

# **Annual report and statement of accounts**

2018/19





# **Independent Office for Police Conduct Annual report and statement of accounts 2018/19**

Annual Report presented to Parliament pursuant to Section 11(5) of the  
Police Reform Act 2002

Accounts presented to Parliament pursuant to Paragraph 17 of Schedule 2  
of the Police Reform Act 2002

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# Section 1: Performance report

## Overview

### About us – who we are and what we do

We are the Independent Office for Police Conduct. We oversee the police complaints system and investigate the most serious incidents and complaints involving the police. We use learning from our work to influence changes in policing. All our work is done independently of the police, government and interest groups.

Police forces deal with the majority of complaints against police officers and police staff. Police forces must refer the most serious cases to us – whether or not someone has made a complaint.

Specialist police forces such as the Ministry of Defence, Civil Nuclear Constabulary and the British Transport Police, come under our jurisdiction.

We also oversee the complaints system for certain other organisations, such as Her Majesty's Revenue and Customs (HMRC), the National Crime Agency (NCA), and the Gangmasters and Labour Abuse Authority (GLAA). We investigate certain serious complaints and conduct matters relating to staff from these organisations.

We also investigate criminal allegations against police and crime commissioners (PCCs) and their deputies and contractors working for the police.

### Our mission and values

Our mission is to improve public confidence in policing by ensuring the police are accountable for their actions and lessons are learnt.

Our values, developed in consultation with our staff and external stakeholders, are:

- seeking truth
- being inclusive
- empowering people
- being tenacious
- making a difference

### Our structure and leadership

Find out about how our organisation is structured and read about our senior leaders on our [website](#).

## Director General's foreword

This report marks the first full year of the Independent Office for Police Conduct (IOPC). It has been a busy one as we have looked to get our foundations in place as a new organisation.

In autumn 2018, we published our Strategic Plan, setting out our new mission: “to improve public confidence in policing by ensuring the police are accountable for their actions and lessons are learnt”. This is an ambitious aim, but one I know our staff and the many stakeholders I have engaged with over the past year are fully behind. We have also agreed a new set of organisational values, which inform the work we do.

We have developed four strategic priorities to guide all our work and this report sets out our achievements in each of these areas.

When I joined the organisation in January 2018, one concern that I repeatedly heard related to the timeliness of our investigations. I am pleased to say that we have made real improvements in this area. We are now completing our investigations more quickly than ever before. In 2018/19, we closed more investigations than we opened and completed nearly 80 per cent of independent investigations within 12 months. This represents a significant improvement on the previous year and is the best we have ever performed. Excluding our most difficult and lengthy cases, such as Hillsborough and child sexual abuse cases, our investigations were, on average, quicker than those carried out by the professional standards departments of ten police forces.

We inherited 538 active cases from the Independent Police Complaints Commission (IPCC) and have closed 82 per cent of these, including some of our longest running investigations. The IOPC is only one player in the end-to-end process and in order to make a real difference, we need the other relevant bodies to play their part too.

We have made progress with the significant number of investigations relating to child sexual abuse and have supported the pre-trial stage of the Hillsborough investigation. Further detail of our work in these important areas is contained within our report.

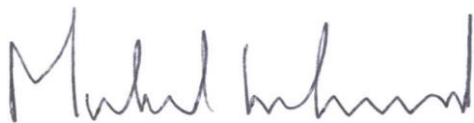
Our new mission will not just be achieved by the timely completion of our investigations. We need to ensure that we, and policing more widely, become more focused on learning. We have started on this journey through our thematic case selection work, focusing on areas where we can maximise learning opportunities. We are working more closely with others, such as the College of Policing and Her



Majesty's Inspectorate of Policing and Fire and Rescue Services, to ensure that our work results in the greatest impact across the service – this will be important to ensure confidence in policing. That's why we are shortly publishing our first Impact Report to explain the difference our work has made.

There is much to do if we are to achieve all we want by the end of the three-year lifespan of our current Strategic Plan, but we have made a really good start over the past year.

Finally, I want to say a big thank you to our non-executive directors who have provided good challenge and advice to me and my Management Board throughout the year, and to all of our directors and staff for their continued commitment, dedication and hard work.

A handwritten signature in dark ink, appearing to read 'Michael Lockwood'. The signature is fluid and cursive, with the first name 'Michael' being more prominent than the last name 'Lockwood'.

Michael Lockwood  
Director General

## Key issues and risks

This year, we reduced our priorities from six to four in order to streamline our work:

- to work with others to improve the police complaints system
- to improve policing by identifying and sharing learning
- to improve confidence in police accountability
- to be an efficient and effective organisation

We identify significant strategic risks that could prevent us achieving these priorities, assess these and manage them through mitigation and risk-reduction activities. We present regular updates on the strategic risks to both our Audit and Risk Assurance Committee (ARAC) and our Unitary Board.

Lower-level risks are managed within directorates, programmes and projects as appropriate. An escalation and de-escalation process is in place to ensure that risks are managed at the correct level.

Our Governance Statement (see page 43) details the major risks we face and explains the mitigation measures we have put in place. These risks include:

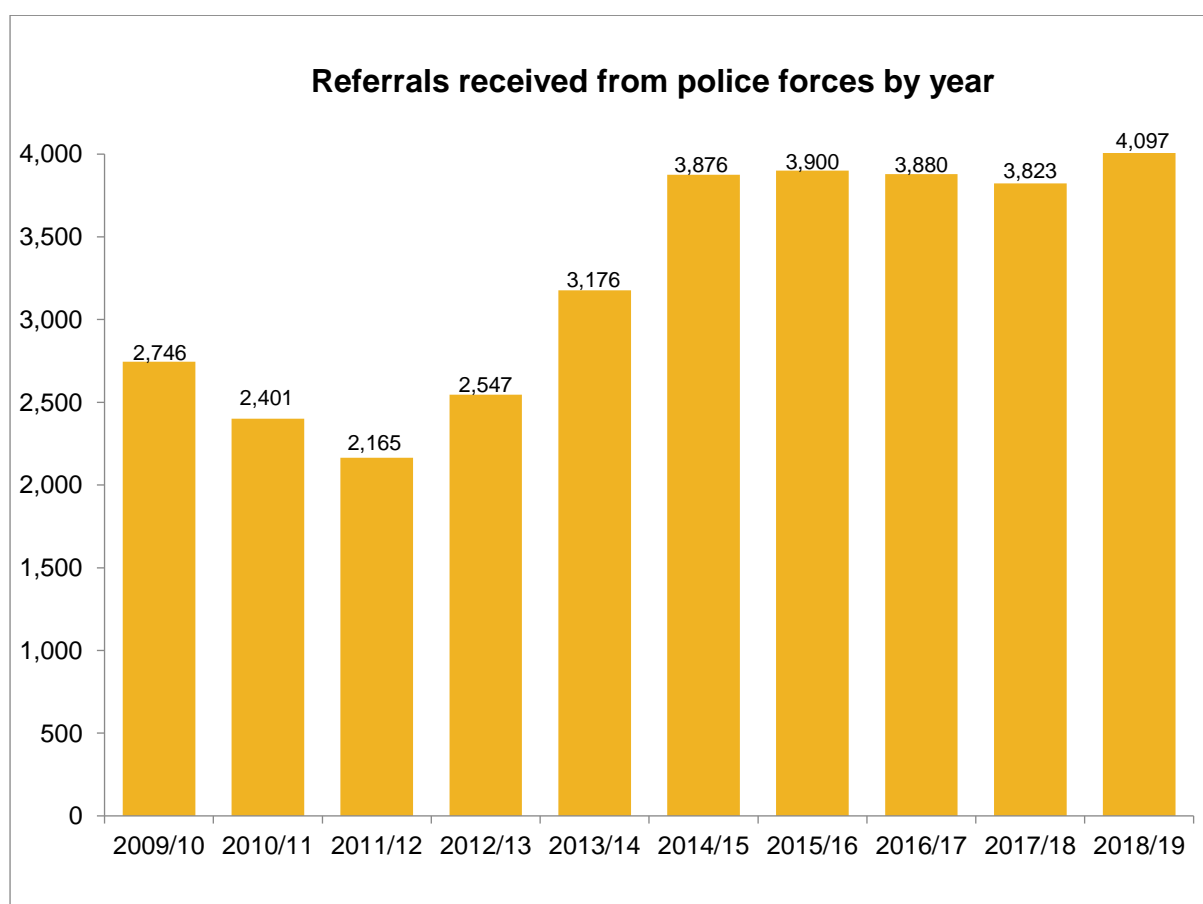
- the introduction of legislative change
- compliance with the General Data Protections Regulations (GDPR)
- the potential for a significant rise in our employer pension contributions
- insufficient ICT resources to meet all business requirements
- risk of ineffective information assurance processes

## Summary of our performance during 2018/19

We published our first three-year IOPC Strategic Plan in November 2018. As a result, we re-aligned our Business Plan for 2018/19 to ensure that our work fully supports our four new priorities. This section gives an overview of our performance against these priorities during the year under review.

## Referrals

- We received a total of 4,097 referrals<sup>1</sup> from police forces in 2018/19 – a 7 per cent increase based on 2017/18.
- When we receive a referral from a police force our assessment unit reviews the information they have provided. Our aim in 2018/19 was to improve on the previous year's 83 per cent of referrals processed within three days. However, our performance remained static at 83 per cent.
- The average time taken to process all referrals in 2018/19 was three days – a one-day improvement on the previous year.



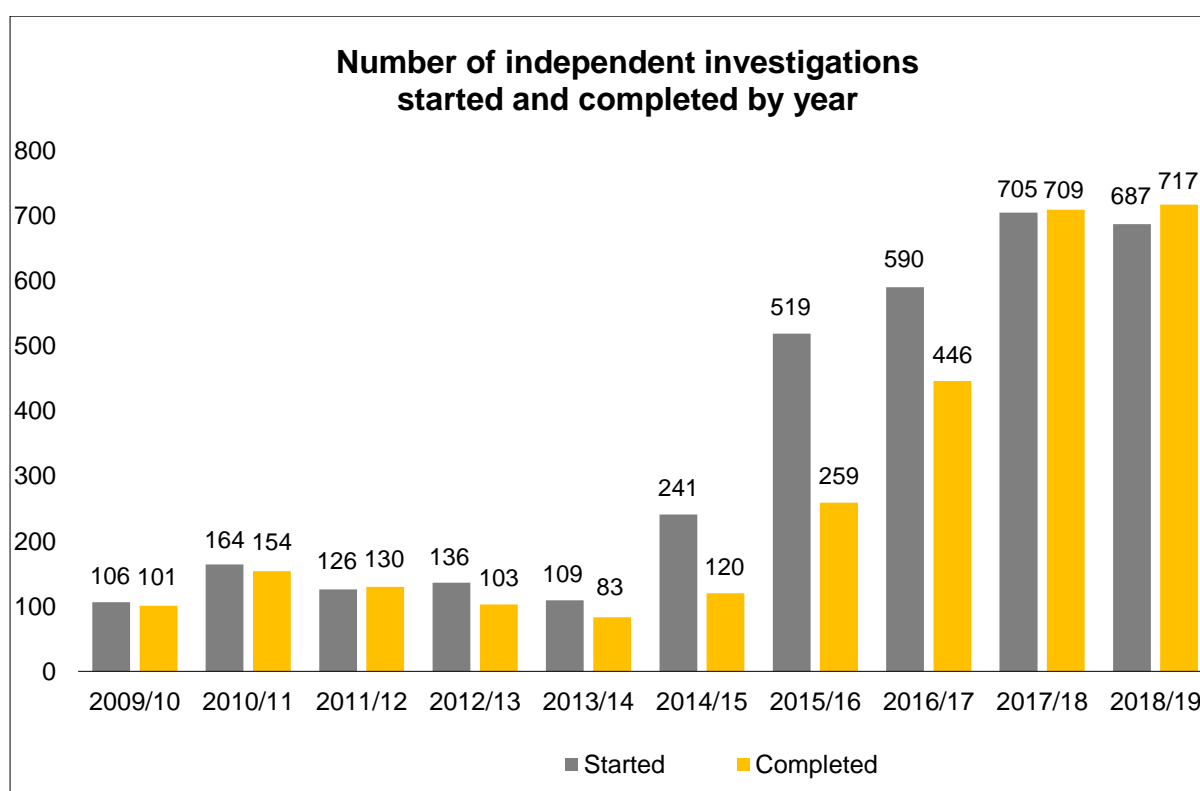
## Independent investigations

- We opened 687 investigations in 2018/19, this was 18 fewer than the previous year but within our target to open between 650 and 750.
- Our closure rate in 2018/19 was higher than the previous year; 717 completed compared to 709 in 2017/18.

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<sup>1</sup> Police forces deal with the majority of complaints against police officers and police staff. However, forces must refer the most serious cases to us – whether or not someone has made a complaint. Information about how we deal with referrals is available on our website – [www.policeconduct.gov.uk](http://www.policeconduct.gov.uk)

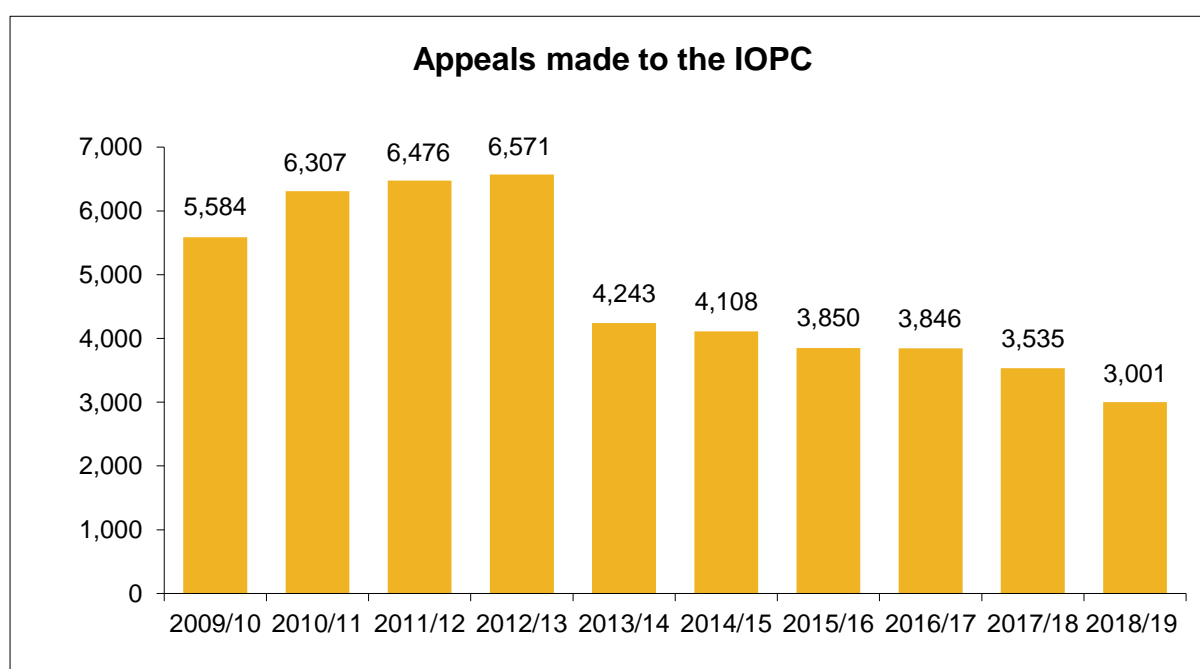
- Our target in 2018/19 was to complete 80 per cent of independent investigations within 12 months. We achieved this in 79 per cent of cases, an improvement of 11 per cent from the 68 per cent completed within this timeframe during 2017/18. If we exclude our most serious and complex cases, which are managed by our Directorate of Major Investigations, we completed 82 per cent of independent investigations within 12 months.
- The number of cases we closed within nine months improved to 58 per cent in 2018/19, while the proportion of cases we closed within six months was comparable to the previous year at 30 per cent.
- We carry out a review at the end of each of our investigations to establish that the terms of reference have been met and that the investigation meets our quality standards. In 2018/19, 97 per cent of these reviews resulted in a green health assessment<sup>2</sup> first time. This exceeded our target of 87 per cent and was up two per cent from the previous year.
- Our Hillsborough investigations made good progress during 2018/19. These are the biggest criminal inquiries into alleged police misconduct ever undertaken. We continued to support the Crown Prosecution Service (CPS) with the criminal trials that began in January 2019. Read more on page 23.



<sup>2</sup> A green health assessment indicates that the investigation has met our quality standards up to this stage. Any recommendations that are made will relate only to minor matters.

## Appeals

- We received 3,001 appeals<sup>3</sup> in 2018/19. This is a decrease of 15 per cent from 2017/18.
- We completed 2,969 appeals of which 95 per cent were valid<sup>4</sup>.
- We started 2018/19 with 375 open appeals and ended it with 408, an increase of nine per cent.
- In 2018/19, our target was to complete 60 per cent of all appeals made after an investigation and local resolution appeals within 35 working days. We exceeded this, achieving a figure of 63 per cent.
- We completed 77 per cent of non-recording<sup>5</sup> and other appeal types within 25 working days against our target of 80 per cent.
- We completed 66 per cent of all appeals within 20 working days of receiving all necessary information. This is an improvement on 2017/18, when the figure was 62 per cent.
- The percentage of appeals we upheld remained static in 2018/19 – 37 per cent of investigation appeals 36 per cent of non-recording appeals.
- In 2018/19, 94 per cent of the completed appeals reviewed by our Quality Review Unit met the quality threshold<sup>6</sup> first time. This exceeded our target of 80 per cent and was up five percentage points from last year.



<sup>3</sup> If a complainant is unhappy about the outcome of their complaint, or about how it has been handled, they may be able to appeal. There are [various grounds for appeal](#), explained on our website.

<sup>4</sup> Read more about the various grounds for appeal on our website - <https://www.policeconduct.gov.uk/complaints-and-appeals/make-appeal>

<sup>5</sup> The first stage of complaint handling is for the relevant police force to decide whether to record the complaint. When a complaint is recorded, it must be dealt with according to certain rules and guidance. If the force does not record the complaint, the complainant can appeal against this decision.

<sup>6</sup> Defined as follows: work is satisfactory and meets all the mandatory indicators, but there is scope for minor improvements.

## Complaints made to us

The number of complaints about the police has continued to fall. In 2018/19, we received a total of 9,565 complaints either to our Customer Contact Centre or via our website using our online form<sup>7</sup>. This is a decrease of 17 per cent based on figures from 2017/18.

We aimed to forward more than 95 per cent of the high-priority complaints<sup>8</sup> made via our Customer Contact Centre to the appropriate police force within two days. We exceeded this, forwarding 99 per cent within this timeframe.

We publish a [Monthly Roundup](#) on our website, which includes information about our investigations, work with stakeholders, and our latest performance data. Recent improvements to Roundup include showing how learning from our investigations work helps to improve policing and enhancing the web page layout to make it more appealing and easier to read.

## Performance analysis

This is our first full year operating as the IOPC. We published our Strategic Plan 2018-22 in November 2018, alongside our Business Plan for 2018/19. The following section describes our progress against the work set out in our 2018/19 Business Plan.

### **Priority: to work with others to improve the police complaints system**

This priority reflects our commitment to improving the police complaints system. We work to improve all parts of the system – both our work and that carried out by others – so that it delivers impartial, fair and evidence-based outcomes in a consistent and timely way.

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<sup>7</sup> If a complaint is made via us, we must forward it to the relevant force so it can make a decision about whether to record it. If someone complains using our website, the information is forwarded to the force automatically.

<sup>8</sup> Direct complaints are triaged by the Customer Contact Centre and those of a particularly serious nature, or complaints that need to be forwarded to the appropriate authority quickly, are categorised as high-priority.

## Working with community stakeholders to improve the police complaints system

We recognise that achieving our mission of increasing public confidence in policing means working with others to ensure that our work has the greatest possible impact.

### Supporting people with mental health conditions

Policing and mental health is a huge challenge that requires co-operation and collaboration across the policing community, government and the health service. We know that people with a mental health condition find it particularly challenging to make a complaint about the police. During the year under review, we commissioned the Institute of Mental Health (IMH) to carry out research into the reasons behind this. The research revealed that fear of harassment, concerns about bias and not understanding how to make a complaint are some of the issues preventing people with mental health conditions using the complaints system. Sixty per cent of those responding to the survey conducted by the IMH reported having a belief that they would be treated unfairly if they made a complaint about the police.

The [results of the research](#) are available on our website. Our External Stakeholder Reference Group (read more about the group on page 23) discussed this research and we shared it with both policing and community stakeholders. The research will contribute to our ongoing work to make the police complaints system more accessible and available to everyone in the community.

To help inform our work, we arranged staff attendance at the annual Mental Health and Policing conference in October 2018. The event included workshops on the role of appropriate adults<sup>9</sup>, and how to engage with victims of crime who have mental health concerns.

### Thematic roundtable events

Since we came into being in January 2018, we have taken time to listen to feedback from our staff, service users and stakeholders. As a result, we are now seeking to focus our work on the issues that are of concern to both the public and the police. Taking this thematic approach ensures that our investigations can add most value.

We held several roundtables during 2018/19. These events bring together a range of stakeholders with expertise in specific areas. They provide a forum for discussion

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<sup>9</sup> Appropriate adults safeguard the interests, rights, entitlements and welfare of children and vulnerable people who are suspected of a criminal offence. They advise, support and assist vulnerable suspects.

and give us useful insight into how best to develop the criteria that guide how we select the cases we investigate.

Our first roundtable focused on domestic abuse – many of the cases that come to us for investigation involve incidents of domestic violence or abuse. We also held roundtables on the themes of road traffic incidents and mental health. Each event brought together expert stakeholders and facilitated discussion about where the greatest problems are, and where we should focus our efforts.

We plan to hold more roundtable events in line with working more thematically to identify and share learning.

### **Working with forces and other policing organisations**

Our role in ensuring police accountability is an important part of a wider framework. We have continued to liaise with organisations such as the College of Policing (CoP) and Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) to share learning and co-operate on key areas and themes emerging from our work. The three organisations meet quarterly to discuss significant projects and business planning for areas of mutual interest.

We are taking part in a new external reference group being run by HMICFRS. The group will focus on PEEL<sup>10</sup> inspections – a programme through which HMICFRS draws together evidence from its annual inspections of police forces. These assessments enable the public to judge the performance of their force, and policing as a whole. Our contribution to the reference group will assist HMICFRS with setting the strategy for the ongoing development of its policing inspections.

In March 2018, we presented at the CoP's Strategic Command Course – policing's most senior leadership development programme. This allowed us to share with future chief officers how we plan to refocus our investigations and maximise the learning and improvement from our investigations.

### **Our oversight work**

We have a dedicated team that works with police forces to drive up standards in complaints handling and dealing with matters in accordance with the *Police Reform Act 2002*<sup>11</sup>. Our Oversight team has productive relationships with force professional

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<sup>10</sup> PEEL stands for police effectiveness, efficiency and legitimacy.

<sup>11</sup> Deaths and serious injuries during or following police contact must be handled in accordance with this legislation whether or not a complaint has been made.



standards departments and monitors their performance in dealing with complaints and referrals.

During 2018/19, the team ran workshops to share good practice and carried out focused work with forces where we had identified specific issues. Our first Impact Report describes this work and the positive outcomes.

We also continued to provide practical advice to forces about handling complaints and adhering to the legislation that underpins the police complaints system. In addition to our Statutory Guidance, our publication Focus explains the trends we are seeing in our work and promotes good practice. You can [read the edition published in 2018/19](#) on our website.

### Implementing legislative change

We have continued to prepare for the implementation of legislative changes set out in the *Policing and Crime Act 2017*. We are working with police and crime commissioners (PCCs), police forces and other stakeholders to ensure successful implementation of these legislative changes, and deliver our statutory function to oversee the complaints system.

### Assessing our performance against this priority

#### Our referrals and investigations performance

When we became the IOPC on 8 January 2018, we had an active caseload of 538 investigations. By the end of March 2019, we had closed 82 per cent of these investigations. Only 93 remained in progress.

When our investigations conclude, additional processes and proceedings may take place – for example, inquests, misconduct proceedings or CPS consideration of any potential criminal charges. Our investigations cannot be fully closed until these things are finalised and the length of time they take is outside our control. During 2018/19, we increased our focus on concluding our investigations in good time and have been liaising with external agencies to improve how we work together to speed up the system.

In 2018/19, we completed 79 per cent of our investigations within 12 months, marginally below our target of 80 per cent, but a higher proportion in comparison to the previous two years. Investigations closed within nine months also improved on the previous year to 58 per cent, while closure within six months was comparable at 30 per cent. On average, we reduced the time taken to complete our investigations

by almost three weeks compared with 2017/18, and by almost six weeks compared with 2016/17.

In October 2018, we began a pilot to take a more focused approach to the types of matters we take on. Through conducting more focused, thematic investigations the pilot supports our priority to improve policing by identifying and sharing learning from our work while continuing to investigate those matters that are of greatest concern to the public and policing stakeholders.

We committed to responding to more referrals from forces within three working days (this refers to the time it takes us to communicate with forces after they have made a referral to us). Despite receiving more referrals this year (an increase of 7 per cent), we achieved our three-day target for 83 per cent of referrals, equaling the 83 per cent we achieved in 2017/18. We also reduced the average time we took to process all referrals from four working days in 2017/18 to three working days.

### **Our appeals performance**

The number of appeals made to us has been gradually decreasing since 2013/14 and we saw a further decrease in 2018/19. We received 3,001 appeals, 15 per cent fewer than in 2017/18.

Our target was to complete 60 per cent of investigation and local resolution appeals within 35 working days. We achieved a figure of 63 per cent. The average time taken to complete investigation and local resolution appeals was 37 working days – 11 working days fewer than our average time in 2017/18.

Our performance in completing non-recording, disapplication and discontinuance appeals was below our target of processing 80 per cent within 25 working days. By the end of 2018/19, we had processed 77 per cent within this timeframe. Our completion rate for these appeals fluctuated in the second half of 2018/19. This was mainly due to staffing issues in our Assessment Unit, but we also received a higher number of appeals during this period.

We aim to complete all appeals within 20 working days of receipt of all information needed to make an appeal decision. This includes time spent waiting for background papers from forces. We achieved this for 66 per cent of the appeals completed in 2018/19, an improvement on the 62 per cent in the previous year.

A reduction in upheld appeals is an indication that complaints handling is improving. Therefore, in 2018/19, we set an improvement target for the proportion of appeals we upheld and used the previous year's results as our baseline. Our target was to uphold fewer than 38 per cent of appeals made to us after a police investigation into a complaint, and fewer than 36 per cent of appeals made after a force decided not to record a complaint.

Our appeals upholding rates fluctuated throughout 2018/19 rather than showing improvement. In 2018/19, we upheld 37 per cent of investigation appeals and 36 per cent of non-recording appeals.

### **Priority: to improve policing by identifying and sharing learning from our work**

We are committed to continuous improvement and aim to ensure that we improve policing by identifying and sharing learning from our work. We focus our work on areas that concern the public and the police service, and work with partners to share our learning to improve policing and protect the public from harm.

Our Monthly Roundup, [published on our website](#), includes regular examples of the learning we have identified.

### **Our Learning the Lessons magazine**

Our Learning the Lessons magazine helps to improve police policy and practice. It supports the police service to learn lessons from investigations into complaints and conduct matters. We promote the magazine on social media, our website and by attending a range of conferences and events.

During 2018/19, we produced two editions of the magazine, the first focusing on stop and search. As well as a range of case studies featuring learning from our investigations, this also included articles from:

- Deputy Chief Constable Adrian Hanstock, national policing lead for stop and search
- our Youth Panel members
- Katrina French the Chief Executive of StopWatch
- Nick Glynn from the Open Society Initiative for Europe

Our February 2019 edition of Learning the Lessons focused on mental health. In addition to a range of case studies, it also included articles from:

- Hannah Wheeler, mental health lead at HMICFRS
- Professor Eddie Kane from the Institute of Mental Health
- Dr Roxanna Dehaghani from Cardiff University
- Neil Moloney, Chair of our mental health subject matter network

### **Involving stakeholders in producing the magazine**

In November 2018, we launched a new panel bringing together a range of stakeholders to support us in developing new editions of our Learning the Lessons magazine. We have representatives from policing, the community and voluntary sector and academia.

Panel members are invited to review and comment on anonymised drafts before they are reviewed by members of our key stakeholder review team. This team includes representatives from the CoP, HMICFRS, the NPCC, the Home Office, the Police Federation, and the Police Superintendents' Association.

You can email [learning@policeconduct.gov.uk](mailto:learning@policeconduct.gov.uk) for more information about the panel, or [complete our online registration form to be considered for membership](#).

### **Guidance on achieving best evidence from officers after a death or serious injury**

The Home Secretary approved our [Guidance to the Police Service on Achieving Best Evidence in Death or Serious Injury Matters](#) in January 2019. The Guidance sets out the important steps that should be taken immediately after someone dies or is seriously injured following contact with the police. The aim of the Guidance is to ensure that an investigation is able to establish the full facts.

Local policing bodies, chief officers, police officers, special constables and police staff working within those forces must all now have regard to this Guidance, or have a sound rationale for departing from it. We held discussions with the CoP to ensure there is no conflict between our guidance and guidance issued by them, and that police officers are clear about what is expected of them.

## Assessing our performance against this priority

After publishing each edition of our Learning the Lessons magazine, we invite readers to complete a feedback survey to help us establish how useful the content has been in driving change. Our survey results for the two editions published in 2018/19 include the following feedback.

### **Stop and search edition:**

- 46% of survey respondents said they would think differently about how they use stop and search powers after reading
- 38% said they would think differently about how they communicate with people during stop and search encounters after reading
- “I am the Local policing Sergeant for a diverse and challenging area. The guidance/advice around stop and search will help in how I deliver practical advice/guidance to staff and allow them to be aware of national incidents that may be slow in coming out through internal training mechanisms.”

### **Mental health edition:**

- 63% of respondents said they will think differently when they deal with people where concerns about their mental health have been identified
- 67% said they will think differently about how they communicate with people where concerns about their mental health have been identified
- “I believe most people learn best via example and not theory. The magazine provides examples that can be utilised in anything from training, to making a point in a debate.”

## Recommendations arising from our investigations

We use what we learn during our investigations to improve policing practice and help to prevent similar incidents happening again. When our investigations identify areas for improvement we make learning recommendations – for example, to suggest changes to training or policy. We can make recommendations to police forces or police and crime commissioners. You can [read the recommendations we have made, and the forces' responses](#), where appropriate, on our website.

During 2018/19, we made 30 recommendations. Twenty were accepted by the forces involved, five were not accepted. The other five were quick-time recommendations, which did not require the force to provide a response.

We have begun work to review our processes for making recommendations, starting with how we identify learning. We have started to gather feedback from police forces and the offices of PCCs and will continue to work with stakeholders to ensure that our learning recommendations are well-informed, made at the appropriate time, reach the right people, and support the police service to implement improvements.

You can read more about our recommendations in our first Impact Report.

### **Priority: to improve confidence in police accountability**

We recognise there is more to do to improve trust in the police complaints system and ensure the public are confident that it holds the police service to account when necessary.

During 2018/19, we have engaged with a range of stakeholders and communities to understand their concerns and communicate the impact of our work.

#### **Working with young people**

We established a Youth Panel to understand how the confidence of young people in the police complaints system can be improved and how awareness of the IOPC among young people can be increased. The Panel was made up of 28 young people aged 16-25, including 68 per cent who were from BME communities, 14 per cent who identified as LGBTQ+ and 32% with lived experience of criminal justice and/or policing. Its members met regularly during the period under review and, in March 2019, the Panel published its findings after spending a year engaging with around 800 young people from across England and Wales.

The Panel is now continuing into its second year, identifying which recommendations they wish to prioritise and developing a plan for delivering them. You can read more about the work carried out by our Youth Panel in our Impact Report.

#### **Understanding confidence among BME communities**

We have strengthened our understanding of the drivers of low confidence among young people from BME communities through the work of our Youth Panel. We have also engaged directly with a number of organisations representing BME communities to listen to their views on the police complaints system and areas where we need to improve trust in the IOPC. Through our Public Perceptions Tracker survey, which included additional BME and 18-24 year old respondents, we have been able to analyse in more detail how the experiences and perceptions of Black and Asian members of the public differ. This will help to inform more targeted, qualitative work to improve public confidence among BME communities in 2019/20.

## Community engagement work on critical incidents

Some of the incidents we investigate raise particular tensions in the communities that have been affected. We have a process to identify what we refer to as ‘critical incidents’. A critical incident is any incident whereby the effectiveness of the police or the IOPC response is likely to have a significant impact on the confidence of the victim, their family and/or the community. During 2018/19, we provided engagement support to eight individual investigations, some of which we identified as critical incidents.

This engagement support involved:

- looking at current community tension levels and issues affecting confidence in the police
- identifying key community figures
- helping with community activities, such as attending local forums, speaking with local councillors, and meeting local and national stakeholders

## Our External Stakeholder Reference Group

We have established an External Stakeholder Reference Group, which brings together a range of external statutory and non-statutory stakeholders – for example, representatives from charity and campaigning organisations, policing organisations and the Home Office.

The Group provides challenge and constructive feedback on our performance and key projects, and acts as an informal sounding board to discuss specific pieces of work and themes.

The Group met three times during 2018/19, contributing to our new mission and priorities for the future, and discussing how we can best help to improve policing through our work. We will continue to work with the Group to ensure we have a two-way dialogue with these stakeholders and use their input to inform our work.

## Our Hillsborough investigations

The first ever public prosecutions following the Hillsborough disaster began at Preston Crown Court in January 2019 – nearly 30 years after the tragedy.

The first trial followed Operation Resolve’s investigation into the causes of the disaster and the deaths of the 96 victims of the tragedy. We oversee the elements of Operation Resolve that relate to the actions of South Yorkshire Police (SYP).



On Wednesday 3 April the jury confirmed they were unable to reach a unanimous or majority verdict for the charge of manslaughter by gross negligence against the match commander on the day, former Chief Superintendent David Duckenfield.

The jury found Graham Mackrell, former secretary of Sheffield Wednesday Football Club, guilty of an offence contrary to the Health and Safety at Work Act. On 13 May 2019, he was fined £6,500 and ordered to pay £5,000 towards prosecution costs.

The Crown Prosecution Service (CPS) sought a retrial for David Duckenfield. Following a two-day court hearing in June the presiding judge decided that a retrial will go ahead and is scheduled to start on Monday 7 October 2019.

We remain focused on supporting the CPS with preparations for the re-trial of David Duckenfield, and a further provisional trial date is scheduled for April 2020. This relates to our investigation into the actions of SYP following the disaster. Former SYP solicitor Peter Metcalf, former Chief Superintendent Donald Denton, and former Detective Chief Inspector Alan Foster are all charged with perverting the course of justice.

When all the criminal trials have concluded we will publish a report covering all Hillsborough-related criminal and misconduct investigations. We hope our report, which will cover all of the criminal elements and approximately 150 individual investigations, will help to answer many of the remaining questions about the police's actions before, during and after the disaster. Due to the size and sensitivity of the report, it can be published only once all criminal justice proceedings have concluded and all of our complaint procedures have been completed.

### Use of our report line

We operate a [report line](#) for police officers and staff to report concerns of wrongdoing in their workplace. It is for use in situations where wrongdoing reveals or suggests that a criminal offence has been committed, or where there is evidence of conduct that would justify disciplinary proceedings. The College of Policing also [produces guidance on reporting concerns](#).

In 2018/19, our report line was contacted 73 times. The majority of the concerns raised were about either corruption, discrimination or a police professional standards department's (PSD) failure to investigate a complaint. We have various options for dealing with calls to our report line. The action we take will depend on the seriousness of the concerns raised, but we must obtain the caller's consent before passing any information to a police force. Most of the reports we received in 2018/19



were suitable to be dealt with by the relevant force and so we provided them with the relevant information.

## Assessing our performance against this priority

We regularly undertake surveys of members of the public to assess their perceptions and awareness of the police, the police complaints system, and the IOPC. Our public perceptions tracker collects this data allowing us to track our performance throughout the year.

In 2018/19, we ran six surveys at regular intervals among adults in England and Wales. The penultimate survey included sample boosts for respondents from the following groups:

- 18–24 year olds
- people from a black and minority ethnic (BME) background
- LGBT+ respondents
- people with a disability

In 2018/19, 66 per cent of young people said that they would be likely to complain if they were unhappy with how a police officer behaved towards them. Sixty-six per cent of BME respondents said that they would be likely to complain. These results represent a decrease from the previous year's results of 70 per cent for both and fall short of our target scores for the year of 67 per cent and 70 per cent respectively.

Increasing awareness of our transition from the IPCC to the IOPC among BME respondents continued to present a challenge in 2018/19. Over the course of the year, our public perceptions tracker demonstrated that awareness of the IOPC fluctuated and the combined result was lower than we had hoped to achieve. However, awareness levels of the IPCC were much higher and remained similar to the previous year's result. In 2018/19, 32 per cent of BME respondents said that they were aware of the IOPC compared to 35 per cent in 2017/18. In contrast, 55 per cent said that they were aware of the IPCC (58 per cent in 2017/18).

## Our Rotherham CSA investigations head towards their conclusion

Our operation looking into South Yorkshire Police's response to non-recent allegations of child sexual abuse in Rotherham is nearing closure. By the end of March 2019 more than half of our investigations had been completed.

The ongoing investigations include the investigation we began in July 2018 into allegations that senior officers failed in their statutory duty to protect children between 1999 and 2011.

The evidence being compiled and reviewed dates back as far as the early 1990s. So far, we have:

- reviewed 19,345 documents
- logged 1,334 exhibits
- processed 838 statements

To protect the integrity of this operation, we will not provide ongoing comment about the progress of each individual investigation, or potential conduct matters.

However, we have maintained a survivor first approach to our work and we continue to update the people directly affected by our investigations. At the appropriate time, we will produce a report that brings together all our findings, outcomes and learning from Operation Linden.

### **Priority: to be an efficient and effective organisation**

As a publicly funded organisation we must use our resources effectively to deliver the greatest impact and provide value for money. We will continuously improve the way we work, seeking efficiencies and ways of delivering our services using modern technology to support improvements.

### **Our people**

During 2018/19, we launched and embedded our new values, which staff and other stakeholders were heavily involved in developing. We appointed a new Director to establish our new People Directorate, which encompasses HR, Learning and Development, Equality and Diversity, and Health and Safety. We have developed a three-year plan to make our organisation a great place to work. Work is now underway to engage our staff with this work, including asking their views about implementing a new performance review process and developing a wellbeing strategy that meet the needs of our people.

## Transforming our ICT

We are committed to providing the best digital technology for our people. We completed a large programme of work during 2018/19 as part of our ICT transformation, allocating new kit for staff across all our offices, enabling them to work flexibly. Working with new ICT partners, we introduced different systems for managing voice and video calls, email services and digital collaboration.

We continue to plan for making arrangements that will involve us working with new ICT providers as we enter the final stages of our contract with our current provider.

## Complaints about us

We recognise that our staff operate in difficult circumstances and that many of those in touch with us are dealing with stressful events. Despite our best efforts, sometimes things can go wrong and we have a [complaints procedure](#). When we receive a complaint, we acknowledge it and explain how we will deal with it.

During 2018/19, we received a total of 393 complaints. This compares with 476 complaints in 2017/18.

At the end of 2018/19, we had upheld 41 complaints and were still investigating 28. We dealt with 264 complaints within 20 working days and our average response time was 26 working days.

## Assessing our performance against this priority

Our annual staff survey was open for responses during the month of October 2018. It was completed by 764 staff, which represents 75 per cent of our organisation.

Employee engagement is shaped by experience at work. It is a combination of people's thoughts and expectations, and how they experience the culture in their workplace. Higher employee engagement is linked to higher organisational performance, lower rates of sickness, and higher levels of happiness. In 2018, our overall staff engagement score was 59 per cent. This represented a small improvement on the 2017 score of 57 per cent, but was marginally below our 61 per cent target.

Other areas of the survey results showed some positive improvements. Staff who reported believing that they have sufficient opportunities to learn and develop improved in 2018, as did the proportion of staff who believe that they have the right support to carry out their role.

## Our work in Wales

We work across England and Wales, with the same responsibilities for Welsh and English police forces.

Through regular engagement with both police forces and the wider policing sector, including HMICFRS and the CPS, we have focused on identifying and sharing learning from our work to improve policing in Wales. Catrin Evans, our Director for Wales, has engaged with PCCs and senior police officers across Wales during the year under review. She attended a meeting of the Wales Chief Officer Group, which helps forces to improve policy and practice and reinforces the importance of holding police to account. The Director also held positive meetings with police force federation staff across Wales.

Among a number of speaking engagements in Wales, Catrin spoke at an Equality and Human Rights Commission conference on identity-based violence and how to tackle it. In March 2019, she was a panellist at a conference about disclosure<sup>12</sup>.

In October 2018, the Director chaired and facilitated a conference for our investigators, Police Federation representatives<sup>13</sup>, professional standards officers and defence solicitors. Attendees shared good practice and learning, which has led to improved working practices and greater understanding of roles.

Maintaining our working relationship with the Welsh Assembly, we have held meetings with both Elin Jones, the Presiding Officer of the Welsh Assembly, and Alun Davies, Assembly Member.

We remain committed to complying with our duties under the Welsh Language Act 1993, and the Welsh Language Measure 2011, and are subject to Welsh Language Standards. We have met with the Welsh Language Commissioner to ensure that our Welsh language provision is appropriate, and a number of our Cardiff-based staff have had Welsh lessons. Our Director is a Welsh speaker and conducts meetings and media interviews bilingually. She sponsors our Welsh staff network, which focuses on Welsh priorities and Welsh language service delivery.

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<sup>12</sup> 'Disclosure' means providing the defence with copies or access to all material that is capable of undermining the prosecution case and/or assisting the defence.

<sup>13</sup> The Police Federation is the staff association for police constables, sergeants and inspectors (including chief inspectors).

## Our responsibilities for non-police organisations

We are responsible for the way that certain complaints about non-police organisations are handled. This includes:

- serious complaints against the National Crime Agency (NCA), including complaints relating to proceeds of crime activity
- certain types of serious complaints against Home Office staff carrying out some border and immigration functions (including those against staff contracted by the Home Office to carry out certain functions on their behalf)
- serious complaints against Her Majesty's Revenue and Customs (HMRC) staff
- people acting as labour abuse prevention officers (LAPOs)<sup>14</sup> at the Gangmasters Labour Abuse Authority (GLAA)

After receiving a referral or complaint, we assess whether to investigate the matter. We may decide that it does not need to be dealt with under the regulations, in which case, the organisation can deal with it through internal processes or take no further action.

We aim for these organisations to learn from our work and improve their practice as a result.

### NCA investigations and appeals

Between 1 April 2018 and 31 March 2019 we received 16 referrals from the NCA:

- one was subject to an independent investigation
- 14 were sent back to the NCA for local investigation
- one was referred back to the NCA to deal with as it saw fit

We finalised four NCA investigation appeals during 2018/19; two were upheld and two were not upheld. Of the 11 NCA non-recording appeals that we finalised during 2018/19, two were upheld, seven were not upheld and two were invalid appeals.

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<sup>14</sup> LAPOs have some powers under the Police and Criminal Evidence Act (PACE), including powers of arrest and search and seizure of evidence. This allows them to investigate abuse allegations across the UK labour market, including modern slavery offences related to labour exploitation.

The NCA re-wrote its internal guidance on using local resolution<sup>15</sup> after we published an edition of Focus that looked at use of this method of dealing with complaints.

### Home Office border and immigration staff investigations and appeals

Between 1 April 2018 and 31 March 2019 we received 28 referrals from the Home Office:

- one resulted in an independent investigation
- one resulted in a supervised investigation
- 11 were sent back to the Home Office for local investigation
- 15 were referred back to the Home Office to deal with as it saw fit

We finalised one Home Office investigation appeal during 2018/19. It was not upheld.

### HMRC investigations and appeals

Between 1 April 2018 and 31 March 2019 we received 23 referrals from HMRC:

- one was subject to an independent investigation
- one was subject to a supervised investigation
- 14 were sent back to HMRC for local investigation
- five were referred back to HMRC to deal with as it saw fit
- two referrals were still being assessed at the end of 2018/19

We finalised five HMRC investigation appeals during 2018/19. All of these were not upheld. We also finalised one non-recording appeal, which was upheld.

### Work with the GLAA

We did not receive any referrals from the GLAA during 2018/19, and no appeals were finalised.

### Changes to legislation

*The Policing and Crime Act 2017* and associated regulations make major changes to the legislation governing the police complaints system. The regulations governing

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<sup>15</sup> Complaints that do not require IOPC involvement can be resolved in one of a number of ways. In many cases this will be through 'local resolution'. This may involve the police force or relevant organisation explaining, apologising, or otherwise satisfying you that appropriate action is being taken.

GLAA, NCA, Home Office and HMRC complaints are based on the police complaints system, but there are differences. We have continued discussions with these organisations to consider which of the changes to the police complaints system it would be beneficial to reflect in their complaint systems.

## Sustainability report

This section explains the IOPC's current impact on the environment in terms of greenhouse gas emissions, waste minimisation and management, water consumption and sustainable procurement. It meets the requirements of 'HM Treasury Guidance 2018/19, Sustainability Reporting in the Public Sector'. We have not produced a biodiversity action plan as this does not apply to our functions.

### Our sustainability performance

The key performance indicators are set out in the table below, compared with results for the previous two financial years where these figures are available. During this reporting period, we continued to recruit more staff members and moved our London office into a government Hub.

Information about our water consumption and costs are not available for our London, Birmingham and Croydon offices. However, we hope to improve on this in the 2019/20 reporting period.

All the figures below were calculated using the recommended conversion factors provided by the Department for Rural Affairs, as set out in its Environmental Reporting Guidelines. Where improved information is now available for previous reporting periods, we have amended the data to reflect this.

<b>Greenhouse gas emissions*</b>		<b>2016/17</b>	<b>2017/18</b>	<b>2018/19**</b>
<b>Non-financial indicators (tCo2)</b>	<b>Gross emissions scope 1</b>	264	265	291
	<b>Gross emissions scope 2</b>	778	737	1,020
	<b>Gross emissions scope 3</b>	465	427	385
	Total emissions	1,507	1,429	1,696
<b>Gas (kwh)</b>		945,857	766,214	827,145
<b>Non-financial indicators (kg)</b>	Total waste	69,300	74,450	64,245
	Sent to landfill	6,159	6,616	6,518
	Recycling	48,557	52,167	54,219
	Incineration	14,583	15,667	3,508
	Incineration energy recovery	-	-	-
<b>Non-financial indicators (m3)</b>	Water consumption	19,135	29,746	11,553
<b>Financial indicators (£)</b>	Expenditure on energy purchased, including travel	£1,346,841	£1,261,964	£1,223,816
	Expenditure on waste disposal, including:			
	Sent to landfill	n/a	n/a	n/a



<b>Greenhouse gas emissions*</b>		<b>2016/17</b>	<b>2017/18</b>	<b>2018/19**</b>
	Recycling	£17,237	£34,716	£23,957
	Incineration	-	-	-
	Expenditure on water consumption	£28,895	£44,913	£17,444

\*Scope 1 emissions are from sources owned or controlled by the IOPC, such as vehicles and boilers. Scope 2 emissions are from energy consumed by the IOPC, but purchased from external suppliers, such as electricity. Scope 3 emissions relate to official business travel, but exclude international rail and air travel, which is negligible.

\*\*The move of our London office to a Government Hub during 2018/19 had an impact on this year's figures. In addition to the reported normal waste, we reused/recycled approximately 27.96 tonnes of office furniture and 2.43 tonnes of waste electrical and electronic equipment.

## **Sustainable procurement**

Our sustainable procurement policy is to ensure that we meet our need for goods, services, works and utilities in a way that achieves value for money on a whole-life basis. By this we mean generating benefits not only for the IOPC, but also for society and the economy, while minimising damage to the environment.

We use Crown Commercial Services (CCS) framework contracts for the majority of our procurement. When we issue tenders for our own requirements, sustainability issues are considered at the outset of the procurement project and, where appropriate, included in documentation and evaluation.

## **Action to improve our sustainability performance**

We have taken a number of actions during 2018/19 to improve our sustainability performance:

- reduced consumption of power by installing timers on high-wattage electrical items, replacing lamps with low-power LED devices (where economically viable) and encouraging staff to switch off appliances when not in use. In particular, this year we replaced emergency lighting in our Cardiff office with LED lights

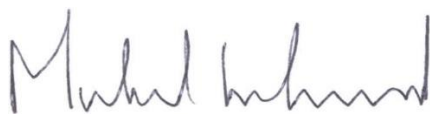
- aligned the temperature in our offices to fall within best practice. Where building management systems allow, our space is heated at 19C and cooled at 24C. Our Canary Wharf office utilizes free cooling whenever possible and is also set up to perform night purges of hot air when temperatures are particularly warm
- where building management systems allow, we have implemented a system whereby our heating/cooling runs from 8am to 6pm each working day
- continued to encourage our staff to recycle as much as possible, increasing the number and range of recycling bins available
- introduced composting of waste in our Birmingham office, generating an average of 20l per week of compost
- introduced new ICT equipment, including provision of laptops and other portable equipment to encourage a reduction in printing, and utilising Skype to cut down on travel where possible. This has enabled greater flexible working
- 643 of our staff pledged to reduce their use of plastic water bottles and disposable cups and we provided them with alternatives. In the shared canteen facilities in our Canary Wharf office, we supported the move to stop providing disposable cups

Our fleet vehicles contribute to our greenhouse gas emissions. To minimise the impact of this, we consider the environment from the outset of our procurement process. The nature of our investigative work means that there is rarely an alternative to using a vehicle. However, travel for administrative activities is undertaken using rail and other public transport wherever possible.

### **Our future sustainability strategy**

We are committed to reducing our impact on the environment in line with the Greening Government Commitments (GGC) and will continue our efforts to limit our greenhouse gas emissions. We will consider this in all areas of our work.

We will continue to improve the accuracy of our data – in particular, our water and waste figures – and will work with relevant stakeholders to ensure data is as accurate as possible. Our main key performance indicator for sustainability is to keep in line with GGC and report on the levels set by HM Treasury Guidance. We aim to maintain or reduce the level of Co2 generated per employee.



**Michael Lockwood**

Accounting Officer

15 July 2019

# Section 2: Accountability report

## Corporate governance report

### The Directors' report

The role of the Unitary Board, Committees and the Management Board are explained in the Governance statement elsewhere in this report.

#### The Unitary Board

The members of the Unitary Board during 2018/19 are shown in the table below.

Name	Title	Notes
Michael Lockwood	Director General	
Geoffrey Podger	Senior Independent Director	
Andrew Harvey	Non-Executive Director	
Bill Matthews	Non-Executive Director	
Manjeet Gill	Non-Executive Director	
Catherine Jervis	Non-Executive Director	
Mary Lines	Non-Executive Director	
Ian Todd	Deputy Director General, Operations	Resigned on 22/02/2019
Jonathan Green	Interim Deputy Director General, Operations	Appointed on 25/02/2019
Tom Whiting	Deputy Director General, Strategy and Corporate Services	Appointed on 14/02/2019
Kevin Woodrow	Director, Resources	
Kathie Cashell	Director, Strategy and Impact	

## The Management Board

The members of the Management Board during 2018/19 are shown in the following table.

Name	Title	Notes
Michael Lockwood	Director General	
Ian Todd	Deputy Director General, Operations	Resigned on 22/02/2019
Jonathan Green	Interim Deputy Director General, Operations	Appointed on 25/02/2019
Tom Whiting	Deputy Director General, Strategy and Corporate Services	Appointed on 04/02/2019
Kevin Woodrow	Director, Resources	
Liz Booth	Director, People	Started on 10/09/2018
Kathie Cashell	Director, Strategy and Impact	
David Emery	General Counsel	

Tom Whiting was appointed to the Management Board when he joined the IOPC on 4 February 2019 and on 14 February 2019, he was appointed to the Unitary Board.

## Register of interests

A register with details of company directorships or other significant interests held by members of the Unitary Board and all IOPC Directors is available on our website. It may be obtained in writing from the IOPC Governance Secretary at 10 South Colonnade, London, E14 4PU.

## Freedom of information and data protection

The IOPC complies with *the Freedom of Information (FOI) Act 2000*, the *General Data Protection Regulations* and the *Data Protection Act 2018*.

We have a well-established information rights team as the central point of contact for processing all requests for information. The team ensures that all requests are processed in accordance with current statutory obligations, internal policies and procedures. The team also provides advice, guidance and assistance to staff and managers about all aspects of FOI and data protection work.

The tables below show the trends in IOPC performance against the statutory deadlines.

<b>FOI requests</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Number completed	259	296	248
Statutory deadline met	89%	88%	94%

#### **Data losses and information assurance**

The IOPC Information Asset Owners are responsible for managing and operating assets in compliance with our policies and ensuring controls are in place to manage risks appropriately. Data-related incidents involving the loss, theft or inappropriate disclosure of our information are investigated by business areas. The incident reports are reviewed by the data protection team who decide on whether they meet the threshold for reporting to the Information Commissioner (ICO). The Senior Information Risk Owner is regularly briefed on these issues and on the risks to be addressed through additional controls.

The tables below show the trends in IOPC performance.

<b>Subject access requests</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Number completed	195	182	226
Statutory deadline met	55%	67%	92%
<b>Data-related incidents</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Number of incidents reported to ICO	1	1	2
Regulatory action required	-	-	-

## Health and safety

The Health and Safety Executive Committee provides oversight for the health and safety activities of the organisation and provides a route for ratification of new policies, processes and documents.

In the period under review we built on the stronger reporting that took place in the previous year and identified areas for improvements in process. This has driven further work in developing frameworks and management documents and ensures that health and safety is proportionate in its application of managing risks.

We take a very proactive approach to health and safety and remain committed to ensuring incidents are as low as possible. We implement strategies to ensure that lessons learnt are drawn from incidents and actions are taken to prevent recurrence.

The table below provides information on reported events during 2018/19 and prior years.

Health and safety	2016/17	2017/18	2018/19
Accident	15	21	12
Incident	4	13	8
Near miss	2	15	10
<b>Total occurrences</b>	<b>21</b>	<b>49</b>	<b>30</b>

## Research and evaluation

Our research and evaluation programme works to improve the complaints system, by supporting revision of statutory guidance and learning reports for police forces, research into public and stakeholder confidence, by collecting user feedback, and conducting thematic studies and policy positions on areas of concern.

Research undertaken during the year included producing national statistics on deaths during or following police contact, monitoring public awareness and confidence in the police complaints system and collecting feedback from a range of people involved with IOPC processes to support service delivery improvements.

Other work included publishing a study that explored experiences and perceptions of the police complaints system with people who have mental health concerns.

## Charitable donations

Our staff organised fundraising events in support of a range of charities. Staff also made personal donations to charities as a result of gifts received during 2018/19. These are published in the Gift and Hospitality register available on the website.

## Procurement

Procurement delegation from the Home Office is given on the basis that best practice is followed, best value is achieved and that we comply with Home Office procurement policies and applicable legal and regulatory requirements. For most categories of expenditure, we use Crown Commercial Services (CCS) frameworks and for legal services, we use Chamber frameworks.

The table below provides an analysis of the procurement routes by percent of contract value for 2018/19 and prior years. There was an increase in 'other' contracts awarded compared to last year and resulted from the requirement to procure commodities not available on CCS.

Procurement route	2016/17	2017/18	2018/19
Chambers	17%	32%	3%
CCS	72%	56%	53%
Other	11%	12%	44%

## Estates

Our estates strategy is integral to supporting our staff to deliver our business plan. The strategy sets out a programme to make best use of our existing property or move to another public sector property or government hub.

In June 2018, we relocated our Holborn office to a government hub based in Canary Wharf, London. This is a modern workplace that allows our staff to work efficiently and we expect this to increase productivity, and improve staff well-being, while contributing to wider government objectives. We will consider additional moves to other government hubs on a case-by-case basis, and factor in lessons learned from our move to Canary Wharf.

Office space at four of our seven locations is within the government benchmark of 8 square metres per full-time employee. The table below show the trends in IOPC running costs.

<b>Running costs £</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Per full-time staff member	5,767	5,436	5,667

### Payment of suppliers

The IOPC abides by the British Standard for Achieving Good Payment Performances in Commercial Transactions (BS 7890). We aim to pay all valid invoices in accordance with contract terms or 30 days after receipt of a valid invoice where no terms are agreed. The table below show the trends in IOPC supplier payments.

<b>Payment of suppliers</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Paid within 10 days	83%	87%	92%
Paid within 30 days	97%	96%	99%

### Outturn

The IOPC is responsible to Parliament for its expenditure through the Home Office. The Home Office considers our expenditure plans and provides grant in aid, which we draw down in-year as required.

The financial statements show that net expenditure for the year was £72.5m in 2018/19, compared with £74.5m in 2017/18. Our expenditure reduced primarily on staff costs for core activity and at Hillsborough. The table below shows how we used our resources during the year compared to the last two years.

<b>Net expenditure £m</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Staff	47.6	49.4	48.2
IT	8.1	8.6	9.6
Other costs	6.4	6.1	5.4
Estates	5.7	5.6	5.6
Non-cash and actuarial gain	5.2	4.8	3.7
<b>Total</b>	<b>73.0</b>	<b>74.5</b>	<b>72.5</b>



## Capital expenditure

During the year our main purchases were for developments to the ICT systems we use for our investigations and appeals work, replacement ICT equipment and minor improvements to office accommodation. The cost associated with fitting out our office at Canary Wharf was paid for by the Home Office.

The table below shows our capital expenditure compared to the last two years.

Capital expenditure £m	2016/17	2017/18	2018/19
Property, plant and equipment	2.2	4.3	1.7
Intangibles	0.3	1.5	1.4
<b>Total</b>	<b>2.5</b>	<b>5.8</b>	<b>3.1</b>

## Expenditure trends

The table belows show the net expenditure trends for five years. In 2018/19, expenditure on Hillsborough declined.

Net expenditure £m	2014/15	2015/16	2016/17	2017/18	2018/19
Core business	43.4	52.3	61.4	66.6	65.6
Hillsborough	10.6	12.3	11.1	7.9	6.9
<b>Total</b>	<b>54.0</b>	<b>64.6</b>	<b>72.5</b>	<b>74.5</b>	<b>72.5</b>

## Statement of the accounting officer's responsibilities

Under paragraph 17(1) of Schedule 2 to the *Police Reform Act 2002*, the IOPC is required to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction issued by the Secretary of State. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the IOPC and its income and expenditure, Statement of Financial Position, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and, in particular, to:

- observe the Accounts Direction issued by the Secretary of State, with the consent of the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis; and
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

For the year under review, the Home Office designated our Director General, Michael Lockwood, as the Accounting Officer of the IOPC. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and safeguarding the IOPC's assets, are set out in *Managing Public Money* published by the HM Treasury.

As Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that IOPC auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

**Michael Lockwood**

Accounting Officer

## Governance statement

This Governance Statement relates to the Independent Office for Police Conduct (IOPC). I was appointed as the first Director General (DG) of the IOPC, and as its Accounting Officer, on 8 January 2018.

### Governance framework

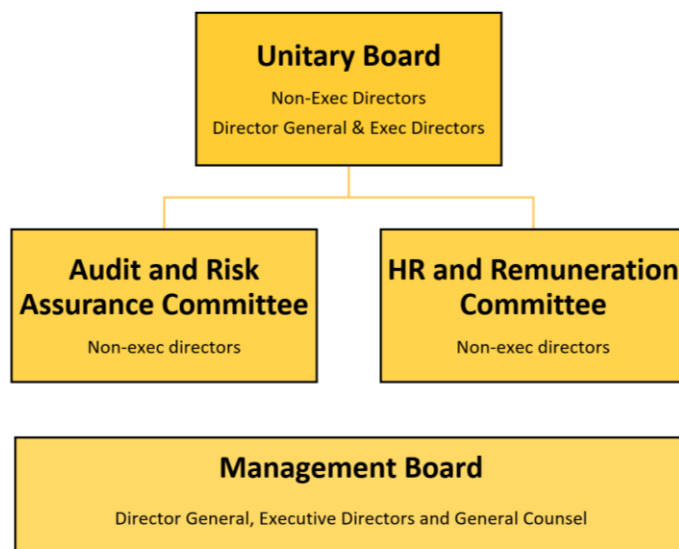
The governance framework comprises the systems and processes by which the organisation is directed and controlled. It enables the Unitary Board as the governing body to fulfil its statutory functions – to have in place appropriate arrangements for good governance and financial management (to encourage efficient and effective use of resources); to determine and promote the strategic aims and values of the IOPC; to provide support and advice to me as the Director General in the carrying out of my functions; and to monitor and review the carrying out of such functions. The framework assists me as the DG and the Unitary Board in preparing a joint strategy for the carrying out of our respective functions, which are reviewed annually. It also includes a jointly prepared Code of Practice. This addresses the relationship between my role and the Unitary Board, which must reflect the principle that the Director General is to act independently when making decisions in connection with the carrying out of his functions.

The system of governance, internal control and risk management is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives. It can, therefore, only provide high, rather than absolute, assurance of effectiveness.

I act in accordance with the IOPC Standing Orders and I am accountable to Ministers and to Parliament. I have had meetings with the Home Secretary and Minister of State for Policing and the Fire Service throughout the year to date. The effectiveness of the organisation has been kept under regular review during these meetings. Bilateral meetings were established with the Home Office's Sponsor Unit to discuss strategic, budgetary and operational matters. No matters are discussed that could present a risk to the organisation's independence of operational decision-making.

The organisation's internal control framework is based on the review of regular management information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. It is designed to efficiently and economically manage risks to the achievement of objectives.

The Unitary Board was supported by two Committees, each chaired by a Non-Executive Director (NED). The Governance structure that operated in the period covered by this statement is shown in the chart and described in table below.



Forum (Frequency)	Chair	Attendance	Role
Unitary Board	Michael Lockwood (DG)	Members: DG, All 6 NEDs, Deputy DG (Ops), Deputy DG (Strategy & Corporate Services), Director of Resources, Director of Strategy & Impact.	Unitary Board is responsible for defining strategy and determining the allocation of resources. Meetings of the Unitary Board enable the regular review of strategic plans and reporting against their achievement. The Unitary Board also periodically reviews the internal and external challenges facing the organisation and how it might best meet those challenges.
		In attendance: General Counsel, Head of Private Office Group, Governance Secretary	
Audit and Risk Assurance	Catherine Jervis (NED)	Members: 3 NED members. Catherine Jervis, Bill Matthews & Mary Lines.	The ARAC supports the organisation and the Accounting Officer in their responsibilities for issues of

Committee (ARAC)		In attendance: DG, Deputy DG (Ops), Deputy DG (Strategy & Corporate Services), Director of Resources, Government Internal Audit Agency (GIAA) and National Audit Office (NAO). External Audit (BDO) and Home Office Sponsor (as observer). Other relevant directors and staff as necessary, including the Governance Secretary.	risk, control and governance, and associated assurance. The Committee also scrutinises the Annual Report and Accounts on behalf of the Unitary Board.
HR and Remuneration Committee	Andrew Harvey (NED)	Members: 3 NED members (Andrew Harvey, Manjeet Gill & Geoffrey Podger).	The HR&R Committee agrees, on behalf of the Board, the pay and reward strategy and the annual staff pay remit and agrees the pay remit submission to the Secretary of State for approval. The Committee also considers and advises on the DG's proposals regarding pay progression and bonus awards for each Director and makes recommendations on an annual equal pay audit.
		In Attendance: DG, Deputy DG (Strategy & Corporate Services), Director of People, Governance Secretary.	
Management Board	Michael Lockwood (DG)	Members: DG, Directors, General Counsel.	Management Board is responsible for the operational delivery of the organisation's business. It meets formally each month with frequent informal meetings on a weekly basis. It receives regular reports on
		In Attendance: Head of Communications, Head	

		of Private Office Group.	finance, performance, business planning and risk, to inform its decision-making.
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## Board performance

The Unitary Board came into existence on 8 January 2018. Terms of reference and membership have been agreed. The Unitary Board held a session on 8 January 2019 to evaluate its effectiveness over its first year. A number of actions arose from the session, which are being taken forward.

In accordance with the Standing Orders, meeting agendas and papers were made available in a variety of formats a week before meetings. Papers provided sufficient information and evidence for sound decision-making, including reference to risk, financial, legal, external stakeholder, and any identified diversity implications.

## Highlights of Board's committee activities

The committees of the Unitary Board fulfil their responsibilities by receiving and considering reports. The key areas considered by the committees are set out below.

### Audit and Risk Assurance Committee (ARAC)

- Strategic risk and the consistent embedding of risk management across the organisation, including discussion on risk appetite and exposure.
- Expenditure management and ensuring efficient use of resources.
- IOPC complaints process, including the ongoing work on our complaints management policy and producing comprehensive data aimed at making improvements.
- ICT transformation and disaggregation plan and progress.
- GDPR compliance and information management performance.
- Background report on the complexities of the disclosure process.
- Fraud policies and procedures, and any identified or suspected instances of fraud.
- The Annual Report and Accounts, including the Governance Statement.
- Identifying areas of risk for more detailed review and receiving reports on relevant mitigation activities.
- Monitoring internal audit recommendations and their implementation.
- Learning lessons and escalating risks.
- Reviewing internal audit activity and annual plan.

The ARAC undertakes an annual review of its activity and produces a report to the Accounting Officer and Unitary Board. This report highlights the work of the Committee during the year and includes its view on the key issues and future challenges facing the organisation.

### HR & Remuneration Committee

The terms of reference of the Committee:

- developing our values
- interim arrangements in HR and any impact on morale/performance.
- pay remit
- equality, diversity and inclusion, noting the history, progress made to date and areas requiring further work and training for all (including Board members)
- results of the staff survey
- briefing on the use of fixed term contracts
- co-ordinating learning and development activities
- inclusive leadership training
- the future of the investigator qualification
- leadership and people pledges
- recruitment

The table below shows the attendance of executive and Non-Executive Directors at Unitary Board and Committee meetings<sup>1</sup>.

<b>Unitary Board and Committee Members Attendance</b>		<b>Unitary Board</b>	<b>ARAC</b>	<b>HR and Remuneration Committee</b>
Michael Lockwood	Director General	10 / 10		
Geoffrey Podger	Senior Independent Director	10 / 10		4 / 4
Bill Matthews	Non-Executive Director	9 / 10	3 / 4	
Mary Lines	Non-Executive Director	10 / 10	4 / 4	

Manjeet Gill	Non-Executive Director	8 / 10		4 / 4
Andrew Harvey	Non-Executive Director	9 / 10		4 / 4
Catherine Jervis	Non-Executive Director	9 / 10	4 / 4	
Ian Todd <sup>2</sup>	Deputy Director General (Operations)	8 / 9		
Kevin Woodrow <sup>3</sup>	Director	9 / 10		
Kathie Cashell	Director	9 / 10		
Tom Whiting <sup>4</sup>	Deputy Director General (Strategy & Corporate Services)	1/1		
Jonathan Green <sup>5</sup>	Deputy Director General (Operations), Interim	1/1		

1. To note that the table above details attendance of members. The greyed-out areas indicate that the named individual is not a member of the listed committee. They may, however, attend in their capacity as Director. I attended every meeting of both ARAC and HR and Remuneration Committee in my capacity as Director General.
2. Ian Todd left the IOPC on 22 February 2019.
3. Kevin Woodrow left the IOPC in April 2019, shortly after the year end.
4. Tom Whiting joined the IOPC on 4 February 2019.
5. Jonathan Green was appointed interim Deputy Director General (Operations) on 25 February 2019. He was previously Regional Director for London.

## Conflicts of interest

The IOPC Conflict of Interest Policy requires all staff to declare any potential conflicts as they arise (note that our Non-Executive Directors are subject to the Cabinet Office Code of Conduct). In addition, investigations staff are precluded from working on investigations where they have prior interests. Our Conflict of Interest policy is deemed proportionate to the perceived risk to our impartiality.

A standing agenda item for Board and Committee meetings makes provision for attendees to declare any such interests. One interest was declared at a meeting of



the Unitary Board before a presentation on the progress of our Hillsborough investigation. Our Senior Independent Director is a former CEO of the Health and Safety Executive and had some involvement with the investigation in that capacity. An interest was also declared by our General Counsel before a paper on “restricted persons” as they formerly worked for the police before joining the IOPC.

The register of interests for the members of the Unitary Board, General Counsel, Director for Wales and Regional Directors is published online.

## Corporate governance

I have reviewed the Corporate Governance Code in central government departments. While being directed at ministerial departments rather than non-departmental public bodies, the Code provides best practice on corporate governance arrangements. Where they are considered to apply, the organisation has complied with the principles of the code.

A management reorganisation towards the end of the period has resulted in the departure of our financially qualified Director of Resources shortly after the year end. They have been replaced, at Board level, by the appointment of a new Deputy Director General, Corporate Services. While the individual is not financially qualified I have considered the risk and confirm that this is mitigated by their experience as a financial professional, and the attendance at relevant meetings by the qualified Head of Finance. I am also financially qualified and have professional experience as a former Finance Director.

## Issues

Information and communications technology (ICT) has been an issue throughout the last year and present a risk to reputation, finance, our relationship with the Home Office and achievement of objectives. However, good progress has been made, with the planning of activity and mitigation against the risk improving during the year. Core ICT infrastructure and end user devices have been subject to significant investment throughout the year. Spending has been focused on enhancing resilience for an increasingly mobile workforce and creating a platform that is well-positioned for technological innovation. Embracing cloud-technologies will allow cost-savings to be exploited, but it must be noted that the transition from an on site data centre environment towards cloud-technologies has incurred elevated costs associated with the dual running of two environments.

The ICT Transformation Programme will allow a more robust and innovative technological environment to be created. This will allow better value for money over future reporting periods.

## Assurance framework and risk assessment

The IOPC's assurance framework comprises the following elements:

- structured risk identification linked to business objectives
- assessment and management of significant risks
- monitoring and effectiveness of the assurance framework
- external review and monitoring

The assurance process is designed to ensure that the IOPC can satisfy itself that appropriate arrangements are in place for managing risk and securing a robust system of internal control – i.e. one that is functioning and effective. The IOPC's assurance framework includes an annual business cycle that establishes clear objectives for the organisation and identifies the risks to their achievement.




Following the creation of the IOPC, new strategic priorities were identified from a combination of public perception tracking, meetings with stakeholders and staff, and liaison with Ministers. This led to the development of a strategic proposition which was widely consulted on, and which was then used to prepare the initial "One Plan", a comprehensive plan encompassing all related activity across the organisation.





In addition, a three-year planning process has been introduced, to identify and plan the work required to support the new strategic priorities and values established by the IOPC. We have introduced improved project management practices and a set of portfolio boards have been put in place to support the governance structure required to implement and embed the activities identified and approved as part of that planning process.


The organisation's risk management framework seeks to ensure that risks relating to the achievement of its objectives are identified, monitored and managed. Risks are assessed based on their impact and likelihood using a scale agreed by the Unitary Board. A strategic risk register is maintained, and each directorate maintains an operational risk register in conjunction with its directorate plan, although further work is required to embed risk management at this level. Risks and relevant mitigating activity are identified and reported to Management Board, the ARAC and the Unitary Board, in line with the organisation's reporting cycles.

Following development by the Management Board, the Unitary Board has agreed statements of risk appetite for the organisation. Additional work will be carried out in the forthcoming year to ensure that the risk appetite is reflected appropriately in risk management activity.

The following table sets out the risk areas included in the IOPC strategic risk register (at the end of the year), both mature risks and those identified in the reporting year.

Risk	Key mitigation	Net risk trend
Regulations that emerge from the work undertaken to reform the complaints and disciplinary systems do not achieve the IOPC aims to simplify the process for complaints.	Engaged with key stakeholders – for example, Association of Police and Crime Commissioners, National Police Chiefs' Council complaints and discipline lead.	
	Advised the Home Office reform team on the implications of proposed changes, with the aim of influencing them to pursue measures that will simplify the complaints system.	
	Ongoing engagement at all levels, including senior officials and ministers, to implement introduction of measures that will simplify the complaints system and to progress a way forward on contentious issues.	
The organisation may have to fund an increase in employer pension contributions for 2019/20.	Close liaison with the Home Office finance and sponsorship teams.	
	Liaison at a senior level with ministers and officials in the Home Office on the scale of implications of cuts.	
	Internal financial modelling and high-level option assessment (scenario planning).	
	Liaison with the Home Office finance team about the scale and probability of funding for 2019/20 and 20/21.	
Civil compensation claims: - court judgment(s) against the IOPC, including: finding articles 6 and 8 European Convention on Human Rights engaged and breached by an IOPC investigation or appeal assessment; and / or misfeasance in public office found against IPCC/IOPC	Improved timeliness of IOPC investigations and appeals assessments – reducing possibility of articles 6/8 the European Convention of Human Rights being breached through IOPC operational work.	
	Improved technical decision-making by operations staff. Improved technical legal advice by Legal Services team.	
	Trusted Operations Manual and processes and procedures.	

Risk	Key mitigation	Net risk trend
staff / former staff/commissioner		
There is a serious data breach. This may result from different scenarios – for example, hacking, accidental loss of papers, a deliberate breach for gain etc.	Structured approach to information assurance led by nominated roles (Senior Information Risk Owner / Information Asset Owners) & specific designated roles for information management.	
	Annual training for Senior Information Risk Owners and Information Asset Owner roles. All staff required to undertake information security training & security briefings.	
	Security breach processes, including investigation & learning the lessons when required.	
	SECRET system replaced to provide better security to our most sensitive data assets (with better availability and usability).	
	Establishment of Information Assurance Board with terms of reference that include oversight of data breaches.	
If the IOPC is not fully compliant with GDPR, it will be open to legal challenge from data subjects and investigation by the Information Commissioner.	Data Protection Officer to working closely with Information Commissioner's Office single point of contact, keeping them updated on what we are working on and future.	
	The medium- / long-term plan for development of our information management system is in place.	
If the IOPC is not compliant with exhibits procedures, there is a risk that the continuity of evidence is not maintained.	Review of storage that addresses audit and prevents further losses.	
	Exhibits pilot and review has taken place in the Sale office.	
	Regular stores inspections are carried out as set out in the exhibits handling policy.	
ICT resources will be insufficient to meet all business-critical requirements	Strategic and business-planning process is seeking to understand all potential demands on Information Communication Technology (ICT) in the coming three years.	

Risk	Key mitigation	Net risk trend
and the needs of the transformation and disaggregation project.	ICT team numbers increased, and team restructured to better address known demands to date, including appointment of business relationship managers.	
	ICT strategy and technical roadmap is being developed to ensure infrastructure demands are fully incorporated in work and resource planning.	
	This year's planning process including prioritisation of business demands and allocation of resources for 2019/20 has been completed.	
	Funding bid to Home Office recognised demands and has the greatest likelihood of success to minimise competing demands on financial resources.	
An ineffective information assurance culture with inadequate systems, process, training and governance leads to a lack of corporate understanding and control of the information we process.	Identification of information management roles and responsibilities.	
	Governance structure established including delegation of authority through the Scheme of Delegation and establishing an Information Assurance Board and supporting working groups.	
	Identification of the risk and mitigating actions / resource requirement as part of business planning and incorporation into the plan owned by Management Board.	
	Mandatory annual training of all staff in information security.	
	Training of Information Asset Owners in the requirements of their roles.	
	Numerous information management policies in place – for example, retention and disposal, and postal policies.	
	Provision of supporting guidance and information on General Data Protection Regulations.	

One risk was escalated to the Home Office during the year – Capital Delegation for 2019/20. This was subsequently resolved and removed from the register.

A specific fraud risk assessment was carried out during the year, which was reported to the ARAC and, where appropriate, additional control activity was identified. In addition, a new reporting process was introduced for budget holders to ensure that all fraud and losses were correctly reported, and relevant action taken.

Internal controls are developed and maintained through the implementation of policies and procedures that are subject to oversight and approval by the relevant committee or Unitary Board. An external review of controls is also undertaken during the audit processes by both internal and external audit in their respective areas of expertise.

## **Internal audit**

Internal audit services are provided by the Government Internal Audit Agency (GIAA) under a three-year contract, which was renewed on 1 April 2018.

Both internal and external audits assist us with the continuous improvement of procedures and controls. Actions are agreed in response to recommendations, and these are followed up to make sure they are implemented.

A monitoring report on the implementation of recommendations is provided to each meeting of the Audit and Risk Assurance Committee.

The table below summarises the key findings and IOPC management response from each of the internal audits conducted during the year.

<b>Audit</b>	<b>Key findings</b>	<b>Management response</b>
Key financial controls	There is good segregation of duties in all workflow activities, management information is comprehensive and includes compliance data, operational checks are well established. Some areas for improvement have however been identified, including the need to strengthen some financial procedures and some areas of management oversight.	Recommendations were accepted and have been implemented.

GDPR	Some governance, risk management and control arrangements have been established however the governance arrangements are immature, and definition of risk management processes should be improved.	A programme of Data Protection Officer audits will take place. A new project manager has been recruited to manage completion of the remaining work. A data mapping exercise, which is key to addressing compliance, is underway.
Corporate stakeholder management and external communications	There is good governance and control in relation to management of stakeholders and external communications. However, stakeholder strategic documentation requires refreshing and regional stakeholder engagement is inconsistent.	Strategies and policies are to be updated and a business case for recruitment of regional engagement staff has been agreed.
Cyber security	Risk management processes are good at identifying information security issues. However, there are weaknesses across some of the new Cyber Security Standard requirements within the Cabinet Office Security Policy Framework.	The weaknesses are to be addressed, policies updated, new technology investigated, and in full scenarios tested.
Corporate governance	There is a sound system of corporate governance in place supported by appropriate documentation. Improvements could be made to enhance its operation – for example, embedding risk management below at strategic level, succession management and testing of business continuity planning.	All the recommendations have been acknowledged and plans are in place to implement them by the end of the calendar year.

Health and safety	There are suitable processes in place for managing health and safety in relation to IOPC occupied buildings, contractors and visitors. However, there are some areas where risk assessment methods are not consistently applied and improvements are indicated.	The risk assessment training programme will continue, senior operations group will reissue and publicise guidance, a sampling process will be introduced in quarter 3 of 2019/20 to monitor compliance.
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## Health and safety

Health and safety policies and procedures have been strengthened through the work of a Health and Safety Executive Committee, chaired early in the year by the Director, Resources and later by the Director, People. The Committee oversees the identification of policy and procedural changes, action planning and implementation.

A qualified health and safety manager has been in post throughout the year to deliver the improvements. Further improvements will be made in response to the recommendations of an internal audit of health and safety.

## Effectiveness of the Raising Concerns Policy

Three concerns have been raised under the Raising Concerns policy in the year. All have been investigated and resolved. We are continuing to work on one concern raised in 2017/18.

## Accounting Officer

As the Accounting Officer, I have personal responsibility for maintaining a sound system of governance, internal control and risk management to support the discharge of the organisation's functions under the Police Reform Act 2002 and other relevant legislation, while safeguarding public funds and organisational assets.

My review is informed in part by the work of our internal auditors, who have provided an assurance level of moderate based on the work they have undertaken.

Moderate assurance is defined by them as: Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.



I support this opinion and believe that the transition made to the new governance and senior management structure will enable further improvement in controls going forward as these changes are fully embedded.

**Michael Lockwood**

Accounting Officer

## Remuneration and staff report

### Remuneration policy

The IOPC wishes to ensure that it operates competitive remuneration packages to recruit and retain staff of appropriate calibre. We operate a 14 grade system backed by an analytical job evaluation scheme. Any changes to our pay policy or pay remit require formal approval from the Human Resources and Remuneration Committee.

We are subject to the Civil Service pay guidance produced by the Cabinet Office and HM Treasury and submit an annual pay remit to the Home Office, which is within that guidance. Remuneration for directors for current and future years adheres to the work and recommendations of the Senior Salaries Review Body.

### Service contracts

On 8 January 2018 Michael Lockwood was appointed Director General by Her Majesty the Queen, as provided for in the *Police Reform Act 2002* on the recommendation of the Secretary of State for the Home Department.

The Director General appoints directors. Their contracts normally have no fixed period and are terminable with up to six months' notice by the IOPC. Early termination of directors, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

### Single total figure of remuneration for senior managers

The information in the remuneration tables below is compliant with Employer Pension Notice (571) and provides details of the remuneration and pension interests of our senior managers.

For the year under review senior managers includes those who attend Management Board and members of Unitary Board. On the creation of the IOPC in 2017/18, the appointments of the IPCC commissioners came to an end. The table below for commissioner remuneration includes the 2017/18 information for comparative purposes only.

## Single total figure of remuneration for commissioners

*This table has been audited.*

Commissioner	Salary	Salary	Pension benefits	Pension benefits	Total remuneration	Total remuneration
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
	£'000	£'000	£'000	£'000	£'000	£'000
Anne Owers <i>left 07/01/2018</i>	-	65-70 (70-75)*	-	-	-	65-70 (70-75)*
Rachel Cerfontyne <i>ceased role 07/01/2018</i>	-	75-80 (100-105)*	-	30	-	105-110 (130-135)*
Sarah Green <i>ceased role 07/01/2018</i>	-	75-80 (100-105)*	-	32	-	110-115 (130-135)*
Carl Gumsley <i>left 15/12/2017</i>	-	60-65 (80-85)*	-	23	-	80-85 (105-110)*
Cindy Butts <i>left 07/01/2018</i>	-	65-70 (85-90)*	-	27	-	90-95 (110-115)*
Jennifer Izekor <i>left 07/01/2018</i>	-	65-70 (85-90)*	-	26	-	95-100 (115-120)*
Mary Cunneen <i>left 07/01/2018</i>	-	75-80 (85-90)*	-	32	-	105-110 (115-120)*
Derrick Campbell <i>ceased role 07/01/2018</i>	-	70-75 (85-90)*	-	25	-	95-100 (110-115)*
Jan Williams <i>left 04/09/2017</i>	-	35-40 (80-85)*	-	-	-	35-40 (80-85)*
Sue Whelan-Tracy <i>left 07/01/2018</i>	-	10-15	-	-	-	10-15
David Bird <i>left 07/01/2018</i>	-	5-10	-	-	-	5-10
Tim Robinson <i>left 07/01/2018</i>	-	5-10	-	-	-	5-10

## Single total figure of remuneration for non-executive directors

*This table has been audited.*

Non-executive directors	Salary	Salary	Bonus payments	Bonus payments
	2018/19	2017/18	2018/19	2017/18
	£'000	£'000	£'000	£'000
Geoffrey Podger <i>started 08/01/2018</i>	5-10	0-5 (5-10)*	-	-
Bill Matthews <i>started 08/01/2018</i>	5-10	0-5 (10-15)*	-	-
Mary Lines <i>started 08/01/2018</i>	5-10	0-5 (5-10)*	-	-
Manjeet Gill <i>started 08/01/2018</i>	5-10	0-5 (5-10)*	-	-
Andrew Harvey <i>started 08/01/2018</i>	10-15	0-5 (5-10)*	-	-
Catherine Jervis <i>started 08/01/2018</i>	10-15	0-5 (5-10)*	-	-

\*Full-year equivalent

<b>Benefits in kind</b>	<b>Benefits in kind</b>	<b>Pension benefits</b>	<b>Pension benefits</b>	<b>Total re- muneration</b>	<b>Total re- muneration</b>
2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
to nearest	to nearest				
£'00	£'00				
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	-	5-10	0-5 (5-10)*
-	-	-	-	5-10	0-5 (10-15)*
-	-	-	-	5-10	0-5 (5-10)*
-	-	-	-	5-10	0-5 (5-10)*
-	-	-	-	10-15	0-5 (5-10)*
-	-	-	-	10-15	0-5 (5-10)*

## Single total figure of remuneration for senior managers

*This table has been audited.*

Senior managers	Salary	Salary	Bonus payments	Bonus payments
	2018/19	2017/18	2018/19	2017/18
	£'000	£'000	£'000	£'000
Michael Lockwood <i>Started 08/01/2018</i>	180-185***	40-45 (170-175)*	-	-
Lesley Longstone <i>Left 23/11/2017</i>	-	95-100 (140-145)*	-	10-15**
Ian Todd <i>Left 22/02/2019</i>	130-135 (135-140)	130-135	-	-
Kathie Cashell	105-110	105 -110	-	-
Kevin Woodrow	200-205	100-105	-	-
David Emery	90-95	90-95	-	-
Tim Bianek <i>Left 07/01/18</i>	-	75-80 (105-110)*	-	-
Liz Booth <i>Started 10/09/2018</i>	55-60 (100-105)	-	-	-
Tom Whiting <i>Started 04/02/2019</i>	20-25 (135-140)	-	-	-
Jonathan Green <i>Appointed 25/02/2019</i>	10-15 (135-140)	-	-	-

\* Full-year equivalent

\*\* Bonus paid in year in respect of prior year pay award

\*\*\* The Director General, Michael Lockwood, is not eligible for an annual pay award. The salary reported in 2018/19 is higher than the full-year equivalent salary reported for the prior period as a result of a payment for annual leave entitlement not taken in 2018/19.

<b>Benefits in kind</b>	<b>Benefits in kind</b>	<b>Pension benefits</b>	<b>Pension benefits</b>	<b>Total remuneration</b>	<b>Total remuneration</b>
2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
to nearest	to nearest				
£'00	£'00				
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	-	180-185	40-45 (170-175)*
-	-	-	13	-	120-125 (170-175)*
-	-	47	52	180-185 (185-190)	185-190
-		42	42	150-155	145-150
11.3	24.2	12	8	220-225	135-140
-	-	35	30	125-130	120-125
-	-	-	26	-	100-105 (130-135)*
-	-	22	-	75-80 (120-125)	-
-	-	8	-	25-30 (145-150)	-
-	-	-	-	10-15 (135-140)	-

## **Salary**

This includes gross salary, performance pay, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the IOPC and thus recorded in these accounts.

## **Bonuses**

Bonuses are not payable to the Director General and other senior managers of the IOPC. In 2017/18 the Chief Executive of the IPCC, Lesley Longstone, was paid a bonus of £15,000.

## **Payments made to directors under the civil service compensation scheme**

During 2018/19, there were no payments made to directors under the civil service compensation scheme (2017/18: £95,000). An accrual of £95,000 has been made for a payment to the Director of Resources, Mr Kevin Woodrow, who left the IOPC in April 2019.

## **Benefits in kind**

Senior managers and some other staff are required to travel to various IOPC offices in order to perform their duties. Where, by nature of the tasks performed and the frequency of travel, these are deemed a permanent workplace, then the cost of travel is not deductible under Section 338 ITEPA 2003. The tax on the cost of travel other than to the location where they are based is paid for by the IOPC.

## **Pension benefits**

During the period under review, the IOPC Director General, and all staff are eligible for membership of the Principal Civil Service Pension scheme. However, the Director General was not a member during the period under review.

Certain former commissioners and staff who served as members with the Police Complaints Authority (PCA) participate in a 'broadly by analogy' (BBA) pension scheme as an alternative to membership of the Civil Service Pension scheme. The IOPC is responsible for funding future pension benefits.

The tables below provides details of the pension benefits. They are subject to audit.



## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**. This provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). Since 1 April 2015, all newly appointed civil servants and the majority of those already in service joined **alpha**. Before this, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with pensions increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6 per cent and 8.05 per cent for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos**, members build up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32 per

cent. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the *Finance Act 2004*.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8 per cent and 14.75 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or state pension age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCS or **alpha** – as appropriate. Where the official has benefits in both the PCS and **alpha**, the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found online at [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement, which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes

(Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

On the creation of the IOPC in 2017/18, the appointments of the IPCC commissioners came to an end. The table below for commissioner CETV includes the 2017/18 information for comparative purposes only.

*This table has been audited.*

CETV is at the date of ending the term as commissioner during 2017/18.

<b>Pension benefits Commissioner</b>	<b>CETV at 31 March 2018</b>
	£'000
Rachel Cerfontyne <i>ceased role 07/01/2018</i>	313
Sarah Green <i>ceased role 07/01/2018</i>	324
Carl Gumsley <i>left 15/12/2017</i>	77
Cindy Butts <i>left 07/01/2018</i>	108
Jennifer Izekor <i>left 07/01/2018</i>	127
Mary Cunneen <i>left 07/01/2018</i>	483
Derrick Campbell <i>ceased role 07/01/2018</i>	290

*This table has been audited.*

<b>Senior manager</b>	<b>Accrued pension at pension age as at 31/3/19 and related lump sum</b>	<b>Real increase in pension and related lump sum at pension age</b>	<b>CETV at 31 March 2019</b>	<b>CETV at 31 March 2018</b>	<b>Real increase in CETV</b>
	£'000	£'000	£'000	£'000	£'000
Lesley Longstone <i>left 23/11/2017</i>	-	-	-	1,033	-
Ian Todd <i>left 22/02/2019</i>	10-15 Nil lump sum	2.5-5 Nil lump sum	116	73	22
Kathie Cashell	15-20 Nil lump sum	2.5-5 Nil lump sum	204	152	18
Kevin Woodrow	35-40 105-110 lump sum	0-2.5 2.5-5 lump sum	801	716	12
Tim Bianek <i>left 07/01/18</i>	-	-	-	342	-
David Emery	25-30 Nil lump sum	0-2.5 Nil lump sum	329	263	14
Liz Booth <i>started 10/09/2018</i>	0-5 Nil lump sum	0-2.5 Nil lump sum	17	-	13
Tom Whiting <i>started 04/02/2019</i>	0-5 Nil lump sum	0-2.5 Nil lump sum	5	-	4

## Compensation on early retirement or loss of office

*This section has been audited.*

None (2017/18: none).

## Payments to past directors

*This section has been audited.*

None (2017/18: none).

## Senior civil service staff numbers by band at 31 March

Band	2018/19	2017/18
SCS2	2	1
SCS1	9.6	8
<b>Total</b>	<b>11.6</b>	<b>9</b>

The Director General is a crown appointment and is not included in the table above.

## Fair pay disclosure

*This section has been audited.*

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director and the median remuneration of the organisation's workforce.

In the reporting year, the highest paid director of the IOPC is the Director General. His full-time equivalent banded remuneration in 2018/19 was £180,000 – £185,000 (2017/18: £170,000 – £175,000). This is 5.7 times (2017/18: 5.4 times) the median remuneration of the workforce, which was £32,215 (2017/18: £31,738).

In 2018/19, no employee received remuneration in excess of the highest paid director (2017/18: none).

The ranges for staff and directors are linked directly to job evaluation ranges. Full time equivalent remuneration is in the range £14,000 to £184,000 (2017/18 £13,000 to £175,000).

A London weighting allowance of £4,266 applies to staff and apprentices based in our London and Croydon offices. Salary ranges do not have spinal points aligned to them. Salaries are set within a pay range with annual pay progression determined by percentage increases agreed each year. Salary scales are revalorised each year. The next date of revalorisation will be 1 July 2019.

## Exit packages

*This section has been audited.*

Comparative data is shown (in brackets) for 2017/18.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	- (-)	1 (-)	1 (-)
£10,000 - £25,000	- (-)	3 (4)	3 (4)
£25,000 - £50,000	- (-)	2 (4)	2 (4)
£50,000 - £100,000	- (-)	1 (3)	1 (3)
£100,000 - £150,000	- (-)	0 (1)	0 (1)
<b>Total number of exit packages by type (total cost)</b>	<b>- (-)</b>	<b>7 (12)</b>	<b>7 (12)</b>
<b>Total resource cost (2018/19) in £000</b>	<b>-</b>	<b>253</b>	<b>253</b>
<b>Total resource cost (2017/18) in £000</b>	<b>-</b>	<b>574</b>	<b>574</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the IOPC has agreed early retirements, the additional costs are met by the IOPC and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## Staff numbers and costs

*This section has been audited.*

The following table shows the average number of full-time staff employed during the last two years. Permanent staff includes staff on fixed-term contracts, generally of 12 months' duration. Other staff includes people who have been seconded into the organisation and contingent labour (the majority of whom are retained for our investigation into the Hillsborough disaster).

Average number of staff (FTE)	2018/19	2017/18
Permanent	972	976
Other	22	46
<b>Total</b>	<b>994</b>	<b>1,022</b>

The following table shows the cost of staff employed during the year. Permanent staff includes staff on fixed-term contracts, generally of 12 months' duration. Other staff includes temporary workers and staff who have been seconded into the organisation. Costs are after recoveries in respect of outward secondments.

Staff costs	2018/19	2018/19	2018/19	2017/18
	Permanent staff	Other	Total	Total
	£'000	£'000	£'000	£'000
Salaries and emoluments	35,889	1,983	37,872	39,012
Social security cost	3,672	-	3,672	3,697
Pension contributions	6,861	-	6,861	6,808
<b>Sub total</b>	<b>46,422</b>	<b>1,983</b>	<b>48,405</b>	<b>49,517</b>
Less: recoveries in respect of outward secondments	(240)	-	(240)	(122)
<b>Net costs of all other staff</b>	<b>46,182</b>	<b>1,983</b>	<b>48,165</b>	<b>49,395</b>

### People with disabilities

The IOPC gives full and fair consideration to applications for employment from people with disabilities, where the nature of the employment makes this appropriate.

We are similarly committed to enabling any members of staff who may become disabled during their period of employment to continue in their role.

### **Equality and diversity and inclusion**

The People Directorate has accountability for the equality, diversity and inclusion (EDI) agenda. The HR and Remuneration Committee, led by a non-executive director, provide governance for EDI performance, and monitor and challenge workforce data.

We have six staff networks. Each is supported by a senior manager and meets regularly. The networks focus on each of the nine protected characteristics set out in the *Equality Act 2010*, as well as Welsh speakers. The networks are involved across all aspects of our business, including:

- helping remove barriers faced by staff
- informing and educating
- advising on internal policy and best practice
- helping to address diversity and inclusion concerns raised in the staff survey
- raising awareness of equality and diversity issues
- providing support and 'safe spaces' for discussion

In April 2019, we published our gender pay gap information for the 2018 calendar year. This is available on our website:

<https://www.policeconduct.gov.uk/who-we-are/equality-and-diversity/our-staff>

### **Sickness absence data**

During 2018/19, our staff incurred an average of eight days sick leave. This compares to an average of seven days in 2017/18. We are committed to the health and wellbeing of our staff and a comprehensive sickness absence policy is in place. The IOPC provides an Occupational Health Service and an Employee Assistance Programme.

### **Staff composition**

The IOPC is committed to ensuring that both men and women are able to reach their full potential in the organisation. We monitor the diversity of the organisation through both HR data and the experience of staff – for example, through responses to our staff survey.

The table below provides staff composition by gender at 31 March 2019. Other data on staff composition is available on our website.



Headcount	Male	Female	Total
Directors*	10	9	19
Staff	382	629	1,011
<b>Total</b>	<b>392</b>	<b>638</b>	<b>1,030</b>

\*Directors includes SCS grade and non-executives.

### Expenditure on consultancy

There was no expenditure on consultancy during the financial year 2018/19 (2017/18: none).

### Contingent labour

The IOPC engages contingent labour in accordance with a robust control process set by the Home Office. Expenditure is reported each month to the Management Board to provide scrutiny and review. The majority of our contingent labour is engaged for our Hillsborough investigation because we require a flexible skilled resource at different stages of the inquiry.

Contingent labour costs	2018/19 £'000	2017/18 £'000
Hillsborough	749	1,740
Other directorates	1,234	1,544
<b>Total</b>	<b>1,983</b>	<b>3,284</b>

### Off-payroll engagements

None of the IOPC directors were paid by means of payments to a limited company or third party in lieu of a salary. All the directors are paid through the IOPC payroll.

This table shows the number of off-payroll engagements as of 31 March 2019, for more than £245 per day and that last longer than six months.

#### Number of existing off-payroll engagements as of 31 March 2019

Type of engagements	Number
Engagements that have existed for less than one year at the time of reporting	-
Engagements that have existed for between one and two years at the time of reporting	2
Engagements that have existed for between two and three years at the time of reporting	2
Engagements that have existed for between three and four years year at the time of reporting	-
Engagements that have existed for four or more years at the time of reporting	1
<b>Total off-payroll engagements</b>	<b>5</b>
Engagements where assurance of income tax and national insurance obligations has been received	5
Engagements where assurance of income tax and national insurance obligations has not been received	-

#### Trade union facility time information

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the IOPC to publish the following four tables:

**Table 1: relevant union officials**

The total number of employees who were union officials during 2018/19

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
16	12.5

**Table 2: percentage of time spent on facility time**

Percentage of time	Number of employees
0	1,014
1 – 50	16
51 – 99	-
100	-

**Table 3: percentage of pay bill spent on facility time**

£000

The total cost of facility time	87
The total pay bill	48,165
The percentage of the total pay bill spent on facility time	0.18%

*calculated as: (total cost of facility time ÷ total pay bill) x 100*

**Table 4: paid trade union activities**

As a percentage of total paid facility time hours, how many hours were spent by employees who were union officials during 2018/19 on paid union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
---------------------------------------------------------------------------------------------	---

*Calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100*

## Parliamentary accountability report

### Auditors

Arrangements for external audit are provided under paragraph 17 (2) of Schedule 2 to the *Police Reform Act 2002*. This requires the Comptroller and Auditor General (C&AG) to examine, certify and report on the statement of accounts, and to lay copies of it (together with his report) before each House of Parliament. The National Audit Office (NAO) conducts the audit on behalf of the C&AG. The fees for these services for 2018/19 are £50,000 (in 2017/18 the audit fee was £50,000). The NAO did not undertake any non-audit work.

Internal audit services are provided under contract by the Government Internal Audit Agency.

### Events after the reporting period

None.

### Regularity of expenditure

*This section has been audited.*

There are no regularity issues to report.

### Losses and special payments

*This section has been audited.*

Total losses and special payments made were below the threshold that requires reporting.

### Gifts

*This section has been audited.*

No gifts were made.

### Fees and charges

*This section has been audited.*

Income generated is immaterial to IOPC and therefore has not been assessed for the impact of IFRS 15 Revenue from Contracts with Customers.

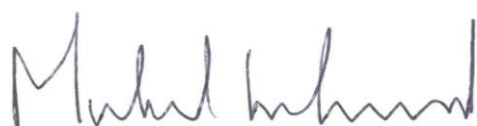
The IOPC received income from HMRC for investigations carried out under section 28 of the *Commissioners for Revenue and Customs Act 2005*. Income was received from the Immigration Enforcement for investigations undertaken into appropriate referrals. The IOPC financial objective for income from other government bodies is full cost recovery in accordance with the Treasury Fees and Charges Guide. This financial objective was achieved. The analysis below is provided for fees and charges purposes and not for IFRS 8 purposes as directed by the FReM.

<b>Fees and charges</b>	<b>2018/19</b>	<b>2018/19</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
	<b>Income</b>	<b>Costs</b>	<b>(Deficit)</b>	<b>Income</b>	<b>Costs</b>	<b>(Deficit)</b>
	£'000	£'000	£'000	£'000	£'000	£'000
HMRC	104	(104)	-	18	(18)	-
Immigration Enforcement	6	(6)	-	7	(7)	-
<b>Income from activities</b>	<b>110</b>	<b>(110)</b>	<b>-</b>	<b>25</b>	<b>(25)</b>	<b>-</b>
Sundry income	17	(17)	-	22	(22)	-
<b>Other income</b>	<b>17</b>	<b>(17)</b>	<b>-</b>	<b>22</b>	<b>(22)</b>	<b>-</b>
<b>Total</b>	<b>127</b>	<b>(127)</b>	<b>-</b>	<b>47</b>	<b>(47)</b>	<b>-</b>

#### Remote contingent liabilities

*This section has been audited.*

None (2017/18: None).



**Michael Lockwood**  
Accounting Officer  
15 July 2019

# The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Independent Office for Police Conduct for the year ended 31 March 2019 under the *Police Reform Act 2002*. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity, and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Independent Office for Police Conduct's affairs as at 31 March 2019 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the *Police Reform Act 2002* and Secretary of State directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities that govern them.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Independent Office for Police Conduct in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

I am required to conclude on the appropriateness of management'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 Independent Office for Police Conduct's ability to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the *Police Reform Act 2002*.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Independent Office for Police Conduct's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### Other information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.



## Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the *Police Reform Act 2002*
- in the light of the knowledge and understanding of the Independent Office for Police Conduct and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**

**Comptroller and Auditor General**

**16 July 2019**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

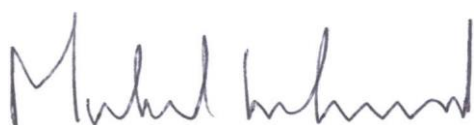
## Section 3: Financial statements

<b>Statement of comprehensive net expenditure for the year ended 31 March 2019</b>	<b>Note</b>	<b>2018/19</b>	<b>2017/18</b>
		£'000	£'000
Revenue from contracts from customers		127	47
<b>Total income</b>		<b>127</b>	<b>47</b>
Staff costs	4	(48,165)	(49,395)
Purchase of goods and services	4	(20,747)	(20,321)
Depreciation and amortisation charges	4	(3,649)	(4,922)
Loss on disposal of non-current assets	4	(856)	-
Provision expense	4	790	120
reversals and other non-cash			
<b>Total operating expenditure</b>		<b>(72,627)</b>	<b>(74,518)</b>
<b>Net expenditure for the year</b>		<b>(72,500)</b>	<b>(74,471)</b>
<b>Other comprehensive net expenditure</b>			
Items which will not be reclassified to net operating expenditure			
Actuarial gain on pension scheme liabilities	3.1	42	83
<b>Total comprehensive net expenditure for the year</b>		<b>(72,458)</b>	<b>(74,388)</b>

There were no discontinued operations, acquisitions or disposals during the period.

The notes on pages 86 to 105 form part of these accounts.

Statement of financial position as at 31 March 2019	Note	31 March 2019 £'000	31 March 2018 £'000
<b>Non-current assets</b>			
Property, plant and equipment	5	7,360	9,153
Intangible assets	6	5,425	5,066
<b>Total non-current assets</b>		<b>12,785</b>	<b>14,219</b>
<b>Current assets</b>			
Trade and other receivables	9	812	765
Cash and cash equivalents	8	6,684	12,702
<b>Total current assets</b>		<b>7,496</b>	<b>13,467</b>
<b>Total assets</b>		<b>20,281</b>	<b>27,686</b>
<b>Current liabilities</b>			
Trade and other payables	10	(7,659)	(14,594)
<b>Total current liabilities</b>		<b>(7,659)</b>	<b>(14,594)</b>
<b>Total assets less current liabilities</b>		<b>12,622</b>	<b>13,092</b>
<b>Non-current liabilities</b>			
Provisions	11	(2,538)	(3,386)
Pension liabilities	3.1	(2,198)	(2,251)
Other liabilities	10	(91)	(202)
<b>Total non-current liabilities</b>		<b>(4,827)</b>	<b>(5,839)</b>
<b>Total assets less total liabilities</b>		<b>7,795</b>	<b>7,253</b>
<b>Taxpayers' equity and other reserves</b>			
General reserve		9,993	9,504
Pension reserve		(2,198)	(2,251)
<b>Total equity</b>		<b>7,795</b>	<b>7,253</b>



**Michael Lockwood**  
Accounting Officer

15 July 2019

The notes on pages 86 to 105 form part of these accounts.

<b>Statement of cash flows for the year ended 31 March 2019</b>	<b>Note</b>	<b>2018/19</b>	<b>2017/18</b>
		£'000	£'000
<b>Cash flows from operating activities</b>			
<b>Net expenditure for the year</b>		<b>(72,500)</b>	<b>(74,471)</b>
Adjustment for non-cash transactions	4	3,715	4,802
(Increase) decrease in trade and other receivables	9	(47)	339
(Decrease) increase in trade and other payables	10	(6,950)	8,127
Less movements in balances relating to items not passing through the statement of comprehensive net expenditure	3.1	(68)	(66)
Use of provisions	11	-	(749)
<b>Net cash outflow from operating activities</b>		<b>(75,850)</b>	<b>(62,018)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(1,705)	(1,768)
Purchase of intangible assets	6	(1,366)	(1,483)
<b>Net cash outflow from investing activities</b>		<b>(3,071)</b>	<b>(3,251)</b>
<b>Cash flows from financing activities</b>			
Grants from the Home Office		73,000	73,500
Capital element of payments in respect of on SoFP service concession arrangements		(97)	(233)
<b>Net financing</b>		<b>72,903</b>	<b>73,267</b>
<b>Net (decrease) increase in cash and cash equivalents in the period</b>	<b>8</b>	<b>(6,018)</b>	<b>7,998</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8</b>	<b>12,702</b>	<b>4,704</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>8</b>	<b>6,684</b>	<b>12,702</b>

The notes on pages 86 to 105 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2019	Note	General reserve £'000	Pension reserve £'000	Total reserves £'000
<b>Balance at 31 March 2017</b>		<b>10,477</b>	<b>(2,336)</b>	<b>8,141</b>
<b>Changes in taxpayers' equity for 2017/18</b>				
Grant from the Home Office received for revenue expenditure	18	70,249	-	70,249
Grant from the Home Office received for capital expenditure	18	3,251	-	3,251
Transfers between reserves		(2)	2	-
Net expenditure for the year		(74,471)	-	(74,471)
Actuarial gain in year		-	83	83
<b>Balance at 31 March 2018</b>		<b>9,504</b>	<b>(2,251)</b>	<b>7,253</b>
<b>Changes in taxpayers' equity for 2018/19</b>				
Grant from Home Office received for revenue expenditure	18	69,929	-	69,929
Grant from Home Office received for capital expenditure	18	3,071	-	3,071
Transfers between reserves		(11)	11	-
Net expenditure for the year		(72,500)	-	(72,500)
Actuarial gain in year		-	42	42
<b>Balance at 31 March 2019</b>		<b>9,993</b>	<b>(2,198)</b>	<b>7,795</b>

The notes on pages 86 to 105 form part of these accounts.

## Notes to the accounts

### **1 Statement of accounting policies**

The financial statements have been prepared in accordance with the 2018/19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the IOPC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the IOPC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000).

#### **1.1 Accounting conventions**

These accounts have been prepared on an accruals basis under the historical cost convention modified for revaluation of property, plant and equipment and intangible assets, except where depreciated historic cost is used as a proxy for current value in existing use value for short-life or low value assets.

#### **1.2 Going concern**

The activities of the IOPC are primarily funded by the Home Office.

Grant in aid for 2019/20, taking into account the amount required to meet the IOPC's liabilities falling due in the year, has already been included in the Home Office's supply estimates for that year. These have been approved by Parliament. There is no reason to believe that the Home Office's future sponsorship and future parliamentary approval will not be forthcoming. It has, therefore, been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

#### **1.3 Grant in aid**

Grant in aid received is used to finance activities and expenditure that support the statutory objectives of the IOPC. Grant in aid is treated as financing and is credited to the general reserve because it is a contribution from a controlling party.

#### **1.4 Property, plant and equipment**

Property plant and equipment (PPE) is recognised initially at cost and thereafter at current value in existing use less depreciation and impairment.

Cost comprises the amount of cash paid to acquire the assets and includes any cost directly attributable to making the asset capable of being operated as intended. The capitalisation threshold for expenditure on PPE is £5,000.

The IOPC does not own any property. All plant and equipment is reviewed annually for impairment and is carried at current value in existing use. The IOPC has elected to adopt depreciated historic cost as a proxy for current value in existing use for short-life or low-value PPE assets.

Expenditure on the fitting out of buildings financed by operating leases is capitalised as a tangible non-current asset if the works add value to the building. Fitting out cost of buildings may include the costs of new furniture and equipment which individually costs less than £5,000 where the Accounting Officer considers it more appropriate to capitalise the costs. Future replacement costs of furniture and equipment will be funded from the resource budget subject to the costs being below the capitalisation threshold at the time of replacement.

## **1.5 Intangible assets**

Intangible assets are measured on initial recognition at cost and thereafter at current value in existing use less amortisation and impairment. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Comprehensive Net Expenditure in the year in which the expenditure is incurred.

Expenditure on intangible assets that are software licenses and the associated costs of implementation is capitalised where the cost is £5,000 or more.

At each financial year end the intangible assets are assessed for impairment and the amortisation period and method are also reviewed. The IOPC has elected to adopt amortised historic cost as a proxy for current value in existing use for short-life or low value intangible assets.

## **1.6 Depreciation and amortisation**

Depreciation or amortisation is provided on all non-current assets in use on a straight line basis to write off the cost or valuation over the asset's useful life as follows:

<b>Asset type</b>	<b>Useful life</b>
Furniture and fittings	Duration of lease or anticipated useful life
Vehicles	7 years
Information technology	3 to 5 years
Intangible non-current assets	3 to 13 years
Service concession assets	Duration of contract or anticipated useful life

Our case management system is estimated to have a life of 15 years. Other intangible non-current assets have useful lives of ten years or fewer.



## **1.7 Service concessions**

Assets in use and under the control of the IOPC are capitalised as non-current assets as provided for under interpretation 12, Service Concession Arrangements, of the International Financial Reporting Interpretation Committee and interpretation 29, Service Concession Arrangements: Disclosures of the Standards Interpretation Committee.

## **1.8 Pensions**

### **a) Principal Civil Service Pension Scheme**

Pensions are ordinarily to be provided by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is described more fully in the remuneration and staff report. There is a separate scheme statement for the PCSPS as a whole. Employer pension contributions are accounted for on an accruals basis. Liabilities rest with the PCSPS and not the IOPC.

### **b) Broadly by analogy**

In the case of some former members of the Police Complaints Authority, pensions are provided by a Broadly By Analogy pension arrangement. In these cases, the annual cost of the pension contribution is recognised in the Statement of Comprehensive Net Expenditure. Amounts relating to changes in the actuarial valuation of scheme liabilities are adjusted via the Statement of Changes in Taxpayers' Equity. Liabilities for the Broadly By Analogy scheme rest with the IOPC. These are recognised in the Statement of Financial Position.

These financial statements are fully compliant with IAS 19: Employee Benefits.

## **1.9 Staff costs**

In accordance with IAS 19 Employee Benefits, the IOPC recognises the expected costs of short-term employee benefits in the form of compensated absences, as follows:

(a) in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and

(b) in the case of non-accumulating compensated absences, when the absences occur.

Compensation is based on contractual holiday pay only and excludes accumulated flexi-leave.

## **1.10 Provisions**

In accordance with IAS 37, provisions are disclosed in the Statement of Financial Position for legal or constructive obligations in existence at the end of the reporting period if the payment amount to settle the obligation is probable and can be reliably estimated. The amount recognised in provisions takes into account the resources required to cover future payment obligations.

Measurement is based on the settlement amount with the highest probability or if the probabilities are equivalent, then using the expected value of the settlement amounts. Expected cash flows are not discounted as the effect would not be material. To the extent that reinstatement claims exist within the meaning of IAS 37, they are recognised as a separate liability if their realisation is virtually certain.

#### **1.11 Leases**

The costs of operating leases held by the IOPC are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term. The significant operating leases are for office accommodation where purchase options are not available.

The IOPC does not have any finance leases.

#### **1.12 Value added tax**

The IOPC is registered for VAT but can only recover VAT on purchases when the IOPC is undertaking non-statutory activities. Any input tax recoverable is credited to the Statement of Comprehensive Net Expenditure.

#### **1.13 Corporation tax**

The IOPC is registered for corporation tax as part of the Home Office corporation tax group.

#### **1.14 New standards adopted**

IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers came into effect from 1 April 2018. Neither of these standards have any material impact on the IOPC.

#### **1.15 Standards in issue, but not yet effective**

IFRS 16: *Leases* as adapted and interpreted by the FReM, will be effective from 1 April 2020. The standard will change the way the IOPC recognises, measures, presents and discloses the leases that it holds. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is short term (less than 12 months) or the underlying asset has a low value. The impact on the financial statements has not been evaluated.

#### **1.16 Management judgements**

It is management judgement that for our offices in Cardiff and Wakefield the lease cancellation options will not be exercised and that new leases will be negotiated when required. The charges and balances for depreciation and the dilapidation provisions are calculated on this basis.

## 2 Statement of operating costs by operating segment

The operating segments are based on the management reporting structure at 31 March 2019. This places financial responsibility with the senior executive best placed to take expenditure decisions and ensure that value for money is achieved. During the year the reporting structure was revised and detailed budget lines were reassigned.

It was impractical to reassign detailed budget lines to the prior year and therefore the 2017/18 information has not been restated.

	<b>2018/19</b>	<b>2018/19</b>	<b>2018/19</b>
	<b>Gross</b>	<b>Income</b>	<b>Net</b>
	<b>expenditure</b>		<b>expenditure</b>
	£'000	£'000	£'000
Corporate Services	20,271	(17)	20,254
Operations	35,894	(110)	35,784
Private Office Group	711	-	711
Legal Services	2,594	-	2,594
Strategy and Impact	6,261	-	6,261
People	3,181	-	3,181
Non-cash	3,715	-	3,715
<b>Total</b>	<b>72,627</b>	<b>(127)</b>	<b>72,500</b>

	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
	<b>Gross</b>	<b>Income</b>	<b>Net</b>
	<b>expenditure</b>		<b>expenditure</b>
	£'000	£'000	£'000
Resources	19,302	(22)	19,280
Operations	40,296	(25)	40,271
Change	785	-	785
Commission	1,406	-	1,406
Chief Executive	463	-	463
Legal	2,496	-	2,496
Strategy and Impact	4,968	-	4,968
Non-cash	4,802	-	4,802
<b>Total</b>	<b>74,518</b>	<b>(47)</b>	<b>74,471</b>

### 3 Pensions

#### 3.1 Broadly by analogy pension scheme

Certain commissioners and staff who served as members with the Police Complaints Authority (PCA) receive pension benefits broadly by analogy (BBA) with the PCSPS.

The BBA pensions are unfunded, with benefits being paid as they fall due and guaranteed by the IOPC. There is no fund and therefore no surplus or deficit. The scheme liabilities for service have been calculated by the Government Actuary's Department using the following financial assumptions:

<b>Assumptions</b>	<b>2018/19</b>	<b>2017/18</b>
Rate used to discount scheme liabilities	2.90%	2.55%
Rate of CPI inflation assumption	2.60%	2.45%
Rate of increase in pensions payment and deferred pensions	2.40%	2.45%
The mortality assumptions use the 2016 PCSPS valuation assumptions with ONS 2016-based UK principal population projections, which give the following life expectancies at retirement		
	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>Current pensioners</b>	<b>Men   Women</b>	<b>Men   Women</b>
At age 60	27.6   29.3	27.5   29.2
At age 65	22.7   24.3	22.6   24.2
<b>Future pensioners</b>		
At age 60	29.6   31.2	29.5   31.2
At age 65	25.1   26.7	25.0   26.6
The liabilities associated with members are as follows		
	<b>31 March 2019</b>	<b>31 March 2018</b>
	£'000	£'000
<b>Pension provision</b>		
<b>Balance at 1 April</b>	<b>2,251</b>	<b>2,336</b>
Decrease in provision	(53)	(85)
<b>Present value of liabilities</b>	<b>2198</b>	<b>2,251</b>

Other amounts to be disclosed in order to understand the change in provision	31 March 2019 £'000	31 March 2018 £'000
<b>Scheme liability at the beginning of the year</b>	<b>2,251</b>	<b>2,336</b>
<b>Movement in the year</b>		
Interest cost	57	64
Actuarial gain	(42)	(83)
Benefits paid	(68)	(66)
Decrease in scheme liability	<b>(53)</b>	<b>(85)</b>
<b>Scheme liability at the end of the year</b>	<b>2,198</b>	<b>2,251</b>

Expense to be recognised in the Statement of comprehensive net expenditure account	2018/19 £'000	2017/18 £'000
Interest costs	57	64
<b>Total expense</b>	<b>57</b>	<b>64</b>
<b>Actuarial (gains) losses to be recognised in changes in taxpayers' equity</b>	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
Experience loss (gain) arising on the scheme liabilities	7	(7)
Change in assumptions underlying the present value of the scheme liabilities	(49)	(76)
<b>Net total actuarial gain loss on taxpayers' equity</b>	<b>(42)</b>	<b>(83)</b>

There are no employee and employer costs payable in 2018/19.

Present value of scheme liabilities	31 March 2019 £'000	31 March 2018 £'000	31 March 2017 £'000	31 March 2016 £'000	31 March 2015 £'000
<b>Liability in respect of:</b>					
Deferred pensioners	512	515	513	398	406
Current pensions	1,686	1,736	1,823	1,556	1,636
<b>Total present value of scheme liabilities</b>	<b>2,198</b>	<b>2,251</b>	<b>2,336</b>	<b>1,954</b>	<b>2,042</b>
History of experience losses (gains)	7	(7)	(17)	(40)	(35)
Percentage of scheme liabilities at end of year	0.3%	-0.3%	-0.7%	-2.0%	-1.7%

### Sensitivity of the defined benefit obligation (DBO) to changes in the significant actuarial assumptions

Change in assumption		Impact on DBO	
		%	£'000
Rate of discounting scheme liabilities	+ 0.5% a year	-8%	(171)
Rate of increase in CPI	+ 0.5% a year	8%	176
Life expectancy: each member assumed one year younger than their actual age		3%	57

## 3.2 Civil Service pensions

The PCSPS is an unfunded multi-employer defined benefit scheme, but the IOPC is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2018/19, employers' contributions of £6,601k were payable to the PCSPS (2017/18 £6,589k) at one of four rates in the range 20% to 24.5% of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions, usually every four years following a full scheme valuation.

The contribution rates are set to meet the cost of the benefits accruing during 2018/19 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £251k (2017/18 £211k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay.

Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £9k (2017/18 £8k), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

## 4 Expenditure

	Note	2018/19 £'000	2017/18 £'000
<b>Staff costs</b>			
Salaries and emoluments		37,872	39,012
Social security cost		3,672	3,697
Pension contributions		6,861	6,808
Less: recoveries in respect of outward secondments		(240)	(122)
<b>Total net costs of staff</b>		<b>48,165</b>	<b>49,395</b>
<b>Purchase of goods and services</b>			
IT		4,195	3,374
Service concession service charges		5,376	5,181
Accommodation rental		2,591	2,611
Accommodation non-rental		3,042	2,945
Travel and subsistence		1,664	1,531
Training		946	900
Forensics		456	530
Recruitment		300	819
Stationery		143	157
Postage		61	78
Research		71	189
Legal services		901	1,039
Guidance for police and public		99	94
Professional fees		281	346
Audit fee		50	50
Service concession interest charges		3	9
Other costs		568	468
<b>Total purchases of goods and services</b>		<b>20,747</b>	<b>20,321</b>

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**Non-cash items**

Depreciation	5	2,649	3,861
Amortisation	6	1,000	1,061
Provisions raised in the year less provisions not required	11	(848)	(185)
Loss on disposal of non-current assets		856	-
BBA pension expense interest	3.1	57	64
Other non-cash		1	1
<b>Total non-cash items</b>		<b>3,715</b>	<b>4,802</b>
<b>Total operating expenditure</b>		<b>72,627</b>	<b>74,518</b>

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The fee for the external audit of the Statement of Accounts was £50,000 (2017/18 £50,000). The external auditors did not undertake any non-audit work.

## 5 Property, plant and equipment

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Cost or valuation	Payments on account and assets under construction	Information technology	Vehicles	Furniture and fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>At 1 April 2018</b>	<b>2,494</b>	<b>6,253</b>	<b>853</b>	<b>14,024</b>	<b>23,624</b>
Reclassifications	(1,647)	1,647	-	-	-
Additions	1,634	71	-	-	1,705
Disposals	(848)	(1,913)	-	(3,078)	(5,839)
<b>At 31 March 2019</b>	<b>1,633</b>	<b>6,058</b>	<b>853</b>	<b>10,946</b>	<b>19,490</b>
<b>Depreciation</b>					
At 1 April 2018	-	<b>3,910</b>	<b>299</b>	<b>10,262</b>	<b>14,471</b>
Charge for the year	-	1,215	112	1,322	2,649
Disposals	-	(1,912)	-	(3,078)	(4,990)
<b>At 31 March 2019</b>	<b>-</b>	<b>3,213</b>	<b>411</b>	<b>8,506</b>	<b>12,130</b>
<b>Net book value at 31 March 2019</b>	<b>1,633</b>	<b>2,845</b>	<b>442</b>	<b>2,440</b>	<b>7,360</b>

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## Asset financing

<b>On SoFP service concession arrangement</b>	-	372	-	-	372
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	Payments on account and assets under construction	Information technology	Vehicles	Furniture and fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
<b>At 1 April 2017</b>	<b>1,134</b>	<b>6,727</b>	<b>853</b>	<b>12,095</b>	<b>20,809</b>
Reclassifications	(1,060)	67	-	993	-
Additions	2,420	303	-	1,603	4,326
Disposals	-	(844)	-	(667)	(1,511)
<b>At 31 March 2018</b>	<b>2,494</b>	<b>6,253</b>	<b>853</b>	<b>14,024</b>	<b>23,624</b>
<b>Depreciation</b>					
At 1 April 2017	-	3,644	177	8,300	12,121
Charge for the year	-	1,110	122	2,629	3,861
Disposals	-	(844)	-	(667)	(1,511)
<b>At 31 March 2018</b>	<b>-</b>	<b>3,910</b>	<b>299</b>	<b>10,262</b>	<b>14,471</b>
<b>Net book value at 31 March 2018</b>	<b>2,494</b>	<b>2,343</b>	<b>554</b>	<b>3,762</b>	<b>9,153</b>
<b>Asset financing</b>					
<b>On SoFP service concession arrangement</b>	<b>-</b>	<b>521</b>	<b>-</b>	<b>-</b>	<b>521</b>

## 6 Intangible assets

Cost or valuation	Payments on account and assets under construction	Information technology	Total
	£'000	£'000	£'000
<b>At 1 April 2018</b>	<b>236</b>	<b>10,631</b>	<b>10,867</b>
Reclassifications	(236)	236	-
Additions	342	1,024	1,366
Disposals	-	(237)	(237)
<b>At 31 March 2019</b>	<b>342</b>	<b>11,654</b>	<b>11,996</b>
<b>Amortisation</b>			
<b>At 1 April 2018</b>	<b>-</b>	<b>5,801</b>	<b>5,801</b>
Charge for the year	-	1,000	1,000
Disposals	-	(230)	(230)
<b>At 31 March 2019</b>	<b>-</b>	<b>6,571</b>	<b>6,571</b>
<b>Net book value at 31 March 2019</b>	<b>342</b>	<b>5,083</b>	<b>5,425</b>
<b>Asset financing</b>			
<b>On SoFP service concession arrangement</b>	<b>-</b>	<b>1,453</b>	<b>1,453</b>
<b>Cost or valuation</b>			
<b>At 1 April 2017</b>	<b>24</b>	<b>10,349</b>	<b>10,373</b>
Reclassifications	(99)	99	-
Additions	311	1,189	1,500
Disposals	-	(1,006)	(1,006)
<b>At 31 March 2018</b>	<b>236</b>	<b>10,631</b>	<b>10,867</b>
<b>Amortisation</b>			
<b>At 1 April 2017</b>	<b>-</b>	<b>5,746</b>	<b>5,746</b>
Charge for the year	-	1,061	1,061
Disposals	-	(1,006)	(1,006)
<b>At 31 March 2018</b>	<b>-</b>	<b>5,801</b>	<b>5,801</b>
<b>Net book value at 31 March 2018</b>	<b>236</b>	<b>4,830</b>	<b>5,066</b>
<b>Asset financing</b>			
<b>On SoFP service concession arrangement</b>	<b>-</b>	<b>1,711</b>	<b>1,711</b>

## 7 Financial instruments

The IOPC does not hold any complex financial instruments. The only financial instruments included in the accounts are cash and cash equivalents, receivables and payables which are measured at amortised cost.

The IOPC's resources are mainly met through grant in aid from the Home Office through the supply process and from income for work carried out on a repayment basis. The IOPC has no powers to borrow money or to invest surplus funds other than the financial assets and liabilities generated by day-to-day operational activities. As a result the IOPC is exposed to little or no credit, liquidity, foreign currency or inflation risk.

## 8 Cash and cash equivalents

	2018/19	2017/18
	£'000	£'000
<b>Opening balance</b>	<b>12,702</b>	<b>4,704</b>
Net change in cash balances during the year	(6,018)	7,998
<b>Closing cash balance</b>	<b>6,684</b>	<b>12,702</b>

Only cash is held and is available immediately from the Government Banking Service.

### 8.1 Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are accruals for the service concession arrangement for assets coming into use before payment. These are shown in Note 10. At 31 March 2018 these were £161,000 and at March 2019, £65,000.

## 9 Trade and other receivables

	31 March 2019	31 March 2018
	£'000	£'000
<b>Amounts falling due within one year</b>		
Contract assets	23	21
Trade receivables	29	35
Taxation and social security receivable	92	-
Staff advances	50	46
Prepayments	618	663
<b>Total falling due within one year</b>	<b>812</b>	<b>765</b>

## 10 Trade and other payables

	31 March 2019 £'000	31 March 2018 £'000
<b>Amount falling due within one year</b>		
VAT	(11)	(97)
Other taxation and social security	(1,834)	(1,752)
Staff benefits	(985)	(913)
Other payables	(2)	(2)
Accruals and deferred income	(4,762)	(5,733)
Deferred grant in aid	-	(6,000)
Current part of service concession arrangement accruals for assets coming into use before payment	(62)	(94)
Current part of imputed finance lease element of service concession arrangement	(3)	(3)
<b>Total falling due within one year</b>	<b>(7,659)</b>	<b>(14,594)</b>
	31 March 2019 £'000	31 March 2018 £'000
<b>Amounts falling due after more than one year</b>		
Other payables, accruals and deferred income	(91)	(138)
Non-current part of service concession arrangement accruals for assets coming into use before payment	-	(64)
<b>Total falling due after one year</b>	<b>(91)</b>	<b>(202)</b>
<b>Total trade and other payables</b>	<b>(7,750)</b>	<b>(14,796)</b>

## 11 Provisions for liabilities and charges

For property provisions the IOPC recognises a dilapidation provision for all leased properties where it has an obligation to bring the property into a good state of repair at the end of the lease. The provision is based on the estimated costs of reinstatement of modifications the IOPC has made and the repair obligations required during the lease. The estimated cost of reinstating modifications made to the buildings is £2,538,000 (£3,386,000 for 2017/18). In line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the costs of reinstatement have been recognised as part of the fit-out assets and are being depreciated over the lease terms.

The value of dilapidations provisions is based on expert assessment obtained during 2017/18. Management judgement is that the reinstatement costs have not materially changed since the last assessment and, therefore, they have not been revalued. At Canary Wharf, the Government Property Agency has advised that dilapidations will cost £662,000. Management judgement is that this is for repairs arising from damage to the property and that it is appropriate to recognise the liability over the life of the occupancy agreement. Therefore, we have written back the provision created last year.

The early departure provision was the remaining balance of early departure costs of directors and other staff made redundant prior to 1 April 2018. No provision is required at March 2019.

	Property	Early departure	Total
	£'000	£'000	£'000
<b>Balance at 1 April 2018</b>	<b>3,386</b>	-	<b>3,386</b>
Provisions not required written back	(848)	-	(848)
(Decrease) in provisions	<b>(848)</b>	-	<b>(848)</b>
<b>Balance at 31 March 2019</b>	<b>2,538</b>	-	<b>2,538</b>
<b>Represented by:</b>			
Non-current element of provision	2,538	-	2,538
<b>Analysis of expected timing of outflows</b>			
Later than one year and not later than five years	1,693	-	1,693
Later than five years	845	-	845
<b>Balance at 31 March 2019</b>	<b>2,538</b>	-	<b>2,538</b>

	Property	Early departure	Total
	£'000	£'000	£'000
<b>Balance at 1 April 2017</b>	<b>1,771</b>	<b>121</b>	<b>1,892</b>
Provided in the year	2,428	3	2,431
Provisions not required written back	(188)	-	(188)
Provisions utilised in the year	(625)	(124)	(749)
<b>Increase (decrease) in provisions</b>	<b>1,615</b>	<b>(121)</b>	<b>1,494</b>
<b>Balance at 31 March 2018</b>	<b>3,386</b>	-	<b>3,386</b>

## Represented by

Non-current element of provision	3,386	-	3,386
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## 12 Commitments under leases

### Operating leases

As at 31 March the IOPC had the following total future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 March 2019 £'000	31 March 2018 £'000
<b>Obligations under operating leases comprise</b>		
Buildings:		
Not later than one year	1,942	2,741
Later than one year and not later than five years	5,152	4,593
Later than five years	6,361	6,799
<b>Total operating lease obligations</b>	<b>13,455</b>	<b>14,133</b>

## 13 Commitments under service concession arrangements

- 13.1** The IOPC (formerly IPCC) entered into a contract with Steria Limited on 25 August 2009 for the provision of IT and telephony services. The contract was novated to SopraSteria Limited during 2014/15.

At the end of the contract in December 2019 we will enter a two-year termination assistance period and undertake a phased exit from the contract that involves disaggregation of ICT services to other commercial providers, adjusting the technical architecture and security controls accordingly and transferring ICT assets and services to new providers. This will also enable us to align to the government digital strategy using increased cloud, open-source and agile development.

Notes 9, 10 and 13 have been prepared on the same basis as last year with adjustments made to allow for the progress on disaggregation as at March 2019.

Under the contract SopraSteria Limited has an obligation to build and to maintain both tangible and intangible assets with an expected value at 31 March 2019 of £7.0m (£7.0m at 31 March 2018) for use by the IOPC as well as provide operating services over the life of the contract at an expected value at 31 March

2019 of £41m (£41.2m at 31 March 2018). Finance charges over the life of the contract are expected to be £0.6m (£0.6 m at 31 March 2018).

There was also an obligation for SopraSteria Limited to refresh assets during the life of the contract, predominately in years four and five. The assets are expected to have minimal residual value at the end of the contract term.

The annual payments to be made by the IOPC were agreed at the start of the contract and are subject to ongoing contract change notices. There is minimal uncertainty over future cash flows. The contract provides for re-pricing if the RPI-X exceeds 6 percent.

The assets acquired under the contract are under the control of the IOPC and under IFRIC 12 the contract is a service concession arrangement with the IOPC as grantor and SopraSteria Limited as the operator.

Under IFRIC 12 the IOPC must recognise on its statement of financial position the assets to be provided under the service concession arrangement. These are shown as follows:

- assets already in use are included in the property plant and equipment note and the intangible assets elsewhere in these accounts (notes 5 and 6)
- accruals for assets coming into use in advance of payment are shown in the trade and other payables note elsewhere in these accounts (note 10)

This recognition of assets creates a corresponding financial obligation on the IOPC and the note below shows the obligations of the IOPC to pay for assets that are to be provided in future periods.

A unitary payment is made by the IOPC consisting of service charge, capital charge and interest. The notes below shows the IOPC obligations to pay for future operating services.

Operating service charges already paid for are shown in note 4.

## 13.2 On statement of financial position (SoFP)

	31 March 2019 £'000	31 March 2018 £'000
<b>Total obligations under on SoFP service concession arrangements for the following periods comprise</b>		
Not later than one year	66	100
Later than one year and not later than five years	-	64
Less interest element	(1)	(3)
<b>Total service concession SoFP obligations</b>	<b>65</b>	<b>161</b>
<b>represented by</b>		
Current (included in trade and other payables)	65	97

Non-current (included in trade and other payables)	-	64
<b>Total service concession SoFP obligations</b>	<b>65</b>	<b>161</b>

### 13.3 Charged to statement of comprehensive net expenditure

The total amount charged in the statement of comprehensive net expenditure for the service element of the on SoFP service concession arrangement was £5.4m (2017/18 £5.2m)

	<b>31 March 2019</b>	<b>31 March 2018</b>
	£'000	£'000
<b>The payments to which the IOPC is committed at 31 March analysed by the period during which the commitment expires is as follows</b>		
Not later than one year	3,923	5,358
Later than one year and not later than five years	-	3,573
Later than five years	-	-
<b>Total charged to SOCNE</b>	<b>3,923</b>	<b>8,931</b>

## 14 Contingent liabilities disclosed under IAS 37

The IOPC has contingent liabilities in respect of a number of legal claims or potential claims against the IOPC, the outcome and timing of which cannot be estimated with certainty. These include claims for judicial reviews, employment tribunals and alleged breaches the Human Rights Act 1998. Full provision is made in the financial statements for all liabilities that are expected to materialise.

The dilapidations provisions in note 11 are based on the estimated costs of reinstatement and do not include possible consequential losses. Estates exit costs are settled by negotiation, the outcome and timing of which cannot be estimated with certainty and the IOPC may be liable for further costs.

Management judgement is that under the terms of occupation the IOPC has no legal obligation for reinstatement costs at our Canary Wharf office. There is however, a possibility that at the end of the lease term in 2032 we will nevertheless be requested to contribute to the estimated cost of £662,000.

## 15 Related-party transactions

The Home Office is a related party of the IOPC. During the year ended 31 March 2019 the Home Office provided grant in aid, as disclosed in note 18.



Government bodies are related parties. The income from these bodies in the Accountability Report. The amounts owed by these bodies to the IOPC are classified as trade and other receivables and amount to £7k (£12k at March 2018)

The Principal Civil Service Pension Scheme and the Cabinet Office are also related parties. Further information on the transactions with these bodies can be found in Note 3.2.

During the year ended 31 March 2019 none of the non-executive directors, executive directors or key managerial staff undertook any material transactions with the IOPC.

The IOPC has adopted a Code of Conduct based on the Cabinet Office Code of Practice for Board Members of Public Bodies. The IOPC maintains a register of interests for non-executive directors and all staff who are required to declare interests. The register of interests for non-executive and executive directors is available to the public and is on our website. Where any decisions are taken that could reasonably be seen as giving rise to a conflict of interest individuals are required to declare the relevant interest and, when appropriate, withdraw from participating in the taking of the decision. The IOPC procedures also ensure that investigators are not engaged on investigations in which they would have an interest.

## 16 Third-party assets

On occasion, the IOPC holds third-party assets when required to facilitate investigations. These are securely stored and are normally returned to the lawful owner when no longer required. Reliable estimates of their value cannot be made

Third party assets are not included in the financial statements because the IOPC does not have a beneficial interest in them. As at 31 March 2019 no monetary assets were held (2017/18: £Nil).

## 17 Events after the reporting period

The Annual Report and Accounts were authorised for issue by the Accounting Officer on the same date that the Accounts were certified by the Comptroller and Auditor General.

## 18 Grant in aid

The IOPC is funded by grant in aid received from the Home Office.

	2018/19	2017/18
	£'000	£'000
Received for revenue expenditure	69,929	70,249
Received for capital expenditure	3,071	3,251
<b>Total grant in aid</b>	<b>73,000</b>	<b>73,500</b>

## 19 Hillsborough

The Home Office has agreed to provide additional grant in aid when the IOPC incurs additional expenditure as result of the investigation into the aftermath of the Hillsborough disaster.

This note shows the expenditure incurred during 2018/19 and 2017/18.

	2018/19	2017/18
	£'000	£'000
<b>Staff costs</b>		
Salaries and emoluments	2,706	2,655
Social security cost	276	276
Pension contributions	502	495
Temporary staff	749	1,740
<b>Total staff costs</b>	<b>4,233</b>	<b>5,166</b>
<b>Other expenditure</b>		
Accommodation rental	579	550
Accommodation non-rental	560	557
IT	815	802
Legal services	45	40
Other costs	105	117
Recruitment	71	86
Stationery	13	12
Training	11	7
Travel and subsistence	87	80
<b>Total other expenditure</b>	<b>2,286</b>	<b>2,251</b>
<b>Non-cash</b>		
Depreciation	326	510
Loss on disposal of assets	7	-
<b>Total non-cash</b>	<b>333</b>	<b>510</b>
<b>Total revenue expenditure</b>	<b>6,852</b>	<b>7,927</b>

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> This document is also available in Welsh.

*Mae'r ddogfen hon ar gael yn y Gymraeg hefyd.*