations through the vulnerability 3 training that was rolled out during the reporting period is likely to have influenced the increase in reporting by officers.

7.0 FUTURE FINANCIAL OUTLOOK

- 7.1 The Chief Constable and the Police and Crime Commissioner formally update the MTFs annually during the budget setting process. The 2022/23 MTFs reflected a less favourable position when compared with the 2021/22 forecasts. The plan for 2022/23 is a balanced position however for all future years of the MTFs there is a deficit predicted of approximately £2.6mn. The worsening position reflects additional pressures relating to pay, inflation and higher maintenance costs. The forecasts rely heavily on estimates and assumptions, and these will be updated during 2022/23. The Force is also introducing an efficiency programme to reduce costs.
- 7.2 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.
- 7.3 The strategic approach taken to balancing the 2022/23 budget was to ensure that decisions taken are sustainable to deliver value for money for Dorset residents.
- 7.4 The Spending Review announced in the Autumn was for a three-year period, from 2022/23 to 2024/25, and sets out the level of funding each Government Department will have to spend for each year. Key announcements for Policing in the Spending Review 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 total increases to £650mn and £800mn respectively when compared with the current year
 - £10 council tax referendum limit for Police and Crime Commissioners for each year of the review
- 7.5 Although the three-year settlement gave some stability with regard to permissible precept rises and funding it did not provide full re-imbursement of the new Health and Social care levy introduced by the Government from April 2022.

Chief Constable for Dorset

Narrative Report by Tim Newman, Chief Financial Officer Continued

7.6 Key areas of uncertainty in future planning are:

- The anticipated changes to the formula by which Home Office funding is allocated to forces. The timescale for this review is not confirmed, and it is not yet clear whether this may impact on the current MTFS.
- Future cost of pension schemes. These schemes have seen increased pressure in recent years, and this pressure is expected to continue at the next triennial valuations due, in part, to changes required to comply with the court's finding of age discrimination in the way changes to public sector pension schemes were implemented in 2015.
- Future pay awards for officers and staff. It is anticipated that police officers will receive a three-year front-loaded agreement therefore increasing the cost pressure to Forces.
- Inflationary pressures. UK inflation reached 7% in March 2022, the highest point since 1992, and has risen further since, although it is expected to reduce during 2023/24.
- Staff turnover and in particular police officer leavers.

8.0 GOVERNANCE ARRANGEMENTS

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

8.2 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.

9.0 THE STATEMENT OF ACCOUNTS

9.1 A brief explanation of the of the purpose of each of the four primary statements is provided below:

Movement in Reserves Statement - shows the changes in the Chief Constable's financial resources over the year. The Chief Constable does not hold any cash or reserves as the Police and Crime Commissioner receives all government funding and income. The Chief Constable's Comprehensive Income and Expenditure Statement shows the gross cost of policing which is offset by intra-group adjustments to reflect the payments and accruals made by the Police and Crime Commissioner at the request of the Chief Constable. The result of these adjustments is that the Chief Constable has a nil balance on his General Fund. The intra-group adjustments are mirrored in the Police and Crime Commissioner's Accounts.

Summary Movement in Reserves	Movement 31/03/2021 £'000	Change £'000	Movement 31/03/2022 £'000
Surplus or (Deficit) on the Provision of Services	411,488	(304,052)	(107,436)
Remeasurement of the net defined benefit (liability) asset	(411,488)	304,052	107,436
Total Usable Reserves	0	0	0

The significant change relates to the accounting adjustments for pensions. These 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 - 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.

Chief Constable for Dorset

Narrative Report by Tim Newman, Chief Financial Officer Continued

Summary Comprehensive Income and Expenditure Statement	Gross Expenditure	Gross Income	Net Expenditure
	2021/22	2021/22	2021/22
	£'000	£'000	£'000
Cost of Services	236,752	(45,580)	191,172
Pensions Top-Up Grant	0	(23,138)	(23,138)
Pensions Interest	41,798	(4,200)	37,598
Intra-Group Adjustments	(171,114)	72,918	(98,196)
(Surplus)/Deficit on Provision of Services	107,436	0	107,436
Remeasurement of the Pensions Net Defined Benefit Liability (Asset)	(107,436)	0	(107,436)
Total Comprehensive Income and Expenditure	0	0	0

The statement highlights that the expenditure is dominated by the net cost of providing services which is mainly the costs of policing. The other most significant cost is the pensions interest cost and remeasurement of the pension fund. These costs are 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.

Balance Sheet as at 31 March 2022 - shows how the resources available to the Chief Constable are held in the form of assets and liabilities.

Summary Balance Sheet	Balance as at	Balance as at	Movement
	31/03/2021	31/03/2022	
	£'000	£'000	
Long Term Assets	1,919,830	1,870,402	(49,428)
Current Assets	40,968	45,365	4,397
Current Liabilities	(40,968)	(45,365)	(4,397)
Long Term Liabilities	(1,919,830)	(1,870,402)	49,428
Net Assets	0	0	0

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

Summary Cash Flow Statement	Cash Flows	Cash Flows
	2020/21	2021/22
	£'000	£'000
Net (Surplus) or Deficit on the Provision of Services	(411,488)	107,436
(Increase)/Decrease in pensions liability	411,488	(107,436)
Net Cash (Inflows)/Outflows from Operating Activities	0	0

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

Tim Newman LLB ACA
Chief Financial Officer to the Chief Constable

Further Information: This publication provides a review of the financial performance of the Chief Constable for 2021/22. It may be read in conjunction with the [Police and Crime Commissioner/Group Accounts](#) and the [Police and Crime Plan](#).

Independent auditor's report to the Chief Constable for Dorset

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of the Chief Constable for Dorset (the 'Chief Constable') for the year ended 31 March 2022 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the Police Officers' Pension Fund Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Financial Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Chief Constable's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Chief Constable to cease to continue as a going concern.

In our evaluation of the Chief Financial Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Chief Constable. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Chief Constable and the Chief Constable's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Chief Financial Officer with respect to going concern are described in the 'Responsibilities of the Chief Constable and the Chief Financial Officer for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Chief Constable, the other information published together with the financial statements in the Statement of Accounts and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

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

As explained more fully in the Statement of Responsibilities, the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer. The Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011. We also identified the following additional regulatory frameworks in respect of the police pension fund: Public Service Pensions Act 2013, the Police Pension Fund Regulations 2006 and the Police Pensions Regulations 2015.
- We enquired of senior officers and the Chief Constable, concerning the Chief Constable's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers and the Chief Constable, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the Chief Constable's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journal entries that altered the Chief Constable's financial performance for the year.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud; and
 - journal entry testing, with a focus on journals posted by senior finance personnel, large post year end journals, journals posted to dates into the future, journals posted by users with increased system access privileges and journals that may be indicative of incorrect capitalisation.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuation of the net defined benefit pension liability.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the police sector; and
 - understanding of the legal and regulatory requirements specific to the Chief Constable including:
 - the provisions of the applicable legislation;
 - guidance issued by CIPFA, LASAAC and SOLACE; and
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Chief Constable's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Chief Constable's control environment, including the policies and procedures implemented by the Chief Constable to ensure compliance with the requirements of the financial reporting framework.

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

Matter on which we are required to report by exception – the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

Responsibilities of the Chief Constable

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

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Chief Constable plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Chief Constable ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Chief Constable has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit for the Chief Constable for Dorset for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

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

Jackson Murray, Key Audit Partner for and on behalf of Grant Thornton UK LLP, Local Auditor
Bristol
5 August 2024

Chief Constable for Dorset

Statement of Responsibilities

The Chief Constable's Responsibilities

The Chief Constable is required to:

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

Approval of the Accounts

I approve the Statement of Accounts.

Amanda Pearson
Chief Constable
5 August 2024

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Chief Constable'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 2021/22" (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 2022 gives a true and fair view of the financial position of the Chief Constable for Dorset at the accounting date and of the income and expenditure for the year ended 31 March 2022.

Neal Butterworth ACMA, CPFA
Chief Financial Officer to the Chief Constable
5 August 2024



**DORSET
POLICE**

Financial Statements

Chief Constable for Dorset

Movement in Reserves Statement

This statement only shows the pension related transactions from the start of the year to the end of the year for 2020/21 and 2021/22 as all reserves are managed by the Police and Crime Commissioner. The financial consequences of the operational activities undertaken by the Chief Constable is shown in the Comprehensive Income and Expenditure Statement.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021		0	0	0	0	0	0	0
Movement in Reserves								
Surplus or (Deficit) on the Provision of Services		(107,436)	0	0	0	(107,436)	0	(107,436)
Remeasurement of the net defined benefit (liability) asset		107,436	0	0	0	107,436	0	107,436
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2022		0	0	0	0	0	0	0

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020		0	0	0	0	0	0	0
Movement in Reserves								
Surplus or (Deficit) on the Provision of Services		411,488	0	0	0	411,488	0	411,488
Remeasurement of the net defined benefit (liability) asset		(411,488)	0	0	0	(411,488)	0	(411,488)
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2021		0	0	0	0	0	0	0

Chief Constable for Dorset

Comprehensive Income and Expenditure Statement

This statement reflects the Police and Crime Commissioner's financial resources consumed by the Chief Constable for 2020/21 and 2021/22. In practice all the respective costs are paid for by the Police and Crime Commissioner. This Statement includes intra-group transactions resulting in a nil balance for Total Comprehensive Income and Expenditure.

2020/21			2021/22			Notes
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000	£'000	£'000	£'000	
209,661	(46,406)	163,255	236,752	(45,580)	191,172	8
209,661	(46,406)	163,255	236,752	(45,580)	191,172	
0	(23,026)	(23,026)	0	(23,138)	(23,138)	
(209,661)	69,432	(140,229)	(236,752)	68,718	(168,034)	
0	0	0	0	0	0	
			Financing and Investment Income and Expenditure			
37,525	(3,414)	34,111	41,798	(4,200)	37,598	20
(37,525)	3,414	(34,111)	(41,798)	4,200	(37,598)	
(411,488)	0	(411,488)	107,436	0	107,436	20
(411,488)	0	(411,488)	107,436	0	107,436	
			Remeasurement of the Net Defined Benefit Liability (Asset)			
		411,488			(107,436)	
		0			0	
		0			0	

Included within the 2020/21 gross expenditure balance is an accounting adjustment of £2.148mn representing the change to the PFI liability shown on the Group Balance Sheet. This adjustment does not affect the reported outturn position.

Neal Butterworth ACMA, CPFA
Chief Financial Officer to the Chief Constable
5 August 2024

Chief Constable for Dorset

Balance Sheet

The Chief Constable owns some long term assets and holds current assets and liabilities as well as long term liabilities which relate to employee benefits. The Chief Constable does not hold reserves. The intra-group transaction entries on the Balance Sheet represents the Police and Crime Commissioner's responsibility to provide funds to the Chief Constable over the long term.

31 March 2021 Restated £'000		31 March 2022 £'000	Notes
	Long Term Assets		
12,994	Vehicles, ICT and Equipment	12,852	9
51	Intangible Assets	66	19
1,906,785	Pensions Liabilities - Intra-Group Debtor	1,857,484	4
1,919,830	Total Long Term Assets	1,870,402	
	Current Assets		
19,734	Short Term Debtors	23,188	10
451	Inventories	457	
3,217	Accumulated Absences - Intra-Group Debtor	2,749	
157	Provisions - Intra-Group Debtor	230	
17,409	Short Term Creditors - Intra-Group Debtor	18,741	
40,968	Total Current Assets	45,365	
	Current Liabilities		
(17,409)	Short Term Creditors	(18,741)	11
(3,217)	Accumulated Absences	(2,749)	13
(157)	Provisions	(230)	12
(451)	Inventories - Intra-Group Creditor	(457)	
(19,734)	Short Term Debtors - Intra-Group Creditor	(23,188)	
(40,968)	Total Current Liabilities	(45,365)	
	Long Term Liabilities		
(1,906,785)	Pensions Liabilities	(1,857,484)	20
(13,045)	Vehicles, ICT, Equipment and Intangible Assets - Intra-Group Creditor	(12,918)	9,19
(1,919,830)	Total Long Term Liabilities	(1,870,402)	
0	Net Assets	0	

The presentation of the table has changed to show the intra-group adjustments on individual lines rather than grouped into one line.

Neal Butterworth ACMA, CPFA
Chief Financial Officer to the Chief Constable
5 August 2024

Chief Constable for Dorset

Cash Flow Statement

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

2020/21 £'000		2021/22 £'000
(411,488)	Net (Surplus) or Deficit on the Provision of Services	107,436
	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements	
411,488	(Increase)/Decrease in pensions liability	(107,436)
<u>0</u>	Net Cash (Inflows)/Outflows from Operating Activities	<u>0</u>
<u>0</u>	Cash and Cash Equivalents at the end of the reporting period	<u>0</u>



**DORSET
POLICE**

Notes to the Financial Statements

Chief Constable for Dorset

Note 1 Accounting Policies

1. GENERAL PRINCIPLES

The statement of accounts summarises the Chief Constable's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Chief Constable 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 2021/22, 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.
- 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 Chief Constable's financial position or financial performance. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

4. PRIOR PERIOD ADJUSTMENTS, ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period 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.

Chief Constable for Dorset

Note 1 Accounting Policies Continued

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 Chief Constable a possible obligation whose existence can only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Chief Constable.

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

7. JOINT OPERATIONS

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

8. OVERHEADS AND SUPPORT SERVICES

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

9. EMPLOYEE BENEFITS

9.1 Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end 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 in the Police and Crime Commissioner accounts to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the absence occurs.

9.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate an employee's employment before the normal retirement date. The amount is charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Chief Constable is demonstrably committed to the termination of the employment of an employee. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Chief Constable to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards (this only applies to compulsory redundancies).

In the Movement in Reserves Statement in the Police and Crime Commissioner accounts, 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.

Chief Constable for Dorset

Note 1 Accounting Policies Continued

9.3 Post-Employment Benefits

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

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

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

9.3.1 Police Officers' Pension Schemes

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

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

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

9.3.2 The Local Government Pension Scheme

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

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 Chief Constable are included in the Balance Sheet at their fair value:

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

9.3.3 Net Pensions Liability Analysed

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

Service cost comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.

Chief Constable for Dorset

Note 1 Accounting Policies Continued

- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Chief Constable - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. 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.

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 as other Comprehensive Income and Expenditure.

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

- cash paid as to pensioners including injury pension payments.

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

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

9.3.4 Police Officers' Injury Benefits

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

9.3.5 Impact on Reserves

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

9.4 Discretionary Benefits

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

10. PROVISIONS

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Chief Constable 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.

Chief Constable for Dorset

Note 1 Accounting Policies Continued

When payments are eventually made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed (or reduced) and credited back to the 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 Chief Constable settles the obligation.

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

11. PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment. Property is accounted for in the Police and Crime Commissioner accounts whilst ICT, vehicles, plant, equipment and intangibles are included within the Chief Constable accounts. These operational assets are offset on the Balance Sheet by a long term liability representing the requirement that the Chief Constable pays for these assets over their operational life. The long term liability will be written down in line with the depreciation policy as set out in the note.

The expenditure within the Comprehensive Income and Expenditure Statement of the Chief Constable includes a charge for use of property, ICT, vehicles, plant, equipment and intangible assets based on the fair value of the assets used by the Chief Constable to deliver a policing service. The accounting policies of the Group in relation to depreciation are set out within the financial statements of the Police and Crime Commissioner.

11.1 Recognition

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

11.2 Measurement

Assets are initially measured at cost, comprising:

- 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.

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

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

11.3 Depreciation

Depreciation is provided for all ICT, vehicles, 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 and assets that are not yet available for use (i.e. asset under construction).

Chief Constable for Dorset

Note 1 Accounting Policies Continued

Depreciation is calculated on the following bases:

- Information and Communications Technology (ICT) – 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.
- Vehicles – are depreciated monthly using the straight-line allocation, over the forecast useful life of the vehicle. The depreciation in the first year will reflect the number of months that the vehicle has been registered.

11.4 Disposals

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

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 as shown in the Police and Crime Commissioner Group accounts together with the amounts that are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

12. INTANGIBLE ASSETS

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

12.1 Measurement

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

12.2 Amortisation

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

12.3 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.

12.4 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 in the Police and Crime Commissioner accounts.

Chief Constable for Dorset

Note 1 Accounting Policies Continued

13. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

14. EXCEPTIONAL ITEMS

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

15. CHARGES TO REVENUE NON-CURRENT ASSETS

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

- depreciation attributable to the assets used by the relevant service
- amortisation of intangible assets attributable to the service.

The Police and Crime Commissioner is not required to raise council tax to fund the depreciation and amortisation that is charged against the Chief Constable's Comprehensive Income and Expenditure Statement. However, there is a requirement to make an annual contribution from revenue to contribute towards the reduction in the overall borrowing requirement (calculated on a prudent basis determined by the Group in accordance with statutory guidance). Depreciation 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 as shown in the Police and Crime Commissioner Group accounts.

16. COST AND INTRA-GROUP RECOGNITION

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

Note 2 Accounting Standards Issued, Not Adopted

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

The standards introduced in the 2021/22 Code do not apply to the Chief Constable accounts.

Note 3 Critical Judgements in Applying Accounting Policies

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

- The 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.

Chief Constable for Dorset

Note 3 Critical Judgements in Applying Accounting Policies Continued

- Estimation of the pension element of the provision (set out above) is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows.

Note 4 The Chief Constable as an Accounting Entity

The Chief Constable is part of an accounting group along with the Police and Crime Commissioner (referred to as the PCC Group). The accounting recognition of the Group's assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

The Police and Crime Commissioner receives all government funding and income, and the Chief Constable 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. A long term debtor has been established in the Chief Constable's Balance Sheet to reflect the continuing requirement on an elected policing body, as required under the Police Reform and Social responsibility Act 2011, for the Police and Crime Commissioner to provide funds to the Chief Constable for the payment of pensions and other employee benefits. Should the Police and Crime Commissioner be required to settle future pension liabilities, there is no long-term expectation that the Home Office will provide this funding. Similarly, the Chief Constable could not be expected to fund the liability as the Chief Constable (the current grant arrangements notwithstanding) has no assets, cash reserves, income receipts or other sources of funding. It is reasonable to expect that should the Police and Crime Commissioner Group be required to settle future pension liabilities (however unlikely this may be), then settlement would result in an outflow of resources from the Police and Crime Commissioner.

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 2021/22.

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

All of the assets and liabilities and reserves of the 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 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.

Chief Constable for Dorset

Note 4 The Chief Constable as an Accounting Entity Continued

- Certain categories of current liabilities are shown on the Chief Constable Balance Sheet. These liabilities are offset in the Balance Sheet by a short term debtor.

Intra-Group Transactions	2020/21		2021/22	
	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Comprehensive Income and Expenditure Statements				
Net Cost of Policing	(140,229)	140,229	(168,034)	168,034
Pensions Interest Cost - Intra-Group Transaction	(34,111)	34,111	(37,598)	37,598
Actuarial (Gains)/Losses on Pensions Funds - Intra-Group Transaction	(411,488)	411,488	107,436	(107,436)
Balance Sheet				
Non-Current Assets/Liabilities				
Pensions Liabilities	(1,906,785)	0	(1,857,484)	0
Pensions Liabilities - Intra-Group Debtor	1,906,785	0	1,857,484	0
Pensions Liabilities - Intra-Group Creditor	0	(1,906,785)	0	(1,857,484)
Vehicles, ICT, Equipment Assets and Intangible Assets	13,045	0	12,918	0
Vehicles, ICT, Equipment Assets and Intangible Assets - Intra-Group Creditor	(13,045)	0	(12,918)	0
Vehicles, ICT, Equipment Assets and Intangible Assets - Intra-Group Debtor	0	13,045	0	12,918
Current Assets/Liabilities				
Current Liabilities	(20,783)	0	(21,720)	0
Current Liabilities - Intra-Group Debtor	20,783	0	21,720	0
Current Liabilities - Intra-Group Creditor	0	(20,783)	0	(21,720)
Current Assets	20,185	0	23,645	0
Current Assets - Intra-Group Creditor	(20,185)	0	(23,645)	0
Current Assets - Intra-Group Debtor	0	20,185	0	23,645
Unusable Reserves				
Intra-Group Transactions	0	(1,894,338)	0	(1,842,642)

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 unaudited Statement of Accounts were issued on 29 July 2022 and the audited Statement of Accounts were authorised for issue on 5 August 2024. 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 2022, 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

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

with certainty, actual results could be materially different from the assumptions and estimates. The items in the Chief Constable's Balance Sheet at 31 March 2022 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. As a result of the COVID-19 pandemic, the market has been subject to volatility during 2020/21 and 2021/22, 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.

Chief Constable for Dorset

Note 7 Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used by the Chief Constable. All costs are paid for by the Police and Crime Commissioner which is funded from government grants, council tax and other income. The Police and Crime Commissioner meets the Chief Constable's expenditure in full by an intra-group transaction. There is no net expenditure chargeable to the General Fund.

2021/22									
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure Chargeable to the General Fund	Intra-Group Adjustments	Net Expenditure in the CIES	Intra-Group Adjustments			Total
						Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	
						(Note 7.1)	(Note 7.2)	(Note 7.3)	
						£'000	£'000	£'000	
Chief Constable	146,066	(1,173)	144,893	46,279	191,172	(3,046)	43,673	5,652	46,279
Cost of Services	146,066	(1,173)	144,893	46,279	191,172	(3,046)	43,673	5,652	46,279
Pension Top Up Grant	0	0	0	(23,138)	(23,138)	0	(23,138)	0	(23,138)
Intra-Group Transaction	(146,066)	1,173	(144,893)	(23,141)	(168,034)	3,046	(20,535)	(5,652)	(23,141)
Cost of Services Net of Pensions Top Up Grant	0	0	0	0	0	0	0	0	0
Pensions Interest	0	0	0	37,598	37,598	0	37,598	0	37,598
Pensions Interest - Intra-Group Transaction	0	0	0	(37,598)	(37,598)	0	(37,598)	0	(37,598)
Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	0	0	0	107,436	107,436	0	107,436	0	107,436
(Surplus)/Deficit on the Provision of Services	0	0	0	107,436	107,436	0	107,436	0	107,436

* This note has been expanded to include the movement from the costs of services line to the surplus/deficit on the provision of services line. Three lines have been introduced: pensions interest (£37,598k) and corresponding intra-group adjustment ((£37,598k)); and actuarial (gains)/losses intra-group adjustment (£107,436k). A new intra-group adjustment column has been added and the relevant figures included. These figures were previously shown under the adjustments heading. The breakdown of the intra-group adjustments into the three elements is now shown under the heading intra-group adjustments rather than adjustments between the funding and accounting basis. The adjustments totalling (£1,173k) refers to resources that the Chief Constable has spent on services and capital investment.

Chief Constable for Dorset

Note 7 Expenditure and Funding Analysis Continued

2020/21									
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure Chargeable to the General Fund	Intra-Group Adjustments	Net Expenditure in the CIES	Intra-Group Adjustments			
						Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total
						(Note 7.1)	(Note 7.2)	(Note 7.3)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	139,350	(201)	139,149	24,106	163,255	(5,703)	23,014	6,795	24,106
Cost of Services	139,350	(201)	139,149	24,106	163,255	(5,703)	23,014	6,795	24,106
Pension Top Up Grant	0	0	0	(23,026)	(23,026)	0	(23,026)	0	(23,026)
Intra-Group Transaction	(139,350)	201	(139,149)	(1,080)	(140,229)	5,703	12	(6,795)	(1,080)
Cost of Services Net of Pensions Top Up Grant	0	0	0	0	0	0	0	0	0
Pensions Interest	0	0	0	34,111	34,111	0	34,111	0	34,111
Pensions Interest - Intra-Group Transaction	0	0	0	(34,111)	(34,111)	0	(34,111)	0	(34,111)
Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	0	0	0	(411,488)	(411,488)	0	(411,488)	0	(411,488)
(Surplus)/Deficit on the Provision of Services	0	0	0	(411,488)	(411,488)	0	(411,488)	0	(411,488)

* This note has been expanded to include the movement from the costs of services line to the surplus/deficit on the provision of services line. Three lines have been introduced: pensions interest (£34,111k) and corresponding intra-group adjustment ((£34,111k)); and actuarial (gains)/losses intra-group adjustment ((£411,488k)). A new intra-group adjustment column has been added and the relevant figures included. These figures were previously shown under the adjustments heading. The breakdown of the intra-group adjustments into the three elements is now shown under the heading intra-group adjustments rather than adjustments between the funding and accounting basis. The adjustments totalling (£201k) refers to resources that the Chief Constable has spent on services and capital investment.

Chief Constable 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 and revenue contributions from the cost of the Chief Constable's services

7.2 Net Change for Pensions' Adjustments

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

- **For services** – this represents the removal of the employer pension contributions made by the Group on behalf of the Chief Constable 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 such as accumulated absences.

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.

Chief Constable for Dorset

Note 8 Expenditure and Income Analysed by Nature

2020/21 Restated £'000	Expenditure/Income	2021/22 £'000
	Expenditure	
148,413	Employee benefit expenses	175,218
58,922	Other service expenses	58,892
2,326	Depreciation, amortisation, impairment	2,642
209,661	Total Expenditure	236,752
	Income	
(9,890)	Fees charges and other service income*	(13,126)
(36,516)	Government grants and contributions*	(32,454)
(23,026)	Pension Top Up Grant	(23,138)
(69,432)	Total Income	(68,718)
	Cost of Services including the Pension Top Up Grant and excluding the Intra-Group Transactions	
140,229		168,034

* Fees, charges and other service income has been restated following a reclassification of income to the Government grants and contributions line.

Note 9 Vehicles, ICT and Equipment

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

2020/21		Movements	2021/22	
Vehicles, ICT and Equipment Under Construction	Vehicles, ICT and Equipment		Vehicles, ICT and Equipment Under Construction	Vehicles, ICT and Equipment
£'000	£'000		£'000	£'000
0	33,762	Balance at 1 April	1,552	26,483
1,552	3,436	Additions	553	1,973
0	(10,715)	Disposals	0	(2,064)
0	0	Reclassification	(1,838)	1,838
1,552	26,483	Balance at 31 March	267	28,230
		Accumulated Depreciation		
0	(23,544)	Balance at 1 April	0	(15,041)
0	(2,186)	Depreciation Charge	0	(2,655)
0	10,689	Derecognition-Disposals	0	2,051
0	0	Reclassification	0	0
0	(15,041)	Balance at 31 March	0	(15,645)
		Net Book Value		
0	10,218	Balance at 31 March 2020		
1,552	11,442	Balance at 31 March 2021	1,552	11,442
		Balance at 31 March 2022	267	12,585

The asset under construction total additions of £0.553mn comprises £0.302mn for vehicles and £0.251mn for ICT.

Chief Constable for Dorset

Note 9 Vehicles, ICT and Equipment Continued

9.1 Recognition

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

- ICT £10,000
- Plant and Equipment £10,000
- Vehicles £10,000

9.2 Depreciation

A review of asset lives has taken place in 2021/22 and the useful life for some assets have been amended. The following useful lives and approaches to depreciation have been used to calculate depreciation charges:

9.2.1 Information and Communications Technology (ICT)

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

9.2.2 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.

9.2.3 Vehicles

Classes of vehicle are given specific asset lives. These are within the range 2-30 years. Vehicles are depreciated monthly over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.

9.3 Asset Transfers

No assets have been transferred from the Police and Crime Commissioner to the Chief Constable in 2021/22.

9.4 Componentisation

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

9.5 De-recognition

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.

Chief Constable for Dorset

Note 10 Debtors

31 March 2021		31 March 2022
£'000		£'000
11,685	Central government bodies	12,504
2,827	Other local authorities	3,846
0	National Health Service	42
5,222	Other entities and individuals	6,796
<u>19,734</u>	Total Debtors	<u>23,188</u>

Note 11 Creditors

31 March 2021		31 March 2022
£'000		£'000
(1,835)	Central government bodies	(451)
(5,123)	Other local authorities	(3,023)
(400)	National Health Service	(61)
(10,051)	Other entities and individuals	(15,206)
<u>(17,409)</u>	Total Creditors	<u>(18,741)</u>

Note 12 Provisions

2021/22	Other
	£'000
Current Liabilities	
Balance at 1 April 2021	(157)
Additional provisions made	(73)
Amounts used/no longer required	0
Balance at 31 March 2022	(230)

2020/21	Other
	£'000
Current Liabilities	
Balance at 1 April 2020	(204)
Additional provisions made	(12)
Amounts used	59
Balance at 31 March 2021	(157)

12.1 Remuneration Provision

12.1.1 Contractual pay claims

The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2021/22.

12.1.2 Employment tribunal

Judgements are applied in determining the level of the employment tribunal provision.

Chief Constable for Dorset

Note 13 Accumulated Absences

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

2020/21 £'000		2021/22 £'000
(2,137)	Balance at 1 April	(3,217)
2,137	Settlement or cancellation of accrual made at the end of the preceding year	3,217
(3,217)	Amounts accrued at the end of the current year	(2,749)
(1,080)	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	468
(3,217)	Balance at 31 March	(2,749)

The increase in 2020/21 can be explained by officers and staff carrying forward more leave than in previous years, likely due to the COVID-19 pandemic. Although there has been a reduction, the balance as at 31 March 2022 remains high and above pre-pandemic levels.

Note 14 External Audit Costs

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

2020/21 £'000		2021/22 £'000
18	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	20
0	Fees payable to external auditors for other services	0
18		20

The 2020/21 fee has been approved, by the Public Sector Audit Appointments (PSAA); the body responsible for appointing the auditors. The 2021/22 figures have been updated. The revised figures were received after the publication of the draft accounts.

Chief Constable for Dorset

Note 15 Officers' Remuneration

15.1 Remuneration

This note shows the officer remuneration costs for officers and staff employed by the Chief Constable above the rank of Superintendent and the staff equivalent:

2021/22	Note	Salary, Fees and Allowances £	Bonuses, Subsistence & Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
Chief Constable							
Salary £150,000 plus per year							
Deputy Chief Constable to 13/08/21 - Chief Constable from 14/08/21 - Scott Chilton	1	156,301	0	3,490	159,791	47,373	207,164
Chief Constable - James Vaughan from 01/04/21 to 13/10/21		95,324	0	0	95,324	27,347	122,671
Salary £50,000 to £149,999 per year							
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	165,471
Assistant Chief Constable from 12/03/22		6,204	0	0	6,204	1,760	7,964
Chief Superintendent from to 13/08/21 - Assistant Chief Constable from 14/08/21		108,403	0	0	108,403	28,279	136,682
Assistant Chief Constable to 17/04/21		5,770	0	0	5,770	1,343	7,113
Assistant Chief Constable (Regional)	2	119,220	21,248	12,065	152,533	36,958	189,491
Chief Financial Officer from 06/09/21		44,586	0	0	44,586	6,904	51,490
Interim Chief Financial Officer to 31/12/21		59,660	0	0	59,660	0	59,660
Director of People and Support Services from 12/07/21		80,436	0	0	80,436	12,988	93,424
Chief Superintendent from 14/08/21		60,583	0	0	60,583	17,032	77,615
Chief Superintendent		98,192	0	0	98,192	28,442	126,634
Chief Superintendent		99,191	0	0	99,191	27,644	126,835
Chief Superintendent from 18/04/21		94,354	0	0	94,354	27,099	121,453
Chief Superintendent from 21/06/21		75,328	0	0	75,328	20,969	96,297
Chief Superintendent from 14/03/22		4,765	0	0	4,765	1,243	6,008
Chief Superintendent - ESN Programme Director from 15/02/22	4	11,944	0	0	11,944	3,370	15,314
Chief Superintendent - ESN Programme Director to 28/02/22	4	86,981	0	0	86,981	26,072	113,053

Chief Constable for Dorset

Note 15 Officers' Remuneration Continued

2020/21	Note	Salary, Fees and Allowances £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<u>Chief Constable</u>							
<u>Salary £150,000 plus per year</u>							
Chief Constable - James Vaughan		176,516	0	0	176,516	50,602	227,118
<u>Salary £50,000 to £149,999 per year</u>							
Deputy Chief Constable from 01/04/20 to 21/10/20	1	74,208	0	2,209	76,417	26,747	103,164
Deputy Chief Constable from 05/10/20 to 31/03/21	1	66,323	0	5,564	71,887	20,031	91,918
Assistant Chief Constable from 01/04/20 to 01/11/20		76,252	0	0	76,252	21,286	97,538
Assistant Chief Constable from 01/06/20 to 31/03/21		87,356	7,978	4,291	99,625	27,080	126,705
Assistant Chief Constable		117,604	0	0	117,604	28,153	145,757
Assistant Chief Constable (Regional) from 01/02/21	2	19,870	2,091	1,019	22,980	6,160	29,140
Assistant Chief Officer from 01/04/20 to 07/04/20		14,896	0	490	15,386	333	15,719
Interim Chief Financial Officer (part time)		99,940	0	0	99,940	0	99,940
Director of Human Resources from 01/04/20 to 07/04/20	3	10,781	0	0	10,781	333	11,114
Chief Superintendent		95,575	0	0	95,575	26,378	121,953
Chief Superintendent		99,222	0	0	99,222	28,153	127,375
Chief Superintendent		95,597	0	0	95,597	27,333	122,930
Chief Superintendent – ESN Programme Director	4	94,562	0	0	94,562	28,153	122,715
Chief Superintendent - Secondment to College of Policing from 01/04/20 to 31/05/20	5	15,344	36	0	15,380	4,625	20,005

Chief Constable for Dorset

Note 15 Officers' Remuneration Continued

15.1 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. In 2020/21 the Director of Human Resources post was shared between Devon and Cornwall Police and Dorset Police. The contract of employment is with Dorset Police and for this reason the remuneration disclosure is made in the Statement of Accounts of Dorset Police. Devon and Cornwall Police refund Dorset 70% of the pay costs and 50% of the settlement and pension strain costs
4. Dorset Police fund 11.76% of the Chief Superintendent ESN Programme Director post.
5. The costs of the Chief Superintendent are 100% funded by the College of Policing.

15.2 Termination Costs

The total termination costs (exit costs) shown in the table below are the payments made to individuals plus payments to recompense the pension fund for the additional payment calculated on an actuarial basis in 2020/21 and 2021/22. They relate to staff employed by the Chief Constable. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of costs 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		
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £'000	2021/22 £'000	
£0 – £20,000	0	0	4	3	4	3	40	12	
Total included in bandings and in CIES	0	0	4	3	4	3	40	12	
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								3	0
Redundancy cost recharged to Devon and Cornwall Police as part of Strategic Alliance agreement								0	(3)
Exit Costs charged to the Comprehensive Income and Expenditure Statement								43	9

Chief Constable for Dorset

Note 15 Officers' Remuneration Continued

15.3 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.

2020/21		2021/22
Number of employees	Remuneration Band	Number of employees
143	£50,000 - £54,999	185
100	£55,000 - £59,999	122
48	£60,000 - £64,999	48
0	£65,000 - £69,999	17
5	£70,000 - £74,999	12
3	£75,000 - £79,999	6
6	£80,000 - £84,999	3
4	£85,000 - £89,999	6
2	£90,000 - £94,999	1
0	£95,000 - £99,999	0
0	£100,000 - £104,999	0
1	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	1
312	Total	401

The above table does not include staff and officers paid below £50,000 who make up approximately 88% of the workforce.

Pay scales for police officers are set nationally.

Chief Constable for Dorset

Note 16 Related Party Transactions and Collaborations

16.1 Related Party Transactions

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

16.1.1 Officers

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

16.2 Collaborations

16.2.1 Collaborations

The Chief Constable participates in 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.

2020/21			2021/22
Restated* Expenditure £'000	Notes	Joint Operation	Expenditure £'000
955	1	South West Regional Special Branch	920
3,864	2	South West Regional Forensics Services	4,057
217	3	South West Police Procurement Services	206
1,130	4	South West Regional Organised Crime Unit (ROCU)	1,521
175	5	South West Regional Programme	173
6,341			6,877

16.2.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Devon and Cornwall Police and Wiltshire Police. Each Force has a committed number of staff who are based within their own Force area but work on behalf of the four Forces. The Force cost for the year was £920k. The total cost of £3,851k is split on a percentage basis, with Dorset Police contributing 23.9%, Avon and Somerset contributing 28.4%, Devon and Cornwall contributing 28.9% and Wiltshire Police contributing 18.8%.

16.2.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Devon and Cornwall Police as the lead Force. There are bases in all four Forces, with each force employing a number of staff. The Force cost for the year was £4,057k. Most of the £22,089k total cost is split on a percentage basis, with Dorset contributing 18.7%, Avon and Somerset contributing 36.6%, Devon and Cornwall contributing 30.5% and Wiltshire Police contributing 14.2%.

Chief Constable for Dorset

Note 16 Related Party Transactions and Collaborations Continued

16.2.3 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 based across the region, with them all employed by Devon and Cornwall Police. The Force cost for the year was £206k. Most of the £1,475k total cost is split on a percentage basis with Dorset contributing 13.94%, Wiltshire Police contributing 12.33%, Gloucestershire Police contributing 12.24%, Devon and Cornwall Police contributing 32.65% and Avon and Somerset contributing 28.84%.

16.2.4 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 £1,521k. The total cost of £11,314k 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%.

16.2.5 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 Force cost for the year was £173k. The total cost of £1,279k 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%.

Note 17 Contingent Liabilities

17.1 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.

Chief Constable for Dorset

Note 18 Capital Expenditure and Financing

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

2020/21 £'000		2021/22 £'000
0	Opening Capital Financing Requirement	0
	Capital Investment:	
1,772	Vehicles	742
3,216	Plant, Equipment and ICT	1,784
0	Intangibles	2
5,626	Revenue Expenditure Funded from Capital Under Statute	6,120
10,614		8,648
	Less Sources of Finance:	
(10,614)	Delegation from Police and Crime Commissioner	(8,648)
(10,614)		(8,648)
0	Increase/(Decrease) in Capital Financing Requirement	0
0	Closing Capital Financing Requirement	0

Note 19 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% and greater than £100k of the main asset value.

19.1 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. A review of asset lives has resulted in £13k of depreciation being written back in 2021/22.

19.2 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.

Chief Constable for Dorset

Note 19 Intangible Assets Continued

2020/21 Non-Operational Assets £'000		2021/22 Non-Operational Assets £'000
	Balance at start of year	
2,142	Gross carrying amounts	2,648
(1,951)	Accumulated amortisation	(2,597)
191	Net carrying amount at start of year	51
0	Additions	2
0	Derecognition - Gross Value	(2,194)
506	Write up of the Gross Value	0
(140)	Amortisation for the period	13
(506)	Amortisation associated with the Gross Value write up	0
0	Derecognition - Gross Amortisation	2,194
51	Net carrying amount at end of year	66
	Comprising:	
2,648	Gross carrying amounts	455
(2,597)	Accumulated Amortisation	(389)
51		66

Note 20 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and staff, the Chief Constable makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable 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 Chief Constable operates four pension schemes, three for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their pensionable pay and length of service. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary.

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.

Chief Constable for Dorset

Note 20 Defined Benefit Pension Schemes Continued

20.1 Police Officer Schemes

20.1.1 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 Chief Constable and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Chief Constable'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 Chief Constable makes payments under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officer pension scheme. The independent actuary has estimated the costs and they are included within Police Officers scheme disclosure.

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

2020/21 £'000		2021/22 £'000
(1,349,345)	Opening balance at 1 April	(1,725,922)
(29,596)	Current service cost	(48,692)
(31,244)	Interest cost	(34,112)
(6,571)	Contributions from scheme participants	(6,778)
	Remeasurement gains and (losses):	
22,504	• Actuarial gains/(losses) arising from changes in demographic assumptions	0
(330,131)	• Actuarial gains/(losses) arising from changes in financial assumptions	55,297
(47,930)	• Experience gains/(losses) on defined benefit obligation	(2,565)
45,001	Benefits paid	46,152
0	Past service costs, including curtailments	0
1,390	Injury pension payments	1,465
(1,725,922)	Closing balance at 31 March	(1,715,155)

20.1.3 Transactions relating to Retirement Benefits

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

Chief Constable for Dorset

Note 20 Defined Benefit Pension Schemes Continued

2020/21 £'000	Comprehensive Income and Expenditure Account	2021/22 £'000
	Cost of Services	
29,596	Current service cost	48,692
0	Past service cost	0
31,244	Financing and Investment Income and Expenditure	
	Net interest expense	34,112
60,840	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	82,804
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(22,504)	• Actuarial (gains)/losses arising on changes in demographic assumptions	0
330,131	• Actuarial (gains)/losses arising on changes in financial assumptions	(55,297)
47,930	Experience (gains)/losses on defined benefit obligation	2,565
416,397	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements	30,072
	Intra-Group Adjustment	
(60,840)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(82,804)
	Actual amounts charged against the General Fund Balance for pensions in the year:	
16,794	Employers' contributions payable to scheme	17,701
23,026	Home Office Top Up Grant	23,138

20.1.4 Impact on the Chief Constable's Cashflow

The liabilities show the underlying commitments that arise from the fact that the Chief Constable has to pay retirement benefits over a long-term period. The total liability of £1.715bn has a substantial impact on the net worth as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position remains healthy, 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 contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2023 is £17.139mn.

Chief Constable for Dorset

Note 20 Defined Benefit Pension Schemes Continued

20.1.5 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 2020 and set contributions for the period from 1 April 2023 to 31 March 2027. The next combined actuarial valuation will be carried out as at 31 March 2024.

The significant assumptions used by the actuary have been:

2020/21	Mortality Assumptions:	2021/22
	Longevity at 65 for current pensioners:	
21.1	Men	21.1
23.3	Women	23.4
	Longevity at 65 for future pensioners:	
22.3	Men	22.4
24.8	Women	24.9
	Financial Assumptions:	
2.85%	Rate of Inflation	3.30%
3.85%	Rate of increase in salaries	4.30%
2.85%	Rate of increase in pensions	3.30%
2.00%	Rate for discounting scheme liabilities	2.60%

The estimated weighted average duration of the Police Officer schemes is 18 years, and it is this duration that has been used to derive the assumptions. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. Changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	81,497	(77,635)
Rate of increase in salaries (increase or decrease by 0.1%)	3,857	(3,833)
Rate of increase in pensions (increase or decrease by 0.1%)	27,924	(27,361)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(31,375)	32,031

Chief Constable for Dorset

Note 20 Defined Benefit Pension Schemes Continued

20.2 Police Staff Scheme

20.2.1 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 Chief Constable and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets. In addition to the above scheme there are arrangements for the award of discretionary post-employment benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. As these benefits are unfunded cash has to be generated to meet actual pension payments as they fall due.

20.2.2 Transactions Relating to Retirement Benefits

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

2020/21 £'000	Comprehensive Income and Expenditure Account	2021/22 £'000
	Cost of Services	
	Service cost comprising:	
16,371	• Current service cost	19,747
576	• Past service cost	0
0	• (Gain)/loss from settlements	195
124	• Administration Expenses	167
	Financing and Investment Income and Expenditure	
2,869	Net interest expense	3,486
19,940	Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	23,595
	Other Post Employment Benefits Charged to Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(35,336)	• Return on plan assets (excluding the amount included in the net interest expense)	(24,960)
(2,978)	• Actuarial (gains)/losses arising on changes in demographic assumptions	(9,948)
97,180	• Actuarial (gains)/losses arising on changes in financial assumptions	(24,338)
219	Apportionment Adjustment	866
0	Other actuarial (gains)/losses	(19,605)
(3,153)	Experience (gains)/loss on defined benefit obligation	23,283
75,872	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(31,107)

Chief Constable for Dorset

Note 20 Defined Benefit Pension Schemes Continued

2020/21 £'000		2021/22 £'000
	Intra-Group Adjustment	
(19,940)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(23,595)
	Funded Liabilities	
	Actual amount charged against the General Fund Balance for pensions in the year:	£'000
6,842	Employers' contributions payable to scheme	7,409
	Unfunded Liabilities	
	Actual amount charged against the General Fund Balance for pensions in the year:	£'000
18	Retirement benefits payable to pensioners	18

20.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

31 March 2021 £'000		31 March 2022 £'000
(386,998)	Present value of the defined benefit obligation	(403,101)
206,135	Fair value of plan assets	260,772
(180,863)	Net liability arising from defined benefit obligation	(142,329)

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. As discussed with the External Auditors at the time, the approach to calculating the bulk transfer payment was not yet finalised. It was agreed that an estimate of the impact would be included based on the limited information that was available. 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.

Chief Constable for Dorset

Note 20 Defined Benefit Pension Schemes Continued

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

31 March 2021		31 March 2022
£'000		£'000
(276,069)	Opening balance at 1 April	(386,998)
(16,371)	Current service cost	(19,747)
(6,281)	Interest cost	(7,686)
(2,616)	Contributions from scheme participants	(2,658)
	Remeasurement gains/(losses):	
2,978	• Actuarial gains/(losses) arising from changes in demographic assumptions	9,948
(97,180)	• Actuarial gains/(losses) arising from changes in financial assumptions	24,338
3,153	• Experience gains/(losses) on defined benefit obligation	(23,283)
0	Liabilities assumed/(extinguished) on settlements	492
(535)	Apportionment Adjustment	(1,864)
(576)	Past service cost including gains/(losses) on curtailments	0
6,499	Benefits paid	4,357
(386,998)	Closing balance at 31 March	(403,101)

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

The Chief Constable's contribution to the Local Government Pension Scheme for the accounting period to 31 March 2023 is estimated to be £8.602mn. This estimation excludes the capitalised cost of any early retirements or augmentations which may occur after 31 March 2022. These projections are based on the assumptions as at 31 March 2022.

31 March 2021		31 March 2022
£'000		£'000
164,219	Opening fair value of scheme assets	206,135
3,413	Interest income	4,200
	Remeasurement gains/(losses):	
35,336	• The return on plan assets, excluding the amount included in the net interest expense	24,960
316	Apportionment Adjustment	1,000
(124)	Administration expenses	(167)
6,860	Contributions from employer	7,427
2,614	Contributions from employees into the scheme	2,656
(6,499)	Benefits paid	(4,357)
0	Settlement prices received/(paid)	(687)
0	Other actuarial gains/(losses)	19,605
206,135	Closing fair value of scheme assets	260,772

Chief Constable for Dorset

Note 20 Defined Benefit Pension Schemes Continued

20.2.6 Local Government Pension Scheme assets comprised

31 March 2021		31 March 2022
£'000	Fair Value of Scheme assets	£'000
	Cash and cash equivalents	
110,895	UK Equities	130,392
10,330	Diversified Growth Fund	0
23,131	Gilts	0
15,301	Other Bonds	10,431
18,895	Property	26,076
12,652	Infrastructure	20,861
4,402	Cash	13,038
1,039	Secured Income Funds	0
9,490	Multi Asset Credit	28,683
0	Liability Driven Investment	31,291
206,135	Total	260,772

20.2.7 Basis for Estimating Assets and Liabilities

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

The liabilities have been estimated by Barnett Waddingham 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:

2020/21		2021/22
	Long-term expected rate of return on assets in the scheme:	
2.00%	Equity investments	2.60%
2.00%	Bonds	2.60%
2.00%	Other	2.60%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
23.1	Men	22.1
24.6	Women	24.2
	Longevity at 65 for future pensioners:	
24.4	Men	23.4
26.0	Women	25.6
	Financial Assumptions:	
2.80%	Rate of inflation	3.15%
3.80%	Rate of increase in salaries	4.15%
2.80%	Rate of increase in pensions	3.15%
2.00%	Rate for discounting scheme liabilities	2.60%

The past service liability duration has been estimated at 25 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 have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Chief Constable for Dorset

Note 20 Defined Benefit Pension Schemes Continued

20.2.8 Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Mortality age rating assumption (increase or decrease in 1 year)	16,824	(16,111)
Rate of increase in salaries (increase or decrease by 0.1%)	978	(970)
Rate of increase in pensions (increase or decrease by 0.1%)	8,901	(8,602)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(9,612)	9,942

20.2.9 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 contribution option at the previous valuation date will remain the same.

20.2.10 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 25 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/>



**DORSET
POLICE**

Pension Fund Accounting Statements

Chief Constable for Dorset

Police Officers' Pension Fund Statement

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

31 March 2021		31 March 2022
£'000		£'000
	Contributions Receivable	
(15,052)	Employers (normal)	(15,665)
(6,571)	Employees (normal)	(6,778)
(352)	Ill Health capital charge	(571)
	Transfers In	
(300)	Individual transfers from other schemes	(58)
	Benefits payable	
37,580	Pensions	39,181
7,721	Commutations & lump sum retirement benefits	7,029
	Payment to and on account of leavers	
0	Individual transfers to other schemes	0
23,026	Net amount paid during the year	23,138
(23,026)	Transfer from Police Fund*	(23,138)
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	
18,623	Received in year	18,234
4,403	Debtor	4,904
23,026		23,138

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 Chief Constable paid a contribution equal to 31.0% of police officer pay for 2021/22. 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 2022.



**DORSET
POLICE**

Glossary

Chief Constable for Dorset Glossary

Accounting Period	The period of time covered by the accounts, usually a full year, which for the Office of the Police and Crime Commissioner runs from 1 April to 31 March.
Accrual	Amounts included in the final accounts to cover income and expenditure relating to the accounting period but neither paid nor received by 31 March. (For example, goods delivered in March but not invoiced by suppliers until April.)
Actuarial Gains and Losses	Changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
Actuarial Valuation	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
Agency Services	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.
Amortised Cost	This method applies to both financial assets and liabilities. It is a method of determining the Balance Sheet carrying amount and periodic charges or credits to the Income and Expenditure Account of a financial instrument from the expected cash flows. This approach sees through the contractual terms (for example discounts and premiums) to measure the real cost that a Police and Crime Commissioner bears each year from entering into a financial liability. The Office of the Police and Crime Commissioner does not currently have any complex financial instruments where the contractual terms vary significantly from the real cost. For this reason the amortised cost of financial instruments is close to contractual cost.
Appropriation	Charges to the revenue account that build up funds and reserves in the balance sheet.
Asset	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
Bid Price	A valuation of financial assets based on the highest price a buyer is willing to offer.
Budget	The Police and Crime Commissioner's plan for providing resources to meet its service obligations. The Office of the Police and Crime Commissioner sets an annual budget within a four year financial strategy.
Capital Expenditure	The cost of buying or building significant assets (e.g. land and buildings) which have a long-term value to the Office of the Police and Crime Commissioner. (<i>Also referred to as capital spending or capital payments</i>).
Capital Grants	Grants received by the Office of the Police and Crime Commissioner that can only be used to pay for capital projects.
Capital Receipts	Income from the sale of capital assets (land, buildings, etc.). In the public sector, there are generally strict rules on what the receipts can be spent on.
Carrying Amount	This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.
Cash Flow Statement	This statement summarises the inflows and outflows of cash.
CIPFA	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
Collection Fund	District and unitary councils pay all receipts from local taxpayers into a "collection fund". They then pay county, police, fire, district, unitary and parish council precepts from the fund.
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.)

Chief Constable 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.

Chief Constable for Dorset

Glossary Continued

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.
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	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.

Chief Constable for Dorset

Glossary Continued

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.
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.
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.