

Annual report and statement of accounts

2016/17

Independent Police Complaints Commission Annual report and statement of accounts 2016/17

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Any enquiries related to this publication should be sent to us at:

Independent Police Complaints Commission (IPCC)

90 High Holborn
London
WC1V 6BH

Tel: 0300 020 0096

Email: enquiries@policeconduct.gov.uk

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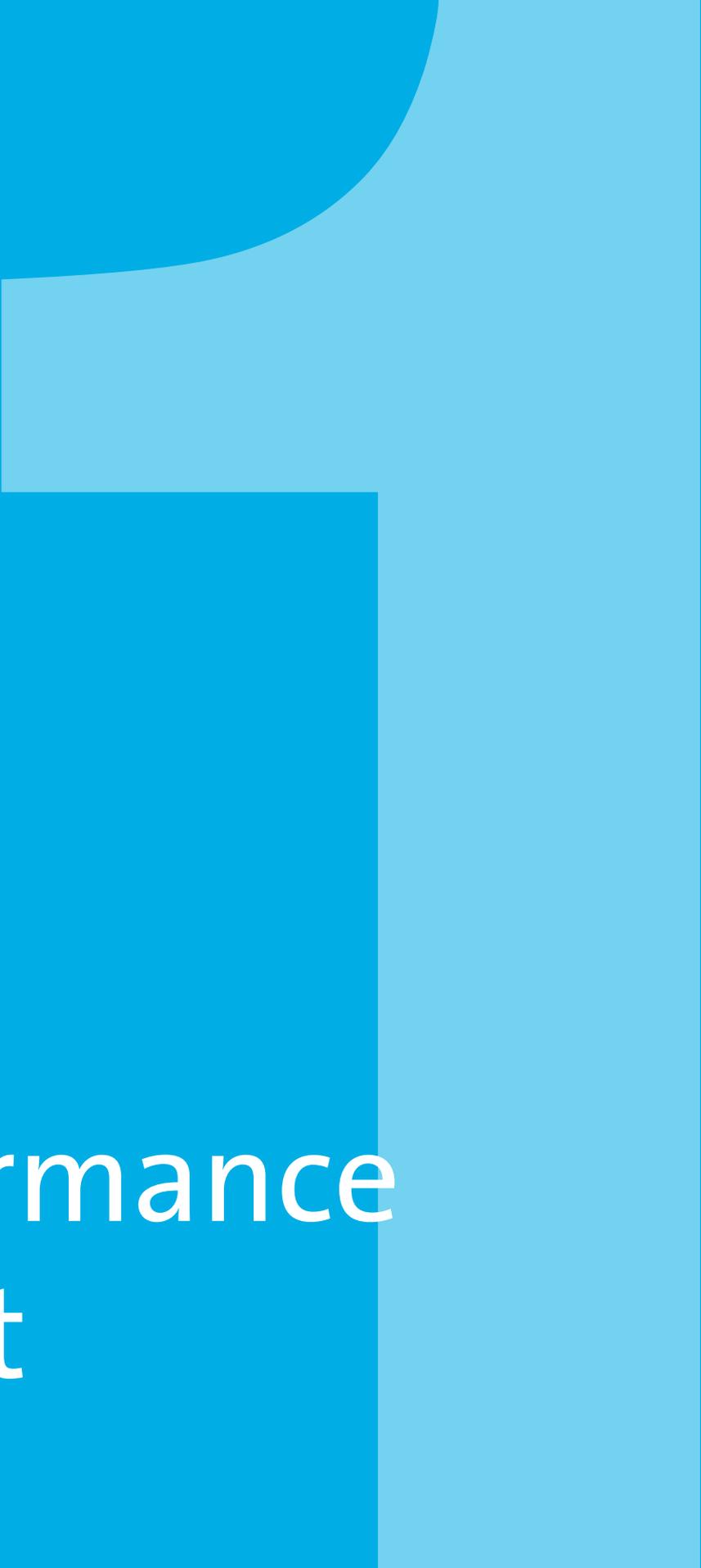
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Contents

Performance report	4
Overview	5
Performance analysis	14
Accountability report	52
Corporate governance report	53
Remuneration and staff report	74
Parliamentary accountability and audit report	102
Financial statements	106



Performance report

Overview

About us – who we are and what we do¹

The Independent Police Complaints Commission (IPCC) oversees the police complaints system in England and Wales and sets the standards by which the police should handle complaints. It has a statutory obligation to secure and maintain public confidence in the police complaints system. The IPCC investigates serious and sensitive cases, and handles certain appeals. We do this independently of the police, government and interest groups.

Our values are:

- justice and respect for human rights
- independence
- diversity
- integrity
- openness

Our mission is to improve public confidence in the police complaints system.

Our vision is that we are trusted to seek the truth and hold the police to account.

You can read about our commissioners and senior staff on our website: <http://webarchive.nationalarchives.gov.uk/20170914130755/https://www.ipcc.gov.uk/page/chair-and-commissioners>

Our transition to becoming the Independent Office for Police Conduct

On 31 January 2017, the *Policing and Crime Act 2017*, which simplifies and streamlines the police complaints system, received Royal Assent. The Act addresses a range of policing issues, and introduces several changes that we have asked for – both to the police complaints system and to the structure of the IPCC. This launches a new phase for our organisation.

The IPCC will no longer have a Commission structure, so it will be renamed the Independent Office for Police Conduct (www.policeconduct.gov.uk). At the head of the organisation will be a Director General, supported by Deputies, Regional Directors and a Director for Wales. We are currently working towards this transition happening in early 2018.

Read more about our preparations for these changes on our website (<http://webarchive.nationalarchives.gov.uk/20170914125737/https://www.ipcc.gov.uk/page/becoming-the-iopc>).

¹ Please note that this report covers the period 2016/17 and details work carried out while we were operating as the IPCC.

Chair's foreword



This was a pivotal year for the IPCC and for the police complaints system, as we prepared for major changes following the *Policing and Crime Act (PCA)*. The IPCC will change its name and its governance structure, becoming the Independent Office for Police Conduct (IOPC) headed by a Director General and a unitary board (www.policeconduct.gov.uk). The complaints system will be streamlined and reformed, with greater opportunities to resolve appropriate issues early, a single right of review independent of the police service, and greater powers for the IOPC.

These are all things that the IPCC has asked for, so that we can fulfil our expanded role, and so that the system itself can be more user-focused and provide effective remedies. Though we argued for more fundamental reforms – rebuilding the complaints system from scratch, and creating a Police Ombudsman, reporting to Parliament – we welcome the changes that have been agreed. They provide the foundation for a better and more effective system, aimed at learning, improvement and resolution,

not just disciplinary sanction. It will be important to ensure that this change of culture and more flexible approach is reflected in the regulations and guidance now being drafted.

The complaints system, and the independent role of the IPCC, provide essential accountability mechanisms for the police service. Accountability has many aspects. Sometimes, rightly, individuals need to be held personally to account. That can involve a range of outcomes: from apology, through performance management and training, to dismissal or even criminal sanction. However, it is equally important for the system as a whole to be accountable: learning from failures or unsafe procedures and correcting perverse incentives that drive inappropriate or risky behaviour.

So, strengthening the IOPC's ability to help develop best practice and influence policy is just as important as resourcing increased numbers of investigations. It is no accident that, since the IPCC was set up in 2004, deaths in police custody have more than halved. Every death is a tragedy, but this significant decrease owes a great deal to the learning that has come out of independent investigations, and has influenced approved professional practice and training.

That is not the only way we seek to influence practice for the better. For some time, as reported last year, we have been calling for better monitoring and analysis of the use of force and restraint, to detect

trends and enable early intervention if there are concerns. This is now happening, and should make a significant contribution to preventing unsafe or inappropriate use.

Many of our investigations, particularly into deaths, highlight the vulnerability of those who die or are seriously injured following police contact. Mental health continues to be a tragic thread running through too many of our investigations, and we have called for better healthcare support as well as improved training for the police service. We continue to believe that the decision not to commission police healthcare through the NHS was a missed opportunity.

Accountability also means that police officers or staff who have witnessed an incident should be prepared to fully cooperate with investigations, providing individual accounts as quickly as possible, and answering questions at interview as fully as they are able. It is not acceptable for a police witness's account of a death simply to state the time at which he or she came on and went off duty. In the great majority of cases that the IPCC deals with, including 24 out of 27 firearms incidents, officers are treated throughout as witnesses; but they are witnesses from whom we and the public expect full and detailed accounts of what they individually saw, heard and did.

We await the Home Secretary's decision on our proposed statutory guidance on post-incident procedures in deaths or

serious injuries. In the meantime, our protocol with the police service in relation to our respective roles in major terrorist incidents was sadly put to the test in the horrific terrorist attacks in London. Both we and the service believe that it worked well.

This year has also seen a major milestone in the huge Hillsborough investigations (www.policeconduct.gov.uk/investigations/our-investigations/hillsborough-our-investigation): by far the largest and most complex ever undertaken by the IPCC. As a result of our independent investigation into the aftermath of the disaster, and the partly managed investigation into actions on the day itself, the Crown Prosecution Service has charged six individuals with offences ranging from gross negligence manslaughter to perverting the course of justice. This is as a result of the detailed and rigorous work undertaken by the investigation teams, and their commitment to getting to the truth of what happened. The work is not yet over: other offences are under consideration, and a massive disclosure exercise will be needed to support the forthcoming trials.

This is the third year of an ambitious expansion programme, during which we have doubled our staff complement, which has allowed us to broaden the range of people we employ, particularly in investigations, and to take on nearly six times as many independent investigations. However, there are challenges in such a swift expansion.

The new legislation will help, both in streamlining the complaints system itself and providing for a new structure designed for the volume of work we are now taking on. But we are also examining and refining our own internal processes. This year we have been developing our quality performance management systems and our staff training, and piloting improved and more efficient procedures. We are completing investigations more quickly than two years ago, and we know that we can improve still further. During next year, now that the major expansion has ceased, the IOPC will be able to consolidate and build on those changes and improvements.

The title and structure of the organisation will change in the coming year. However, what will not change is its role and values: its focus on independence, fairness and accountability. The IOPC, like the IPCC, will find that its actions and decisions are quite rightly the subject of considerable public interest and debate. Independence is rarely comfortable, and constantly needs to be asserted and defended.

Finally, I would like to thank all our commissioners and senior leaders, who have steered the organisation through the major challenges of expansion and transition, and all the staff, who have contributed to the demanding and important work that we do.



Dame Anne Owens

Please note that since this report was drafted, we have transitioned to become the Independent Office for Police Conduct. Our new Director General is Michael Lockwood. You can read more about our new structure on our website at www.policeconduct.gov.uk

Key issues and risks

The IPCC has six objectives, which we report on in this document. We identify significant strategic risks to our objectives, assess these and then manage them through a range of mitigation and risk reduction activities. Regular updates on the strategic risks were presented to both the Audit and Risk Committee and the Commission. 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 being managed at the correct level.

The Governance Statement on [page 63](#) describes the major risks we face and explains the mitigation measures in place. These risks include those relating to the change programme underway in 2016/17. This was introduced to enable us to deliver a greater workload, as well as legislative and governance changes, which are continuing into 2017/18.

Summary of our performance during 2016/17

Further information about the projects we carried out during 2016/17 is included in the performance analysis section of this report ([see page 14](#)).

We worked to increase public confidence in the police complaints system by:

- opening **590** independent investigations into the most serious and sensitive matters (www.policeconduct.gov.uk/investigations/our-investigations)
- considering **4,026** appeals about how the police handled complaints from the public
- improving the **transparency** of our work by regularly publishing summaries of our investigations and their outcomes (www.policeconduct.gov.uk/investigations/investigation-summaries-and-learning-recommendations)
- influencing the development of the Policing and Crime Bill in order to make the complaints system more user and **outcome focused** and less complex
- carrying out our seventh public confidence survey and disseminating the results
- publishing a revised Stakeholder Engagement Strategy ([see page 17](#)) and developing **community engagement** work for critical investigations
- bringing together a diverse range of people in our **stakeholder reference group**, and running two Commission engagement events for a range of stakeholders

We helped improve policing by:

- publishing **103** recommendations² to improve police practice, update policy or change the way that police officers/staff are trained ([see pages 37 and 39 and 40](#)) (www.policeconduct.gov.uk/investigations/investigation-summaries-and-learning-recommendations)
- sharing learning from our work through three **Learning the Lessons** bulletins ([see page 35](#))³ (www.policeconduct.gov.uk/research-and-learning/learning-and-recommendations/learning-lessons)
- developing closer **working relationships** with Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services, the College of Policing and the Independent Custody Visiting Association to share knowledge and improve standards
- working with individual forces and the National Police Chiefs' Council to draw out **themes and lessons** from investigations and appeals
- working with complainants and stakeholder groups to raise **awareness of issues** that contribute to problems in policing



Referrals in 2016/17

We received
3,880
 referrals from police
 forces in 2016/17⁴.

We aimed to process **70%**
 of referrals within three working
 days and exceeded this, dealing
 with **72%** within this timeframe.
 The average time to process
 referrals was five working days.

² The IPCC makes learning recommendations to the police, or other relevant organisations, after our investigations. Our recommendations can be made to individual police forces or to all police forces. We also make recommendations after making decisions on certain types of appeals.

³ Using case studies and key questions for forces to reflect on, the bulletin helps the police service to learn lessons from investigations into complaints and conduct matters.

⁴ Further information about how we deal with referrals is available on our website: www.policeconduct.gov.uk/investigations/what-we-investigate-and-next-steps



Independent investigations in 2016/17

We completed a total of **446** independent investigations – **187** more than during the previous year.

Our average time to complete independent investigations has reduced by nearly **three months** since **2014/15 to 239 working days**. Work is in hand to reduce this still further.

We established a **Directorate of Major Investigations** to consolidate and develop the way that we handle large-scale and complex investigations.

We opened **590** investigations.

We continued work on our huge **Hillsborough investigation, sending files to the Crown Prosecution Service**, preparing for proceedings, and working on the final report, to be published when all proceedings are completed.



Appeals in 2016/17

We processed and finalised:

4,026

appeals in 2016/17, of which 3,568 were valid.⁵

We upheld **40%** of valid appeals made after a police investigation into a complaint.

We upheld **1,343** appeals overall.

The active caseload of appeals has been relatively stable over the year; with **53** more active appeals open at the end of 2016/17 than at the start of the year.

⁵ The main considerations when assessing whether an appeal is valid are: 1. Is the appeal complete? 2. Is there a right of appeal to the IPCC in this situation? 3. Has the appeal been submitted within 28 days?

Performance analysis

Our context is one of change – change to the police complaints and disciplinary system introduced through the *Policing and Crime Act 2017*, which received Royal Assent in January 2017; change to the IPCC as we work towards our transition to becoming the Independent Office for Police Conduct (IOPC); and a changing public and community context.

This section explains our progress against the work set out in our 2016/17 business plan.

STRATEGIC OBJECTIVE ONE: improve the confidence of those groups who have least confidence in the police complaints system

During 2016/17, we opened 590 investigations and processed and finalised 4,026 appeals (www.policeconduct.gov.uk/investigations/our-investigations). This vital work ensures that the public can be confident that there is independent oversight of the police complaints system.

Public confidence survey

In February 2017, we published the seventh in a series of surveys commissioned by the IPCC since our formation (www.policeconduct.gov.uk/research-and-learning/statistics/public-confidence-and-engagement). The public confidence survey looks at

public perceptions and awareness of the police, the complaints system, and the IPCC. The results feed into our wider work to influence changes in policing, ensure accountability and spread best practice and high standards of service.

The latest survey, which involved just over 4,000 face-to-face interviews, found that, in general, people are more likely to say that they would complain about poor treatment by the police, and they are more confident about their complaint being handled fairly. Results for young people and people from black and ethnic minority (BME) groups also improved, but the figures are significantly lower than other groups. They remain less likely to trust the process and more likely to fear negative consequences if they complain.

A great majority of the public also continue to believe that more serious incidents – such as deaths in custody or allegations of serious corruption – should be investigated independently. Awareness of the IPCC has remained relatively stable, but a greater proportion of the people who know about us recognise that we are not part of the police, and are impartial.

We recognise there is more to do to further improve confidence and trust in the police complaints system, and we are continuing to focus on those groups that have lower levels of confidence and trust. We hope that this survey will also assist police forces themselves, and police and crime commissioners (PCCs), who will shortly be gaining greater responsibilities in the complaints system.

Collaborative work to improve confidence in policing

We continue to use learning and research from our investigations, casework and oversight work to encourage improvements across policing.

Our commissioners met regularly with senior police officers and PCCs to discuss cases and the learning that comes out of them. We have strengthened our force liaison and oversight work by developing the role of our oversight team.

We have also developed closer working relationships with other organisations involved in police oversight work. There are regular joint meetings at senior level with Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and the College of Policing, to discuss cross-cutting issues, such as vulnerability assessments and the plans for super-complaints⁶.

HMICFRS's 2016 PEEL reports⁷ identified concerns about the identification and referral to the IPCC of incidents involving officers abusing their position for sexual gain. Not all forces were recognising that this constituted serious corruption and should always be referred to us. We therefore worked with the National Police Chiefs' Council (NPCC) to direct forces to

refer to us any such ongoing investigations so that we could determine whether they needed independent oversight. We also gathered information about closed cases. Following this, the government changed the legislation, to clarify that allegations of abuse of position for sexual gain should be mandatorily referred to us. (We issued an advice note confirming this change in May 2017. <http://webarchive.nationalarchives.gov.uk/20170914105252/http://www.ipcc.gov.uk/page/statutory-guidance>)

⁶ The new super-complaints system will provide an avenue for organisations such as charities and advocacy groups to raise issues on behalf of the public about patterns or trends that could undermine legitimacy and support for policing. The new system will capture national or cross-force issues that would not be addressed elsewhere.

⁷ HMICFRS carries out an annual assessment of forces in England and Wales. These assessments cover police effectiveness, efficiency and legitimacy (PEEL) and a detailed report is published for each force.



Examples of our work with the College of Policing

During 2016/17, we continued to work with the College of Policing to develop and disseminate organisational learning drawn from the cases we deal with.

Stop and search

We attended the College's Stop and Search Strategic Scrutiny Group. The Group was established to support the College's work to develop Authorised Professional Practice (APP)⁸ and training products that relate to stop and search.

Guidance on outcomes in police misconduct proceedings

One of the concerns we have expressed about the police disciplinary system is that there is sometimes considerable variation in the outcome following the same type of misconduct. This can be difficult for officers, complainants and members of the public to understand, and may undermine the actual or perceived fairness of the disciplinary system.

The College has produced guidance on outcomes in police misconduct proceedings. This is designed to

provide a framework for assessing the seriousness of conducts, to improve the consistency and fairness of decision-making and create a shared understanding about what types of behaviour will usually lead to dismissal. We commented on the draft guidance, and have decided that we will have regard to it in their decision-making.

Protecting vulnerable people

We worked with a range of stakeholders, including members of the College of Policing, to develop an edition of the Learning the Lessons bulletin focused on protecting vulnerable people. It drew on learning from IPCC and force investigations, highlighting some recurring themes, such as call handling and information management, recognising when someone is missing, identifying risk in domestic abuse situations and implementing appropriate safeguarding measures. It provides signposts to the College's standards, guidance and training. We were able to promote the bulletin at the College's annual conference in November 2016. You can read more about these bulletins on [page 35](#).

⁸ Authorised Professional Practice (APP) is developed and owned by the College of Policing. It is the official and most up-to-date source of policing practice. APP covers a range of policing activities such as: police use of firearms, treatment of people in custody, investigation of child abuse and management of intelligence.

Improving the experiences of people affected by our work

In 2015/16, we commissioned the research agency Revealing Reality to collect feedback from our service users. Following this, in January 2017 we commissioned the same agency to support us in establishing a system for routine collection of feedback from our service users. This new approach incorporates a wide variety of service users who are involved directly in investigations and appeals, as well as people who come into contact with staff working at our Customer Contact Centre. The approach involves a mixture of methodologies most suited to the needs of the user and during the last quarter of 2016/17, we defined the most appropriate methods to collect the data for each group. The work continues and data collection has begun.

Explaining our role

We recognise that the police complaints system, and the legislation that underpins it, are complex. The systems and processes we use must make our work as accessible as possible both to the general public and to those directly involved in dealing with us.

We have reviewed the materials we provide to people involved in our investigations and made a range of changes to improve their accessibility. This includes the letters that we send and the way that we write our investigation reports. We have also provided our operational staff with new guidance.

Survivor engagement managers

We have created two survivor engagement manager (SEM) posts to provide consistent and specialist support and advice to any investigation involving survivors of sexual abuse. SEMs offer engagement and liaison strategies for investigations and guidance for engagement with vulnerable people with complex needs.

We take a 'survivors first' approach to how we communicate, and have a detailed strategy in place to make sure all survivors are kept informed about how investigations are progressing. Our work on the Hillsborough investigation ([see page 21](#)) and other cases has informed our approach to engagement in cases of a sensitive and traumatic nature.

Responding to our stakeholders

As part of our work to improve public confidence in the police complaints system, we commissioned a leading independent research organisation, Populus, to find out more about our stakeholders' understanding of, and engagement with, the IPCC. The results of the research, which gives us a baseline against which to measure future performance, are on our [website](#). It informed the development of our revised Stakeholder Engagement Strategy, which we published in October 2016.

The strategy outlines our approach to developing stronger and more constructive relationships with our stakeholders at a national, regional and local level.

Our work with communities involved in critical incidents

Engaging with communities and the wider public during our investigations has important implications for confidence – both in our investigations and in the police complaints system as a whole. We aim to:

- increase community and stakeholder confidence in our work
- improve public and stakeholder understanding of the IPCC's role and remit
- contribute to managing local community tensions or concerns where they relate to incidents that require independent investigation or to the wider police complaints system

During 2016/17, we developed and implemented a new process for supporting operational staff and commissioners working on critical incidents. This supports our engagement with complainants, bereaved families, policing stakeholders, PCCs and members of Parliament. We also developed a range of tools to support staff working in this area. Feedback from the community groups we engaged with through this work has been positive.

Assessing our performance against strategic objective one

We measure our success against this objective using the public confidence survey, focusing on the results relating to confidence levels among those groups who have least confidence.

As stated above, the latest survey results showed an increase in the proportion of young people (from 64 per cent to 66 per cent) and people from BME groups (from 66 per cent to 69 per cent) who would be likely to make a complaint if they were unhappy about how a police officer behaved towards them.

Ongoing work under strategic objective one

Now we have published our Stakeholder Engagement Strategy, work to implement this is continuing in 2017/18. In particular, we are developing a network of advocates across the voluntary and community sectors that will help us to engage regularly with a wide range of stakeholders, including those with lower confidence in the police complaints system, groups that are seldom heard and our service users. We are putting in place mechanisms that will help non-statutory and statutory stakeholders to provide ongoing feedback, which we will use to inform our operational work. We will explore how we can involve stakeholders in the recruitment and development of our staff.

We are continuing our work to implement reforms to the police complaints system. This will include inputting our views as regulations are laid under the new Act. We will be drafting new statutory guidance and working with forces and PCCs to implement the necessary changes. We are planning meetings with PCCs and their offices in order to assist them in preparing for their new role in determining appeals.

STRATEGIC OBJECTIVE TWO:
deliver an increased number of timely and high-quality independent investigations

Referrals

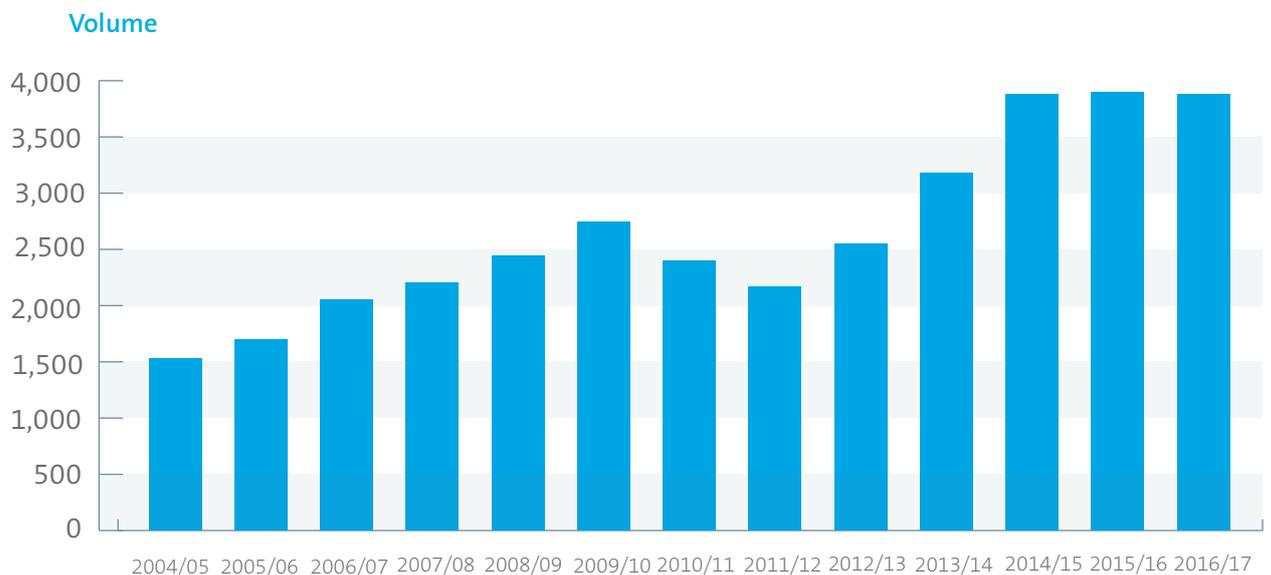
During 2016/17, we received 3,880 referrals, which were dealt with by our Assessment unit. Our target was to communicate our decision about the referral within three working days in 70 per cent of cases. We exceeded this with a figure of 72 per cent. The average time taken to process referrals in 2016/17 was five working days.

The number of open referrals had decreased by 31 per cent from 115 at the start of the year, to 79 open referrals by the end.

Our investigations

During 2016/17, we started 590 investigations (www.policeconduct.gov.uk/investigations/our-investigations). We completed 446 – 187 more than the previous year. On average, it took 239 working days to complete independent investigations during 2016/17. This is around three months shorter than our average of 294 days in 2014/15, but slightly longer than our 2015/16 average of 226 days. We are, in general, opening and closing cases more quickly, but the closure of some of our older cases, some of which were opened over two years ago, had had an impact on our overall average. Our Directorate of Major Investigations took shape during the year under review.

Figure 1: Referrals received by year



It has the capacity to undertake large, resource-intensive investigations. It now includes a Major Incident Room supported by HOLMES⁹ specialist roles, a disclosure team and additional investigation teams.

Our work on quality and timeliness

We have been given more resources to significantly increase the number of investigations we undertake. However, we recognise that just increasing the number of investigations we carry out will not achieve our greater goal of improving public confidence in the police complaints system.

During 2016/17, we implemented new quality assurance processes across our operational work. We have also made changes to our operations manual, which provides guidance to our staff, setting out the steps they need to follow while carrying out operational work.

In June 2016, we launched a new quality strategy, which sets out our approach to service delivery, and how we will support our staff to deliver the highest possible quality of service.

Our quality work continues and we will extend it beyond operations. We will identify quality criteria and proportionate quality assurance processes across all of our business, focusing on areas of highest risk.

We have also maintained a focus on timeliness during 2016/17. Our assessment unit, which evaluates cases as they arrive with us and decides how they should be investigated, has helped to route cases more quickly and effectively.

Since April 2017, we have delegated decision making in some independent investigations to operations managers. Given the number of investigations we are now carrying out, this ensures that decisions are made at the appropriate level based on the type and seriousness of the case. It will also prepare us for our new structure, and ensure the best use of our resources in the shortest time possible.

Assessing our performance against strategic objective two

We started 590 investigations in 2016/17. This is slightly short of our target of at least 600 investigations. However, we closed the year having completed 446 independent investigations, which is a 72 per cent increase on last year (259). We maintained the average time to complete them at around 11 months.

We continue with our efforts to complete as many investigations as possible within 12 months. In addition, the unit cost of our investigations has more than halved since the start of our change programme ([see figure on page 60](#)).



Case study 1: Changes to training after investigation into strip search

A An officer with the Metropolitan Police Service (MPS) failed to follow correct procedures when she led a strip search of a woman in custody in May 2015.

The officer was found to have touched the woman inappropriately, which she was not authorised to do as part of a strip search.

The officer was found to have committed gross misconduct for failing to adhere to accepted police procedure, and received a final written warning. Our investigation highlighted

ambiguity in police guidance on strip searches and intimate searches.

We recommended to the College of Policing that clear guidance be published on what parts of the body can be touched during strip and intimate searches.

The changes have been adopted at national level and will help to ensure officers understand how to search detainees appropriately. College of Policing training materials have been changed to make sure the boundaries and extent of searches are understood.

Hillsborough investigations

On 12 October 2012, we announced an independent investigation into police actions in the aftermath of the Hillsborough disaster. This followed the publication of the Hillsborough Independent Panel's report. At the same time, Operation Resolve¹⁰ was set up to investigate the disaster itself, and we have been managing that part of its investigation that relates to the police.

In January 2017, files of evidence from both investigations were referred to

the Crown Prosecution Service (CPS) to decide whether criminal charges should follow. Six people were subsequently charged.

This was a significant milestone, but there is still work to do. Our investigators are supporting the CPS by undertaking additional tasks during this decision-making period. We are also continuing to disclose 'unused' material related to the investigation (material that has not been used in the key evidential files) in preparation for any criminal proceedings.

10 This is a separate criminal investigation into the cause of the disaster. We manage the part of it that relates to the actions of South Yorkshire Police.

This is a huge task and probably one of the biggest exercises of its kind ever undertaken. We are continuing to assess a number of complaints from Hillsborough family members and survivors of the disaster, and currently drafting the final investigation report, which will be published once all criminal proceedings are complete.



You can read more about the Hillsborough investigation on our website (www.policeconduct.gov.uk/investigations/our-investigations/hillsborough-our-investigation).



Case study 2: Understanding of emotionally or mentally distressed (EMD) people reinforced following investigation

W We investigated the Metropolitan Police Service's (MPS) use of force on a man in possession of knives in Brent, north London.

Officers believed the man would kill or seriously injure them or members of the public if he was not stopped, and they used Taser on him a number of times. He was intentionally struck by a police car, but continued to hold the knives and present a serious threat.

An officer shot the man to prevent him causing harm to himself or others. The man was taken to hospital and received treatment for his injuries.

Footage taken at the scene showed a bread knife, a carving knife and a screwdriver lying in the road. The man subsequently admitted possessing offensive weapons and common assault, for which he received a suspended sentence.

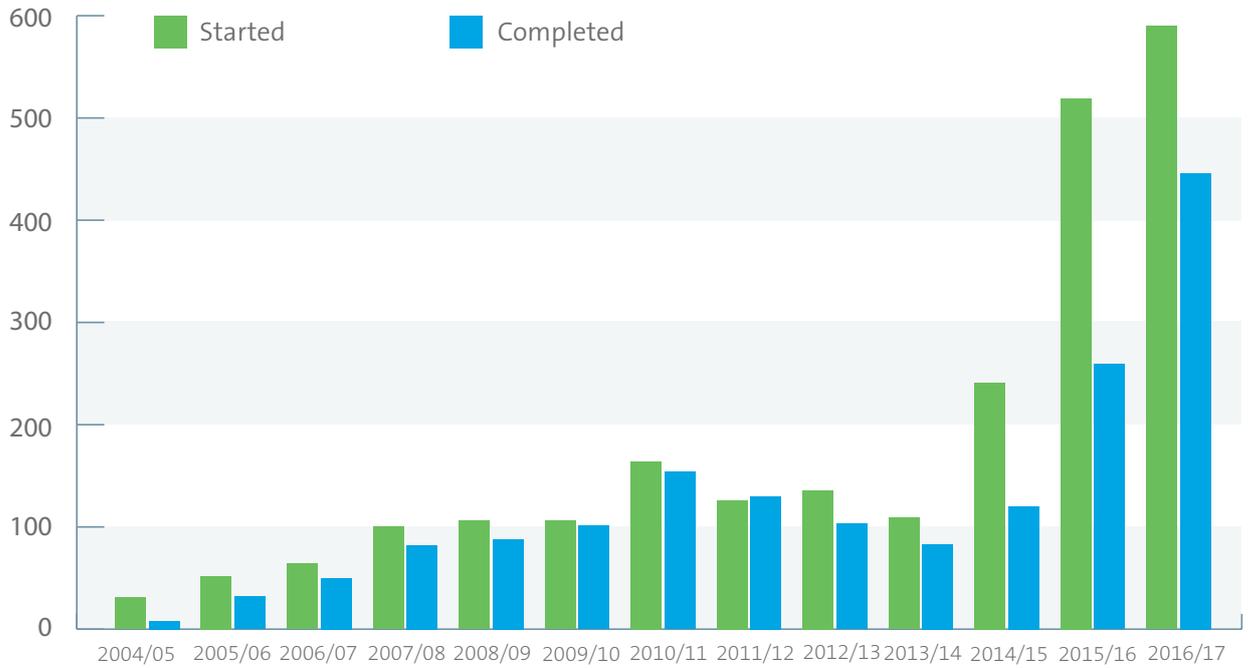
Investigators took statements from officers, witnesses and the man who was shot by police. More than 70 witness statements were taken, and CCTV, body-worn video and footage from police vehicles was examined. Downloads from Taser, radio and telephone transmissions were assessed and considered in the course of the investigation.

The investigator concluded that officers had used reasonable and necessary force when dealing with the man.

The incident involved an emotionally or mentally distressed person (EMD), meaning officers must take a person's emotional and/or mental needs into account. Some officers later told us they did not know what this meant.

We recommended that an explanation of the EMD acronym and its significance should be reinforced to frontline officers, and this was accepted by the MPS.

Figure 2: Independent investigations started and completed





Case study 3: Murder prompts calls for improvements to information sharing between forces

L Lee Nolan, 48, from Manchester), was convicted of murder, in February 2016. We examined how Kent and Greater Manchester Police (GMP) forces investigated two alleged rapes and an alleged threat to life by Nolan, which were unrelated to his later conviction.

Our investigation found that the first report of the threats to kill by Nolan was not followed-up either by Kent Police or GMP because there was confusion about which force would investigate. It also concluded that there were significant delays in the investigations into the alleged rapes.

While neighbouring forces often work well together, our report highlighted how some forces in different parts of the country do not co-operate and co-ordinate investigations effectively.

Deputy Chair, Rachel Cerfontyne, will shortly make a national recommendation that the College of Policing and the National Police Chiefs Council ensure recently introduced capabilities of the Police National Database are widely disseminated and promoted across all forces. This new functionality will assist forces in combating those Domestic Abuse Offenders that pose the highest risk, by allowing simultaneous multiple searches which can be regularly repeated. Rachel will also recommend that this is complemented by an operational advice note, requiring forces to agree investigative primacy and close co-ordination, when a suspect is investigated for serious offences by more than one force at the same time.



Case study 4: Cumbria Constabulary criticised for its handling of investigation into the death of Poppi Worthington

In December 2012, 13-month-old Poppi Worthington died at Furness General Hospital in Barrow-in-Furness.

A second inquest into her death will begin on 27 November 2017.

The IPCC examined how Cumbria Constabulary investigated her death, focusing on whether all opportunities to obtain key evidence were identified and acted upon. Two lead detectives with overall responsibility for the inquiry, and a third detective were subjects of the investigation.

The IPCC found evidence that Poppi's home was not adequately preserved and searched, and that potentially significant evidence was lost. There was also evidence indicating that key investigative decisions and policies were not documented, leaving junior detectives feeling "out of the loop" on how the inquiry was progressing.

It was the investigator's opinion that police did not adequately investigate whether Poppi had been abused. This concern was raised by a hospital doctor, at the post-mortem and then later discussed between the pathologist and the lead detective. However, evidence suggested that detectives continued to focus on investigating a natural cause

of death, disregarding the possibility of abuse, and what the IPCC investigator considered to be a reasonable line of enquiry.

The investigator also noted that witness accounts were not taken until after Poppi's parents were arrested more than eight months after her death, and the incident was not recorded as a crime until this point. However, the IPCC investigator accepted that different medical opinions about Poppi's injuries, along with a six-month delay with the post-mortem report, caused the police inquiry some difficulties.

In the IPCC investigator's opinion, two officers had cases to answer for gross misconduct. One of these officers had retired which meant no further action could be taken in their case. The Constabulary determined unsatisfactory performance proceedings, to the level of gross incompetency, were more appropriate in the case of the other officer, which was accepted by the IPCC commissioner. Following a disciplinary hearing, the officer was demoted. This officer has since retired.

Unsatisfactory performance was identified for the third detective.

Ongoing work under strategic objective two

We will continue our work to prepare for the introduction of changes to the police complaints system that will affect the way we carry out our investigations. During 2016/17, we have worked with the Home Office and the Gangmasters Labour Abuse Authority (GLAA) to implement the legislation that brings some GLAA staff under our jurisdiction. This came into

effect on 30 April 2017 and we will be reporting on case figures for the first time in our next annual report.

We aim to ensure that our operational work is carried out as efficiently as possible, and secures the most effective use of our resources following our expansion. In February 2017, we started a programme of work to streamline our processes given our expanded caseload. This included:



Case study 5: Nottinghamshire officer dismissed for gross misconduct after driving deaths

In August 2015, Nottinghamshire Police Constable Jonathan Mortimer received a report from a bank worker who was concerned that 87-year-old Albert Newman had left the premises and driven away despite appearing disorientated.

Mr Newman's driving licence had been revoked and he should not have been driving. However, the officer failed to check whether this was the case.

Two months later, on 12 October, Mr Newman drove the wrong way on the M1 and collided with a van in Leicestershire, resulting in his death and that of a 27-year-old man who was a passenger in the van. The van driver was also seriously injured.

The force carried out a local investigation, which found that PC Mortimer had a case to answer for misconduct and recommended management action. However, we upheld an appeal to us against that outcome.

Our view was that there were concerns about the officer's honesty and integrity in relation to his accounts about following up on the information received from the bank. The evidence also suggested that he did not make proper enquiries before visiting Mr Newman when he should have done so.

The force accepted our conclusion that there was a case to answer for gross misconduct and the case was proven at a misconduct hearing. In February 2017, the officer was dismissed without notice.

- understanding our service users' needs in order to drive improvements in our services
- developing new measures and data to manage and report on performance
- an end-to-end examination of operational processes to improve quality, and reduce waiting time and unnecessary activity
- supporting staff to identify and share learning to improve processes locally

This has led to a revised approach to our most straightforward investigations, with the potential for significant reductions in time and effort. These are being piloted, before we examine more complex cases.

We are also working on improving our operational data, which will help us manage our investigations better.



Case study 6: No indication of misconduct after man's death in Wiltshire

T The IPCC investigated police contact with Ben Smart before his death on 8 September 2015. Our investigation determined that there was no indication of misconduct or criminality by the officers involved.

Mr Smart, 27, was an informal patient at Green Lane mental health hospital in Devizes. On the morning of 8 September 2015 he was found with serious injuries to his neck. While medical staff attempted to save Mr Smart's life, he was briefly restrained by police with handcuffs and leg restraints. He was

transported to Southmead Hospital in Bristol where he died of his injuries.

In December 2016, an inquest reached a narrative verdict.

After a mandatory referral by Wiltshire Police, our investigators looked at the rationale for police attending the incident, and at the nature of their contact with Mr Smart, including the use of restraints. Our investigation concluded that there was no evidence to suggest that any police actions caused or contributed to Mr Smart's death.

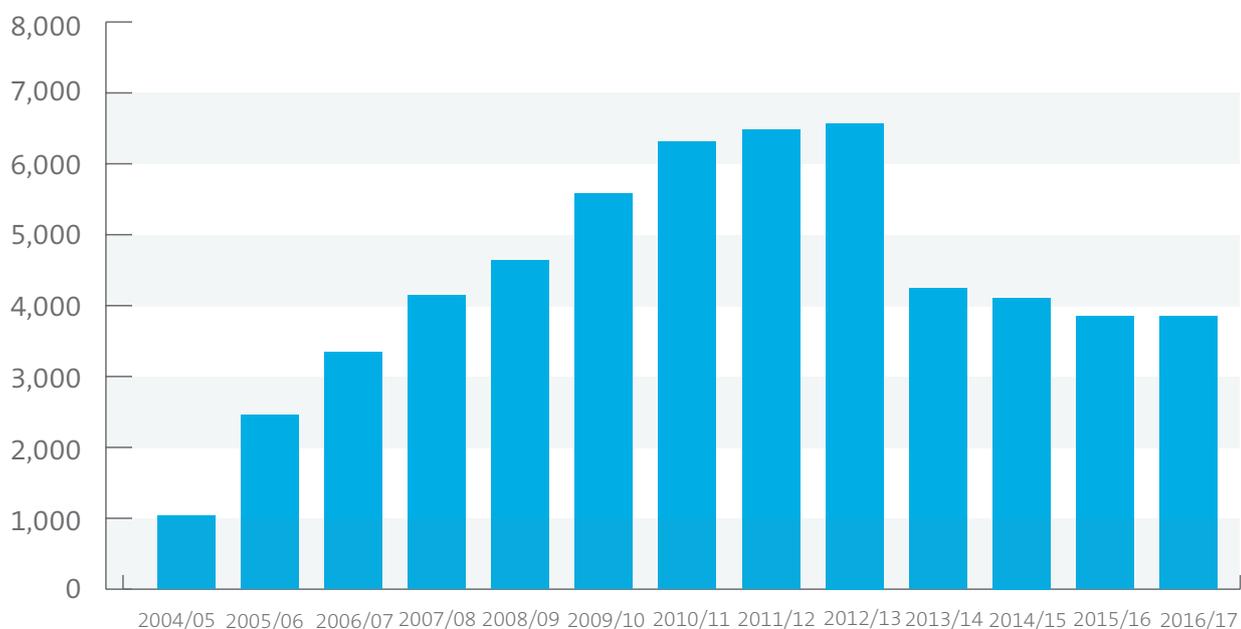
STRATEGIC OBJECTIVE THREE:
ensure that the IPCC operates a timely and high-quality appeals process

The IPCC is responsible for considering certain appeals about the way that police forces and the National Crime Agency (NCA) have dealt with complaints. We also consider certain appeals relating to complaints made to the Home Office and HMRC.

There are various grounds for appeal, which are explained on our website (www.policeconduct.gov.uk/complaints-and-appeals/make-appeal).

Figure 3 below sets out the number of appeals we have received year on year since we started work in 2004. We received 3,846 appeals in 2016/17; comparable to the previous year. We processed and finalised 4,026 appeals in 2016/17, upholding 1,343 of them. The active caseload of appeals has been relatively stable over the year; with 53 more active appeals open at the end of 2016/17 than at the start of the year.

Figure 3: IPCC appeals received by year



The *Police Reform and Social Responsibility Act 2011* introduced a change that meant that some less serious appeals were dealt with by forces rather than coming to the IPCC. This is the reason we received fewer appeals after 2012/13.

Assessing our performance against strategic objective three

In 2016/17 we completed 43 per cent of all investigation and local resolution appeals within 35 working days. This was against our target of 60 per cent. We completed 59 per cent of non-recording, discontinuance and disapplication appeals within 25 working days against a target of 80 per cent.

We aim to collect all of the information needed to make an appeal decision – which includes time spent waiting for background papers from forces – within 15 working days 65 per cent of the time. We achieved this for 56 per cent of the appeals we completed in 2016/17.

We continue to work closely with police forces through our oversight team to build better working relationships. As a result we are seeing improvements in the time taken to receive necessary information during the appeals process. This is helping to speed up the overall time it takes to make appeal decisions.

Ongoing work under strategic objective three

We are continuing work to revise our operations manual to ensure it includes comprehensive information for our staff dealing with appeals.



Examples of how we handle appeals

Case study 7: Special sergeant given final written warning following appeal

A A Northamptonshire Police officer arrested a 90-year-old man at his home. The man and his 87-year-old wife protested at the arrest, the situation escalated, and another police constable and a special sergeant arrived.

One officer sustained scratches in the struggle. The elderly man sustained a cut to his hand and his wife suffered an angina attack. Both sustained bruising. The couple said that the incident caused them severe distress.

The special sergeant was later seen by colleagues at the police station playing body-worn camera footage of the incident to other officers and laughing.

The couple's daughter made a complaint to Northamptonshire Police. Following a local investigation by the force, the complainant appealed to the IPCC. We concluded that one police constable had a case to answer for misconduct and that the special sergeant had a case to answer for gross misconduct and misconduct; he was given a final written warning.



Examples of how we handle appeals

Case study 8: Officer who arrested a neighbour during argument has case to answer for misconduct

A After assessing an appeal, we found that an off-duty officer who placed himself on duty to arrest his neighbour during a dispute had a case to answer for misconduct. The neighbour submitted a complaint to the Metropolitan Police Service (MPS) and it found the officer did not have a case to answer.

The complainant then appealed to us to review this decision. We recommended there was a case to answer and that misconduct proceedings consider the reasonableness and circumstances of the arrest.

The MPS is considering our recommendations.

Case study 9: Misconduct hearing to resolve conflicting evidence

W We received an appeal relating to a complaint made by a man with a mental health condition and communication difficulties. He claimed that he had been picked up by West Mercia Police officers in Evesham, Worcestershire, where he lived. He alleged that officers had then driven him 20 miles to Alcester, in Warwickshire, because he was unable to tell them where he lived, and left him there. Warwickshire Police officers found him and were able to establish the situation, including the fact that he

lived in Evesham, by communicating with the man through a series of written notes.

The West Mercia Police officers denied this account and said that the man had indicated that he lived in Alcester.

After assessing the evidence, our casework manager formed the opinion that there was a clear conflict of evidence, with elements supporting both sides. In those situations, we generally conclude that it should fall to a tribunal to resolve the conflicting evidence and to establish whether there were misconduct issues. West Mercia Police agreed to conduct a gross misconduct hearing.

Case study 10: Man allegedly bitten by police dog: appeal not upheld

T Two men, who had been out drinking, started fighting each other in a public place. An MPS officer with a police dog intervened to break up the fight. The police dog allegedly bit the ear of one of the men, who required medical treatment.

The man complained to the MPS, which did not uphold the complaint, and he appealed to the IPCC. We agreed with the MPS: the dog was not commanded to bite; it was appropriate for the officer to intervene in the fight; and the dog was kept under control at all times (the handler held him by the collar).

Work is underway to plan for the implementation of reviews, which will replace appeals under new legislation. Instead of the individual appeal types that exist currently, there will be a right of review at the end of the handling of a complaint, which will consider whether the outcome of the complaint was 'reasonable and proportionate'. Reviews will be handled by either the IOPC or the relevant local policing body. We anticipate that these changes will come into effect in summer 2018.

**STRATEGIC OBJECTIVE FOUR:
improve the quality of police forces' own complaints handling**

Police forces themselves deal with the majority of complaints¹¹, with only the most serious and sensitive matters coming to us for independent investigation. We are responsible for overseeing the complaints system in its entirety.

Our oversight team works closely with police forces, acting as a conduit between forces and all parts of our business.

During 2016/17 we carried out a series of reviews to understand how well forces were applying guidance on complaint handling. Each review involved field work with forces across England and Wales,

during which we viewed samples of their work. Case study 11 provides an example of this.

Supporting forces in complaint handling

We produce practical advice to support police forces in handling complaints, in addition to our Statutory Guidance.¹²

During 2016/17, we published two editions of Focus¹³, which contains practical examples and guidance for forces about dealing with complaints and conduct matters. One focused on best practice around the referrals that forces make to us, and the other looked at the quality of investigations that forces carry out into complaints.

In addition, we produce a quarterly bulletin for forces focusing on the trends we are seeing in our work, and promoting good practice.

Ensuring that forces learn from appeals

Our regular meetings with police forces often lead to improvements in the way that forces carry out their responsibilities in the police complaints system. We use our appeals work to identify any learning for the force concerned.

¹¹ To see how well your local police force is handling complaints, please visit our [website](#).

¹² www.policeconduct.gov.uk/complaints-and-appeals/statutory-guidance

¹³ www.policeconduct.gov.uk/research-and-learning/learning-and-recommendations/focus

During work with Kent Police, we discussed the themes we had identified from the investigation and recording appeals that we had upheld. Staff in the professional standards department used these lessons to inform the training and guidance they developed for complaint handlers.

Since then, the force's performance has noticeably improved. During 2015/16, we upheld 39 per cent of the appeals we received following their investigations into complaints, and 36 per cent of the appeals we received against their recording decisions¹⁴. In 2016/17, this had reduced to 32 per cent of investigation appeals and 29 per cent of recording appeals; a significant improvement.

Considering why we uphold more appeals than police forces

Statistics consistently show that we uphold a much higher proportion of complaint appeals than forces. In 2015/16, we upheld 41 per cent of investigation appeals whereas forces upheld only 19 per cent of such appeals. In order to understand the reasons for these differences, we visited Durham Constabulary, South Wales Police and Thames Valley Police in early 2017 to review a sample of cases and discuss

appeals handling with staff in professional standards departments.

We discussed where we felt that the forces had an incomplete understanding of either the different grounds for appeal that are open to complainants, or the things that they should consider when deciding whether to uphold an appeal. We also found a number of examples where the forces could have provided complainants with clearer explanations for the decisions they had made. The review also identified cases where the appeal should have been handled by the IPCC rather than the police force.

As a result of this review, we will provide all forces with additional information to support them with handling appeals. Our findings will also inform our work as we prepare for the changes being introduced in 2018, when responsibilities for reviewing certain complaints passes from forces to local policing bodies such as police and crime commissioners.

Assessing our performance against strategic objective four

We upheld 40 per cent of investigation appeals against forces in 2016/17. This reduced from 41 per cent the previous year. We upheld 36 per cent of non-recording appeals in 2016/17. This reduced from 40 per cent the previous year, and continues a downward trend over several years. There is, however, a wide disparity between forces.

¹⁴ When a force receives a complaint, it must decide whether to record it. If it decides not to, the complainant may be able to appeal to the IPCC.

Ongoing work under strategic objective four

We are working with forces and PCCs to ensure a smooth transition as elements of the Policing and Crime Act take effect.

We aim to ensure that the right standards are met, ensuring public confidence in the complaints system. We will also develop a new oversight strategy to take effect as we become the IOPC, and continue to publish our quarterly bulletin for forces.



Case study 11: Reviewing how forces handle complaints that involve allegations of discrimination

In September 2015, we published new guidance on the handling of allegations of discrimination (www.policeconduct.gov.uk/sites/default/files/Documents/research-learning/guidelines_for_handling_allegations_of_discrimination.pdf). During the past year, we revisited the forces that took part in the review we conducted in 2014, which fed into the production of these guidelines. Returning to Greater Manchester Police, West Midlands Police, and West Yorkshire Police allowed us to make direct comparisons between their previous and current practices, providing an insight into how well the guidelines were being used and applied.

Our review found that there had been some improvements in the way that

these forces responded to allegations of discrimination. There is better engagement with complainants, and internal conduct matters involving allegations of discrimination were handled better. However, we found that a significant proportion of investigations into complaints from the public were inadequate and in the sample we examined none of the discrimination allegations had been upheld.

Our report, which was published in July 2017, includes recommendations to forces about how they should apply our discrimination guidelines to ensure that such complaints are dealt with fairly and effectively (www.policeconduct.gov.uk/sites/default/files/Documents/research-learning/discrimination_report_2017.pdf).



Case study 12: Training for staff handling police complaints in forces

W We have contributed to specialist training for staff in professional standards departments, providing an overview of the IPCC's work, organisational design and values. This has enabled us to engage directly with police complaints professionals. We were able to highlight good practice, clarify any misunderstandings or concerns there may be about the IPCC's work, and encourage strong relationships with police staff who may have had limited knowledge of our work.

We have also delivered discrete training and advice for individual forces on topics identified through our analysis work or when forces requested our assistance.

We found that for Northumbria Police and West Yorkshire Police we were upholding higher than average numbers of appeals against the non-recording of a complaint, and appeals made after a complaint investigation. We worked with these forces to understand why we were upholding appeals against their decisions, with

a view to supporting them to deal with the preceding complaints more effectively, thus avoiding the need for appeals. The forces worked with us to improve their understanding of the fundamental principles underpinning the initial handling and recording of complaints. We also worked with them on the importance of documenting and rationalising their decisions, and ensuring that their complaint investigations were proportionate and addressed the seriousness of the issues raised.

In 2016/17, there was a significant improvement: Northumbria Police's upheld appeal rate fell to only 39 per cent of investigation appeals and 19 per cent of recording appeals, compared with 53 per cent and 41 per cent in 2015/16. West Yorkshire's upheld rate fell, from 55 per cent and 53 per cent to 40 per cent and 38 per cent.

The forces continue to engage with us, seeking to learn from our decisions and improve the way they handle complaints.



STRATEGIC OBJECTIVE FIVE:

improve policing practice as a result of learning from investigations and appeals work

During 2016/17, we published three issues of our Learning the lessons bulletin (www.policeconduct.gov.uk/research-and-learning/learning-and-recommendations/learning-lessons). It helps the police service learn lessons from investigations into complaints and conduct matters carried out either by the IPCC or by the police service locally.

Each bulletin is made up of a series of short anonymised case studies and questions aimed at policy makers/managers or police officers/staff. These are designed to help the police service get to the heart of the learning arising from each case. We also publish a more detailed learning report for each case included in the bulletin. This year, we did additional work to help promote each bulletin to a wider range of policing and community/voluntary sector stakeholders. This was in response to feedback from the stakeholder survey ([see page 17](#)), which showed that the bulletin is a popular and respected publication. We are now actively identifying and reaching out to key police and non-police stakeholders who are likely to have an interest in the issues each bulletin contains, and to those who have the power to shape policy or practice in these areas.

In 2016/17, we published two themed bulletins and one that covered a variety of issues. Our November 2016 edition focused on protecting vulnerable people

Feedback on our Learning the Lessons bulletin from policing professionals

“The value is that the bulletin relates to real incidents and that’s what gives it impact and credibility. It shouldn’t stray from this format, so it will always be limited to real incidents. All areas should be covered including internal and external matters. Keep it real!”

“I like the format and find it very readable. I have picked up several specific matters and used the bulletin to drive change in my force. No one seems to argue with the findings and no one questions the need to make change as they can graphically see the situation to be avoided.”

“All in all, I think the bulletin is a worthwhile and useful resource. I don’t think enough operational officers and local level leaders are aware of its existence.”

“The bulletin is very informative and helpful.”

(read more about this edition on [page 16](#)) <http://webarchive.nationalarchives.gov.uk/20170914123541/http://www.ipcc.gov.uk/reports/learning-the-lessons/bulletin-28-november-2016>. It was promoted at the College of Policing's 2016 annual conference, which focused on vulnerability.

Our March 2017 publication focused on police custody (<http://webarchive.nationalarchives.gov.uk/20170914122204/http://www.ipcc.gov.uk/reports/learning-the-lessons/bulletin-29-march-2017>). Topics included spotting injuries during the booking in process, weaknesses in searching and risk assessment, and illness following detention. This issue was promoted on the Police Online Knowledge Area (POLKA) and via Twitter. It was shared with chief officers and a range of stakeholders, including force custody and learning and development leads, independent custody visitors, PCCs and a range of other police and non-police stakeholders.

Feedback on the bulletin continues to show that it is useful to members of the police service, and that forces use the learning to help prevent similar incidents.

Deaths during or following police contact for 2016/17

In July 2017, we published our annual statistics on deaths during or following police contact) www.policeconduct.gov.uk/research-and-learning/statistics/annual-deaths-during-or-following-police-contact-statistics.

- There were 14 deaths in or following police custody, the same figure as recorded in 2015/16 and broadly in line with the average number over the last eight years. This has remained at less than half the number recorded when the IPCC was first set up.
- There were six fatal police shootings, the highest recorded figure since 2004/05. One of these was terrorism-related. Three are subject to ongoing IPCC investigations, and three are completed.
- There were 32 road traffic fatalities, an increase of 11 on last year, the highest figure recorded in the last eight years. Twenty-eight of the deaths were from police pursuit-related incidents, double the figure for last year.
- There were 55 apparent suicides following police custody compared to 60 the previous year.
- We investigated the circumstances around 124 deaths in the 'other' category, up from 102 the previous year. This increase reflects the fact that we are using our additional resources to investigate more deaths under this category.

Working with forces, we use the learning from this research to try to prevent similar incidents. Given the increase in fatalities associated with police pursuits, we will be working with the National Police Chiefs' Council to look at the causes and whether any changes to police pursuit safety or training are needed.

You can read more about these statistics on our [website](#).

Applying the case to answer test

We sent a letter to all forces to assist them in correctly interpreting the test for finding there is a case to answer for misconduct at the end of an investigation. We were aware that some forces were not applying the correct test, as defined in law – that a panel ‘could’ make a misconduct finding, based on the evidence – but were operating a higher threshold, closer to the test for prosecution.

Our work on legislative change

For some time, we have called for changes to the police complaints system to reduce complexity and bureaucracy. On 31 January 2017, the *Policing and Crime Act 2017* received Royal Assent. The Act aims to simplify and streamline the police complaints system. The Act introduces a number of changes that we have asked for – both to the police complaints system and to the structure of the IPCC.

During 2016/17, we continued our productive working relationships with officials working on the Bill and were involved in key discussions. Throughout the process we made sure that the voice of the complainant was not lost as policies were formulated.

Many of the Act’s provisions reflect our own proposals:

- a simpler definition of a complaint
- a single right of review by an independent body
- greater powers for us to decide on a case to answer and to present cases at hearings
- a power of own initiative to take on cases without waiting for them to be referred to us

We produced briefings and submissions as the Act went through its parliamentary stages. We successfully argued for the addition of ‘independent’ to the new name of the organisation, now the Independent Office for Police Conduct. We also secured a commitment to introduce a duty of candour, or a duty of co-operation, in the regulations to be laid under the Act.

This will assist us in getting full and early responses from officers, as well as the other information we require.

We will continue to work with officials and other stakeholders as regulations are drafted under the Act, to try to ensure, as far as possible, that the system is simpler, more user-focused, and less bureaucratic.

Assessing our performance against strategic objective five

We measure our success in this area through the feedback we gather about how our Learning the lessons bulletins are received (www.policeconduct.gov.uk/research-and-learning/learning-and-recommendations/learning-lessons). In 2016/17, an average of 84 per cent of those responding to our regular survey about the bulletin agreed that it is a useful tool to help drive change in police policy and practice. An average of 95 per cent of respondents agreed that the case summaries included in the bulletin are clear and easy to understand. Ninety-three per cent of the learning recommendations we made in

2016/17 were accepted by forces, which is slightly lower than our target of 95 per cent (www.policeconduct.gov.uk/investigations/investigation-summaries-and-learning-recommendations). We want recommendations for change to be effective, but at times they are necessarily challenging. The acceptance rate is not the only evidence of success; we also consider qualitative information on the implementation of lessons.

Ongoing work under strategic objective five

During 2017/18, we will publish three further editions of the Learning the Lessons bulletin.

We will also continue to publish recommendations made as a result of our work, along with force responses.



Case study 13: Surrey Police failed to properly review man's licence to hold shotguns

W We investigated the decision by Surrey Police to return to John Lowe guns legally owned by him that had been seized by the force. John Lowe was subsequently convicted of murdering Christine and Lucy Lee after he shot them in February 2014.

Our investigation concluded that Surrey Police's shotgun licensing team failed to take simple investigative steps and adequately assess the risks posed by Mr Lowe.

After our investigation, a firearms enquiry officer was dismissed without notice and a firearms licensing supervisor retired before the hearing took place. It was found a firearms licensing manager had no case to answer.

As part of the investigation, we also made a number of recommendations

aimed at improving shotgun licensing both by Surrey Police and nationally. These included the need to ensure:

- a structured training programme is in place for licensing staff
- liaison between the licensing team and staff investigating allegations about licence holders
- medical information is obtained and considered appropriately
- appropriate quality assurance of the licensing team's work
- an update is provided, when appropriate, to those who make allegations about people who have a shotguns licence.

Surrey Police accepted all local recommendations, with national ones being considered as part of a national consultation on statutory guidance for shotguns licensing.



Our recommendations in action

Case study 14: two Essex Police officers disciplined after suspect granted bail

W We received a referral from Essex Police after Roy Hensley broke into the house of his partner Marie Charles and stabbed her and her neighbour, injuring them both. In March 2016, he was jailed for 15 years for attempted murder and causing grievous bodily harm with intent.

Mr Hensley had been arrested by officers from Essex Police on 11 January 2015 on suspicion of assaulting his partner. He was bailed to the Metropolitan Police Service (MPS), where he was wanted for an unrelated offence. He was further bailed by the MPS hours before the attack on his partner and her neighbour.

Our investigation focused on the risk assessments both forces carried out before bailing Roy Hensley. Two Essex Police officers were disciplined for their part in the decision not to refer Mr Hensley to the Crown Prosecution Service (CPS) before granting him bail.

As a result of our investigation, we recommended that all forces ensure clear lines of communication in cases where a suspect is transferred to the jurisdiction of another force. It is vital that victims are notified at the earliest opportunity

about any variation to the suspect's bail conditions, or if the suspect is released from custody. We recommended that the College of Policing considers including this in its Authorised Professional Practice and the College agreed to review this.

Case study 15: Sussex Police accepts recommendations on stalking and harassment

I In August 2016, 19-year-old Shana Grice was murdered by an associate, Michael Lane. We are looking at the contact Sussex Police had with Mr Lane and Ms Grice prior to Ms Grice's death.

In the short term, we have made six fast-time learning recommendations to Sussex Police about the way the force deals with cases of stalking and harassment.

The force accepted these recommendations, which covered improving the way that officers are trained to recognise cases of stalking and harassment, and how best to safeguard victims.

Recommendations also focused on improvements to data storage and

retrieval, and better use of existing systems to make sure relevant information is accurately logged, considered and reviewed.

Our investigation is ongoing.

Case study 16: Misconduct cases for 19 police officers and staff over police contact with Birmingham murder victim

A A referral from West Midlands Police led us to examine 19 incidents involving Jacqueline Oakes and her ex-partner Marcus Musgrove, which had been reported before he killed her in January 2014.

We investigated the force's contact with Ms Oakes before her murder and concluded that 19 officers and staff had a case to answer for misconduct. The evidence suggested that there was also a case to answer for gross misconduct for one officer who had retired. No misconduct was identified for a further 20 officers and staff whose actions were examined during our investigation.

We found evidence to suggest there had been failings around intelligence checks, adherence to domestic abuse policy, recording of incidents and risk level management.

It was one of our biggest investigations to date in terms of its complexity and the number of officers whose actions were examined. We interviewed dozens of officers and examined hundreds of police documents.

The force accepted our conclusions and has addressed our recommendations about identifying vulnerable people on police systems, so that officers can better respond to any associated risk.

Further recommendations aimed to improve understanding of the force's domestic abuse policy among frontline staff, and to address the level of supervision and training for control room staff.

Mr Musgrove was already wanted for breach of bail conditions when he killed Jacqueline Oakes and we identified significant organisational failings connected to this. Since then, the force has introduced a more formalised process for dealing with outstanding arrests of this type.

STRATEGIC OBJECTIVE SIX:

ensure that the IPCC is fit for purpose and agile, able to manage significant expansion and representative of the communities we serve

Our commitment to our people and to equality and diversity

During 2016/17, we focused on the physical and mental well-being of our staff, providing them with support. We took part in National Learning at Work Week, organised by the Campaign for Learning. We also overhauled our induction programme for new staff.

Our People and Human Resources Committee continues to play an important role in overseeing the implementation of our People Strategy and good progress has been made.

We have reviewed and updated our approach to equality impact assessments. The British Institute of Human Rights has provided training to many of our staff on completing these assessments, and on the Equality Act.

Our Equality and Diversity group, chaired by the Chief Executive, meets quarterly, and monitors progress, using the equalities performance framework we have developed. The Group examines emerging trends, and ensures that action is taken where needed.

Our six staff networks continue to support our business, in particular by:

- informing and educating colleagues about diversity issues

- providing support and a safe space for discussion
- working with staff who are completing equality impact assessments to ensure that they consider the views of people from all the protected characteristics

We have produced a new reasonable adjustments policy for staff. This includes a disability passport to support staff, and training for line managers on disability awareness and managing inclusive teams.

A schedule to review our policies against the Public Sector Equality Duty has been developed and this is now underway. This work will ensure that none of our policies inadvertently create a disproportionate disadvantage for someone with a protected characteristic.

All staff now have an equality and diversity objective in their annual performance development review so that equality and diversity becomes a recognised part of everyone's work. We also ensure that all new staff complete unconscious bias training as part of their induction. We can now report that our proportion of BME staff is on a par with the population as a whole. You can see data about the backgrounds of our staff on pages 84 to 100 of this report.

Our 2016 staff survey

Our 2016 staff survey, using the Civil Service People Survey achieved a 68 per cent response rate. This survey allows us to compare our results with previous years, and with other similar organisations. The response rate was a lower percentage than last year's 74 per

cent, but involved more people (702, as compared with 662).

What was particularly encouraging was the 13% rise from the previous year, of staff who thought that effective action had been taken as a result of the 2015 staff survey. There was also a 2% increase in the scores from the last survey, of staff who thought that action will be taken as a result of the 2016 staff survey.

In response to the scores, Management Board asked teams across the organisation to put forward two positive actions they would take to improve some of the issues raised in the survey. On early assessment of these actions, there have been some real improvements in the time it takes for investigations to be progressed, and in the rate of case closure. There has also been feedback that staff feel better informed about the current transformation process.

Management Board is committed to improving the staff survey scores from last year. This year, Management Board committed to improve the ICT infrastructure of the organisation, as well as developing and implementing a wide range of measures aimed at improving staff wellbeing.

Change and transition

Our change programme – the Way Forward – has done a great deal of work towards the twin goals of a successful transition to become the Independent Office for Police Conduct (IOPC) and the smooth introduction of new working practices resulting from legislative changes to the police complaints system.

The changes focus on preparing the organisation for transition, while retaining a clear focus on improving the quality and timeliness of our work. We have adopted a ‘what works’ approach, encouraging staff to pilot schemes that might lead to improvements in our processes, assess them and share the learning.

During 2016/17, the Home Office recruited the Director General for the IOPC and we prepared to recruit to the key roles that support them in leading the organisation.

Our new governance structure will include strong local leadership through Regional Directors and a national Director for Wales. We have worked with managers across the organisation to consider how best to balance the need for regional leadership and accountability with national standards and central co-ordination of strategy. This development work has helped ensure that our managers and their teams are well placed to adapt to the new structure when the IOPC comes into being.

Our systems and processes

We have begun a phased exit of our ICT services from the current main supplier. The transition of services will continue over the next two-year contractual period, which comes to an end in December 2019. This provides continuity during our period of transition and allows further time for planning, before and after changes have taken place.

Working closely with Operations, the Information Team delivered two releases

of new core system functionality, in support of Legislative and Governance change. Our refresh of the IPCC's infrastructure is at an advanced stage. A move to cloud computing services, a new secret data management system and mobile desktop devices is imminent.

Work to improve our financial and procurement controls has seen us implement a 'no purchase order/no pay' policy. Suppliers have been advised of this approach.

The value of knowledge in our work

We are making progress across the organisation to improve our knowledge and information management. Significant work has been carried out to improve data quality across the IPCC, including training and guidance for staff, reviews of the data we hold, and the development of core principles guiding our work.

Where data and information has in the past been held by separate teams, we are now sharing and recording information across the organisation, and restructuring how it is accessed and used.

We have launched the Knowledgebase, a central location for data and information used the most by our staff. This includes information about investigations, police forces, key issues for policy development and recommendations.

Our intelligence strategy will allow us to use our investigations as unique opportunities to collate information about sensitive and serious incidents involving the police.

Assessing our performance against strategic objective six

Our target for 2016/17 was to achieve a staff survey engagement score of 61 per cent. The engagement score is based on the results of five questions included in the survey. These questions are about pride, advocacy, attachment, inspiration and motivation.

We did not reach this target, achieving a score of 56 per cent. This inevitably reflected some uncertainty about the future, given our rapid expansion and the imminent change of structure. We have taken steps to address this, developing a more robust communications strategy about the changes, and ensuring that our senior staff are more visible.

Ongoing work under strategic objective six

We will continue to build on our focus on learning and development in the coming year. Each member of staff can access five learning and development days. Our focus on leadership and management will also continue, with events for our senior leadership team. In addition, we are planning to increase the number and range of apprenticeships.

Our work in Wales during 2016/17

We work across England and Wales, with the same responsibilities for Welsh and English police forces. Though policing in Wales is not a devolved matter, the environment within which it is carried out and the partner agencies involved are significantly different from those in England. Commissioner Jan Williams¹⁵ was responsible for providing independent oversight of police forces in Wales.

2016/17 saw the launch of the IPCC Wales Stakeholder Forum: chaired by the Commissioner for Wales, this brings together a wide range of policing, criminal justice and other public service bodies, to debate and inform the work of the IPCC in Wales.

The Commissioner continued her programme of briefings for the office of the Secretary of State for Wales, and for Welsh Government. These briefings took the form of meetings with the Welsh Government Cabinet Secretaries for Health, Well-being and Sport and Communities and Children, the Minister for Health and Social Services, together with their officials, and the Parliamentary Under Secretary of State at the Wales Office. She also met with the Presiding Officer of the National Assembly for Wales.

The Commissioner had a specific focus this year on increasing awareness of the role of the IPCC among devolved bodies and set up a programme of presentations to Adult and Children's Safeguarding Boards across Wales.

Working with Welsh PCCs and the Wales Chief Officer Group

We continued our constructive engagement with PCCs at an all Wales and individual level. We also continued to engage with senior police officers through the Wales Chief Officer Group to help forces improve policy and practice, and continued to hold forces to account.

Learning from our domestic abuse investigations was shared with Welsh Women's Aid and with the National Adviser for Violence Against Women. Commissioner Williams was pleased to accept the Adviser's invitation to join her Wales Learning Panel to help shape improvements. On wider issues, the Commissioner maintained regular contact with Her Majesty's Inspector of Constabulary and the Crown Prosecution Service, and with mental health organisations. Liaison with the Healthcare Inspectorate Wales and Ministry of Justice took place on relevant parallel investigations.

¹⁵ Jan Williams moved on to a new role outside the IPCC in September 2017.



Case study 17: Our investigations in Wales

Cases where people who are detained manage to bring drugs into custody or attempt to harm themselves with makeshift ligatures or implements while in cells continue to be a concern. A standardised reporting system, agreed by the Wales Custody Forum, is bringing about greater consistency in forces referring adverse custody incidents to the IPCC so that any learning can be identified. There have also been quick-time recommendations, such as reminding forces to follow authorised practice and ensure that blankets do not obscure the face of a detainee during routine cell checks. More analytical work is being carried out to help Welsh forces continue with systemic improvements in safety standards in custody.

The Commissioner for Wales issued a warning over the fatal risk of swallowing drugs in an attempt to

conceal them when stopped by police. This was in response to investigations into the deaths of two men in Aberdare and Llanelli in these circumstances.

As part of an investigation into the death of a man with mental health issues in Dyfed Powys, recommendations were made to the force about securing better medical expertise in custody and updating protocols with partner agencies.

Matthew Williams killed Cerys Yemm in a hotel in Argoed in 2014. During his arrest officers used handcuffs, leg restraints, and Tasered him four times in an attempt to bring him under control. We submitted our investigation report to HM Coroner to help inform the inquest proceedings. Given the situation they faced, we concluded that police officers acted with reasonable and necessary force.

Our responsibilities for non-police organisations

The IPCC is 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

Following a referral/complaint, we may investigate the matter. Alternatively, we may decide that 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 in 2016/17

Between 1 April 2016 and 31 March 2017 we received 21 referrals from the NCA:

- two were subject to an independent investigation (an additional independent investigation was started, but this was subsequently redetermined as a local investigation)

- one was subject to a supervised investigation
- 12 were sent back to the NCA for local investigation
- five were referred back to the NCA to deal with as it saw fit

Of the ten NCA investigation appeals that we finalised during 2016/17, one was upheld, eight were not upheld and one was not valid. Of the 13 NCA non-recording appeals that we finalised during 2016/17, three were upheld, eight were not upheld and two were not valid.

Home Office investigations and appeals in 2016/17

Between 1 April 2016 and 31 March 2017 we received 15 referrals from the Home Office:

- 11 were sent back to the Home Office for local investigation
- four were referred back to the Home Office to deal with as it saw fit

Of the two Home Office investigation appeals that we finalised during 2016/17, one was upheld on the ground of insufficient information being provided to the complainant at the conclusion of the investigation. The other was not valid. All of the four Home Office non-recording appeals that we finalised during 2016/17 were not valid.

HMRC investigations and appeals in 2016/17

Between 1 April 2016 and 31 March 2017 we received 22 referrals from HMRC:

- one was subject to a supervised investigation
- 20 were sent back to HMRC for local investigation
- one was referred back to HMRC to deal with as it saw fit

Of the three HMRC investigation appeals that we finalised during 2016/17, two were not upheld and one was not valid. The HMRC non-recording appeal that we finalised during 2016/17 was not valid.

Changes to legislation

The Policing and Crime Act and associated regulations will make major changes to the legislation governing the police complaints system. The regulations governing NCA, Home Office and HMRC complaints are based on the police complaints system, but there are differences.

We have begun discussions with these organisations to consider which of the changes to the police complaints system it would be beneficial to reflect in the NCA, Home Office and HMRC complaint systems. We will continue this work during the coming year as police complaints legislation is amended.

Sustainability report

This section explains the IPCC's current impact on the environment in terms of greenhouse gas emissions, waste minimisation and management, water consumption and sustainable procurement.

This meets the requirements of 'HM Treasury Guidance 2016-17, Sustainability Reporting in the Public Sector'. There is no biodiversity action plan as this does not apply to our functions.

Our sustainability performance in 2016/17

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 increased our office space in Sale by 516 square metres.

Over the course of 2016/17, we worked to improve our waste figures and lower the percentage of waste we send to landfill.

Information about our water consumption and costs are not available for our London, Birmingham and Croydon offices.

All the figures below were calculated using the recommended conversion factors provided by the Department for Environment, Food and 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.

Greenhouse gas emissions*		2014/15	2015/16	2016/17**
Non-financial indicators (TCO2)	Gross emissions scope 1	199	171	264
	Gross emissions scope 2	825	973	778
	Gross emissions scope 3	462.66	451.64	465
	Total emissions	1,487	1,595	1,507
Gas (kwh)		N/A	808,214	945,857
Non-financial indicators (kg)	Total waste	54,204	66,680	69,300
	Sent to landfill	7,831	5,927	6,159
	Recycling	32,305	46,721	48,557
	Incineration	14,032	14,032	14,583
	Incineration energy recovery	–	–	–

Greenhouse gas emissions*		2014/15	2015/16	2016/17**
Non-financial indicators (m3)	Water consumption	12,623	18,331	19,135
Financial indicators (£)	Expenditure on energy purchased, including travel	£1,012,146	£1,057,223	£1,346,841
	Expenditure on waste disposal, including:			
	Sent to landfill	n/a	n/a	n/a
	Recycling	£12,013	£11,747	£17,237
	Incineration	–	–	–
	Expenditure on water consumption	£19,061	£20,307.77	£28,895
Paper purchased				
	A4 (boxes)	1,668	1,740	1,808
	A3 (boxes)	27	60	62

* Scope 1 emissions are from sources owned or controlled by the IPCC such as vehicles and boilers. Scope 2 emissions are from energy consumed by the IPCC, 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 number of full-time staff increased during the year under review and it is not possible to compare the above figures on a like-for-like basis. However, the amount of Co2 generated for total emissions has gone down by 268kg Co2 per employee between 2015/16 and 2016/17.

Sustainable procurement

Our sustainable procurement policy is to ensure that we meet our needs 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 IPCC, 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 taken during 2016/17 to improve the IPCC's sustainability performance

We have taken a number of actions during the year to improve our sustainability performance:

- Replaced lighting in our Sale office with more efficient LED lighting and also installed passive infrared sensors across our entire estate to switch off lighting after ten minutes of inactivity.
- Decommissioned old boilers in our Warrington office and replaced them with new ones with the highest efficiency ratings.
- Programmed our air conditioning systems so that they are only on during operational hours.
- Set all non-essential electronic equipment to turn off in the evening to ensure these items are not left on all night.
- Introduced car sharing in our Birmingham office to reduce the number of cars driving to the site.
- Implemented systems to ensure use of taxis is minimised and that the taxis we do use carry as many passengers as possible.
- Introduced a paperless communication initiative in our Croydon office, which has reduced paper use by 30% and also reduced use of toners and ink cartridges.

Our future 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. We have reviewed all our waste collection contracts and have appointed new waste collection services in our Sale and Wakefield offices. Our new arrangements will reduce the amount of waste we send to landfill further. We are also looking at moving to energy recovery incineration for our London office. Our main key performance indicator for sustainability is to keep in line with the GGC and report on the levels set by HM Treasury Guidance. We aim to keep our level of Co2 generated per employee at its current level or reduce it.

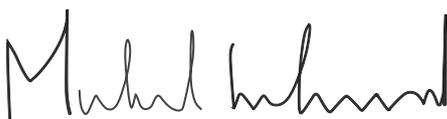
Complaints about us

We recognise that our staff operate in difficult circumstances and that some of those we deal with may be dissatisfied. Many are dealing with stressful events that are the reason for their contact with us. Despite our best efforts, sometimes things can go wrong and we have a complaints procedure (www.policeconduct.gov.uk/investigations/our-service-complaints-and-compliments). The table below sets out the number of complaints we received against our staff during 2016/17.

Apr 2016	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Total
37	41	34	25	35	39	33	31	30	52	41	25	423

We upheld 38 of these complaints, with some investigations continuing at the time of publication. We responded to 87 per cent of complainants within our target of 20 working days. On average, it took us 12 working days to finalise a complaint.

We received 14 complaints against our commissioners. None were upheld.



Michael Lockwood
Accounting Officer
14 February 2018

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Accountability report

2.1 Corporate governance report

The directors' report

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

The Commission

The commissioners who served during 2016/17 are listed below.

Anne Owers	Chair
Rachel Cerfontyne	Deputy Chair
Sarah Green	Deputy Chair
Cindy Butts	Commissioner
Derrick Campbell	Commissioner
Mary Cunneen	Commissioner
Jennifer Izekor	Commissioner
Carl Gumsley	Commissioner
Jan Williams	Commissioner

Non-executive directors

The non-executive commissioners who served during 2016/17 are listed below.

David Bird
Tim Robinson
Sue Whelan Tracy

The Management Board

The members of the Management Board during 2016/17 are shown below.

Lesley Longstone	Chief Executive	
Tim Bianek	Director, Change	
Kathie Cashell	Director, Strategy and Impact	
David Emery	Head of Legal Services	
David Knight	Acting Director, Strategy and Impact	From 1 April 2016 until 5 March 2017
Ian Todd	Chief Operating Officer ¹⁶	
Kevin Woodrow	Director, Resources	
Emma Maloney	Commission Secretary	Until 26 August 2016
Laraine Moody	Commission Secretary	From 27 August 2016 until 17 October 2016
Andrew Nathan	Commission Secretary	From 18 October 2016

Register of interests

A register with details of company directorships or other significant interests held by members of the Commission and Management Board in 2016/17 is available on our website (<http://webarchive.nationalarchives.gov.uk/20170914105221/http://www.ipcc.gov.uk/page/chief-executive-and-directors>). It may be obtained in writing from the IPCC Commission Secretary at 90 High Holborn, London, WC1V 6BH.

Freedom of information and data protection

The IPCC complies with the *Freedom of Information (FOI) Act 2000* and the *Data Protection Act (DPA) 1998* (www.policeconduct.gov.uk/investigations/requesting-information-us). We have established an information rights team as the central point of contact for processing all requests for information. The team is responsible for co-ordinating IPCC work, targeting to process all requests 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 DPA work.

The tables below show the IPCC performance against the statutory deadlines. A project is in progress to improve performance where deadlines are not being met.

¹⁶ Ian Todd was Acting Chief Executive from 5 May 2016 until 26 June 2016.

Freedom of information requests

Year	Number completed	Statutory deadline met
2016/17	259	89%
2015/16	295	83%

Subject access requests

Year	Number completed	Statutory deadline met
2016/17	195	55%
2015/16	200	74%

Data losses and information assurance

The IPCC has an Information asset register. Information Asset Owners are responsible for managing and operating the asset 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 and the incident reports are reviewed by the information assurance team, which provides the Senior Information Risk Owner with assurance for our information assurance maturity. This allows for any risks, or additional controls, to be identified and addressed.

There was one data-related incident reported to the Information Commissioner's Office in 2016/17. A second incident occurred in 2016/17

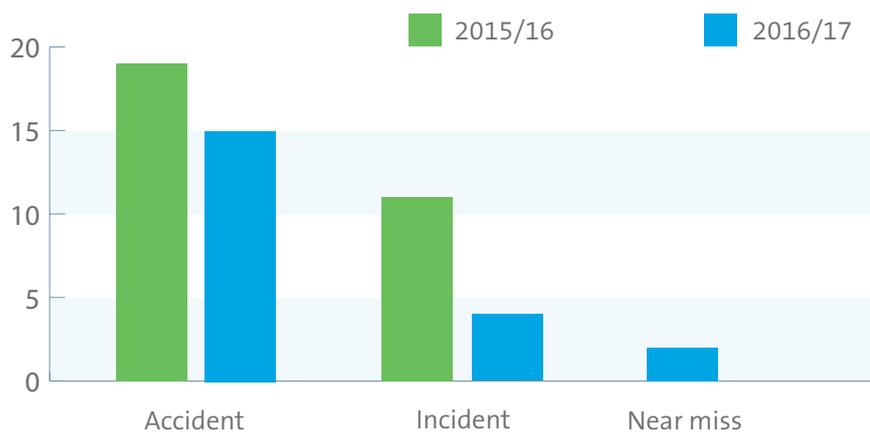
and was reported in 2017/18 (2015/16: no incidents). No regulatory action was required as a result of these incidents.

Health and safety

The IPCC complies with all health and safety legislation and the Health & Safety Executive Committee monitors the organisation's performance for health and safety. The chart on the next page shows that there has been a reduction in incidents since last year. We have started to capture near miss data and more informative data so that the organisation can move towards proactive monitoring and ensure our decision making is driven by evidence-based risk management.

A new management strategy and 12-month plan was developed for 2017/18, in line with best practice health and safety management based upon the 'plan, do, check, act framework'.

IPCC accident/incident/near miss reports – all locations



Research and development

The organisation's research programme supports our work to improve the complaints system (www.policeconduct.gov.uk/research-and-learning). This work includes Statutory Guidance and learning reports for forces, research into public and stakeholder confidence, user feedback and policy positions on areas of concern.

Research undertaken during the year included completing a study into the user experience of an IPCC investigation – this work continues into 2017/18 as feedback mechanisms are designed and implemented across all our processes for a broad range of users.

Other work included completing and publishing the findings from the first stakeholder survey, producing national statistics on deaths during or following police contact, and conducting the seventh public confidence survey.

Information about these pieces of work can be found elsewhere in this report.

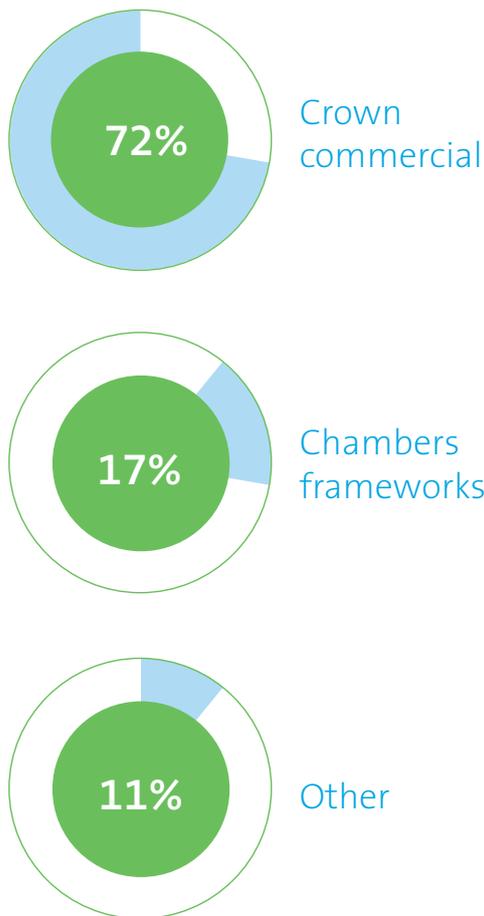
Charitable donations

The IPCC did not make any donations to charity during 2016/17. During the year, IPCC staff held fundraising events and donated a total of £8,000 (including Gift Aid) to a number of UK charities (2015/16: £3,700).

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 frameworks and for legal services, we use Chamber frameworks.

Procurement route



In 2016/17, several contracts were awarded/renewed for a total amount of £400,000 to complete the IPCC Change programme by agreed deadlines. In addition, three contracts were awarded for a total amount of £175,000 to measure stakeholders’ feedback on IPCC services. These contracts include our public confidence survey.

Estates

Our Estates strategy was agreed in 2015 and updated during the year to support ongoing business and expansion plans.

The strategy sets out a programme to reduce our occupancy of private sector property by surrendering private sector leases and taking up leases in government hubs or other public sector property. These estates decisions will be based on a clear understanding of the IPCC broader strategy and will reflect operational considerations and the impact of our change programme.

The total cost of running the estate during the financial year 2016/17 was £5.7 million, which is slightly less than last year’s cost of £5.8 million. Occupancy levels increased overall because we took on more staff. As a result, we improved our overall cost per full-time employee (FTE) to £5,767 (2015/16: £6,485).

Office space at four of our seven locations is within the government bench mark of eight square metres (M2) per FTE. The table below provides an analysis by location using FTE at March.

Square metres per full-time employee by office location

Office location	March 2017	March 2016	Property type
Birmingham	10.4	12.0	Private sector
Cardiff	7.1	8.8	Private sector
Croydon	11.1	12.4	Public sector
Holborn	7.4	7.8	Private sector
Sale	8.0	6.1	Private sector
Wakefield	6.0	7.6	Public sector
Warrington	13.6	13.7	Public sector
TOTAL	9.1	9.7	

We have improved occupancy levels in all locations, apart from Sale, where we took on an additional floor to expand capacity for more investigations staff during 2017/18.

Our investigation into the Hillsborough disaster is based at Warrington. During 2017/18, we expect a reduction in FTE as the investigation makes further progress. This may have an adverse affect on the key performance indicators for occupancy in 2017/18.

Four of our offices are leased from the private sector. During 2017/18, we will evaluate whether moving to other government property at lease break points will secure better value for money.

In 2018, we will join the government hubs programme and relocate our Holborn Office to a hub based at 10 South Colonnade, Canary Wharf, London. This will be a modern workplace that allows our staff to work efficiently. We expect this to increase productivity, and improve staff well-being, while contributing to wider government objectives.

Payment of suppliers

The IPCC abides by the British Standard for Achieving Good Payment Performances in Commercial Transactions (BS 7890). In particular, 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. We paid 83% within ten working days (2015/16: 84%) and 97% within 30 working days (2015/16: 97%).

Outturn

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

In February 2013, the Home Secretary approved additional funding to enable us to investigate all serious and sensitive allegations against the police. In 2016/17, we completed the final year of our expansion programme towards achieving this goal.

Total comprehensive net expenditure in 2016/17 is £73.0 million, compared with £64.6 million in 2015/16. The chart overleaf shows how we used our resources during the year.

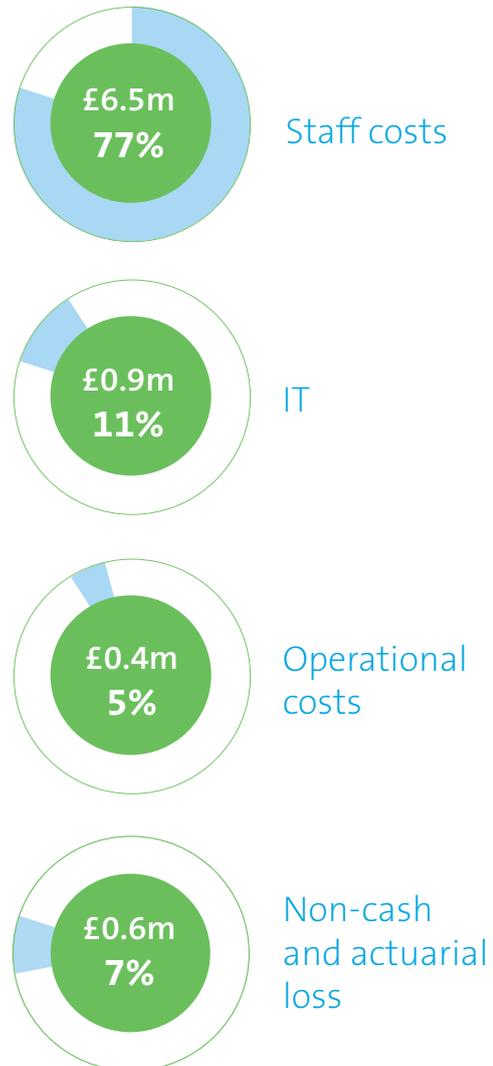
How we used our £73.0m resources



expansion of our core activity and take on new work as a result of legislative changes.

The chart below shows where we have increased or (decreased) expenditure in 2016/17.

How we used our additional expenditure of £8.4m during 2016/17



Compared to 2015/16, our expenditure increased by £8.4 million because we received additional resources to complete

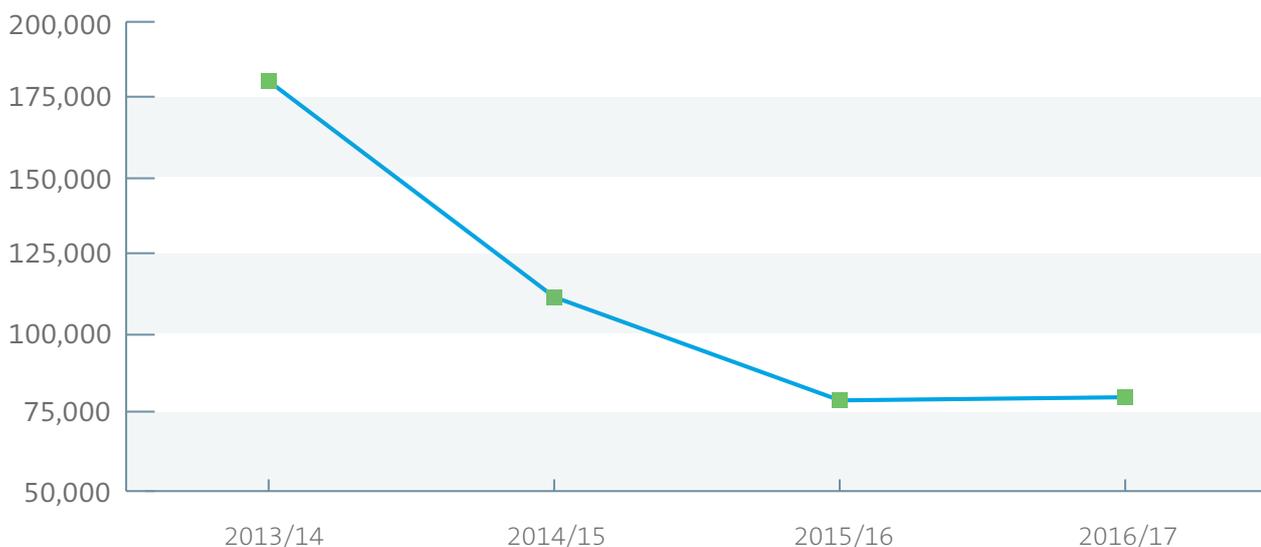
The majority of additional expenditure has been on staff, where we increased our average FTE by 104 between 2015/16 and 2016/17. Increases in staff also drive up our expenditure on ICT in order to provide essential equipment, software and support.

Expenditure on other operational areas has increased, particularly on legal services, where we are making greater use of external counsel. We have, however, significantly reduced expenditure on travel by more effective use of video conference facilities. More detail is shown in Note 3 to the Accounts.

Capital expenditure

During the year, we spent £2.5 million on asset additions. The main purchases were for expanding our office at Sale to accommodate more investigations staff, and development and upgrades to the ICT system we use for work on our investigations and appeals.

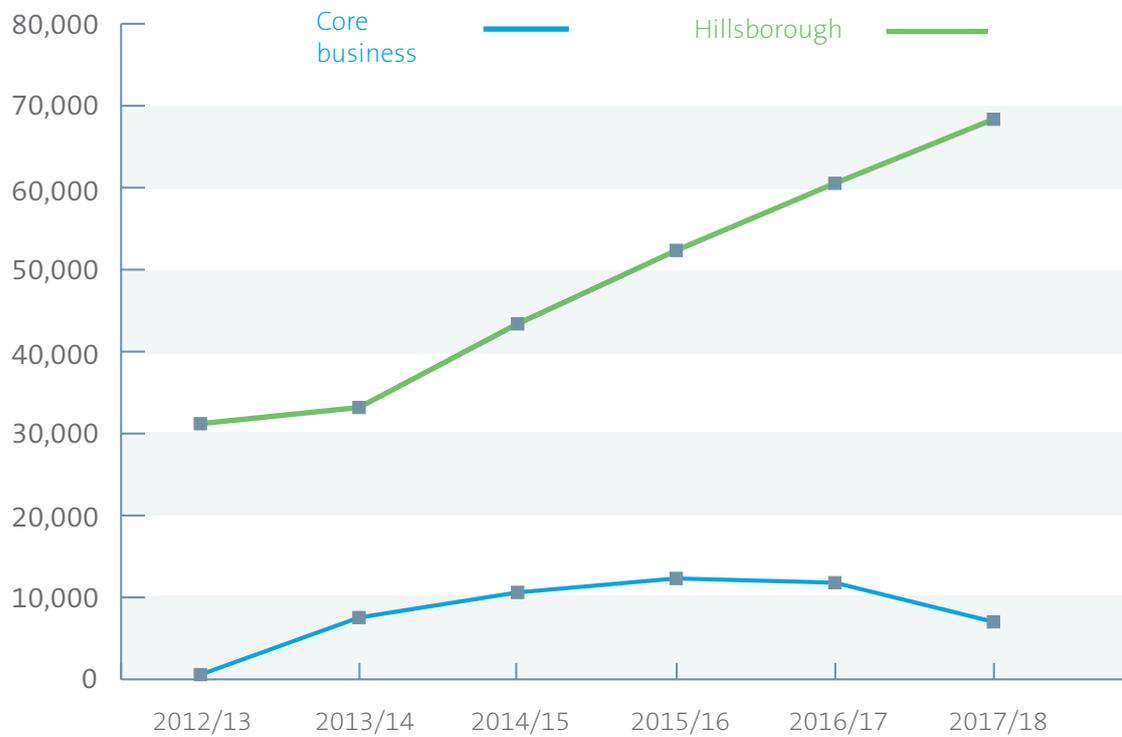
The table below shows the trend in investigation costs for four years. Cost per case has fallen by 50% since the start of our change programme.



Expenditure trends

The table and chart below shows expenditure trends for five years.

Expenditure trends £000s	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Core business	31,207	33,183	43,389	52,346	61,448	68,350
Hillsborough	581	7,546	10,615	12,319	11,127	7,024
Total	31,788	40,729	54,004	64,665	72,575	75,374



Statement of the Accounting Officer's responsibilities

Under paragraph 17(1) of Schedule 2 to the Police Reform Act 2002, the IPCC 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 IPCC and its net resource outturn, application of resources, changes in taxpayers' equity, 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

For the year under review, the Accounting Officer for the Home Office had appointed the Chief Executive, Lesley Longstone, as Accounting Officer for the IPCC. Michael Lockwood was appointed

Accounting Officer on 8 January 2018. The responsibilities of an Accounting Officer are set out in Managing Public Money published by HM Treasury. They include responsibility for the propriety and regularity of the public finances for which they are answerable, for keeping proper records and for safeguarding the IPCC's assets.

The Accounting Officer has confirmed that as far as he is aware, there is no relevant audit information of which the IPCC's auditors are unaware, and that he has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that IPCC's auditors are aware of that information.

The Accounting Officer has also confirmed that the annual report and accounts as a whole are fair, balanced and understandable. He takes personal responsibility for the annual report and accounts and the judgments required for determining that they are fair, balanced and understandable.

Accounting Officer's personal annual governance statement for 2016/17

This Governance Statement relates to the Independent Police Complaints Commission (IPCC), which became the Independent Office for Police Conduct (IOPC) on 8 January 2018. The organisation, while changing name and governing body structure, is the same legal entity and this statement, which relates to a period as the IPCC, is signed by me as the current Accounting Officer (AO).

I was appointed as the Director General (DG) of the IOPC, and as its AO, on 8 January 2018. I have issued new operational delegations reflecting my authority and responsibilities, in particular as these have replaced those of Commission and those of the IPCC's Chief Executive. The former Chief Operating Officer of the IPCC has been appointed Deputy Director General (Operations) of the IOPC and five regional directors, and a Director for Wales, have been appointed. At the first meeting of the Unitary Board, arrangements for sub-committees, including an Audit and Risk Assurance Committee, and a Human Resources and Remuneration Committee were approved. Other governance arrangements remain in operation, as they have been for the IPCC, and as described below. Other governance arrangements remain in operation as they have been for the IPCC, and as described below.

Governance framework

The governance framework comprises the systems and processes by which the organisation is directed and controlled. It enabled the Commission as a governing

body to monitor the achievement of its strategic objectives and consider whether the organisation had fulfilled the functions set out in the Police Reform Act (PRA) 2002 and successive Acts amending the PRA and supporting regulations.

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.

The IPCC and its fundamental governance structure was established by statute in 2002 and worked well when the organisation was relatively small and less dispersed than it is now. As the organisation grew and became more dependent on formalised systems of control however, it became apparent that this structure created a number of inherent challenges. In particular, the separate roles of commissioners, with respect to governance, representation and operations, created complexity in the control environment. There were effectively two lines of control for operational activities, one via the Chief Executive and the other via the deputy chairs, coming together in a non-executive Chair.

On the back of analysis from the IPCC's Change Programme, the Triennial review of the IPCC in 2015 invited the IPCC to put forward proposals for changes to its governance and, in particular, 'the separation of the governance and operational roles'. Steps were taken to mitigate the risks of the existing arrangements and proposals were

put to the Home Office to change the governance structure. These proposals were subsequently subject to an independent review by Sheila Drew Smith, who made a number of further recommendations. This additional report formed part of a Home Office consultation: 'Reforming the Independent Police Complaints Commission: structure and governance', which closed on 28 January 2016. The Policing and Crime Act 2017 received Royal Assent on 31 January 2017 and contains measures to amend the IPCC's governance. It reflects the report's recommendations and addresses the matters raised in the Triennial review. These changes came into effect on 8 January 2018 when the IPCC became the IOPC, and I was appointed.

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 manage risks to the achievement of objectives, efficiently and economically. Regular meetings of the Commission enabled reviews of strategic direction and plans and reporting of performance against plans and goals. The Commission also periodically reviewed the internal and external challenges facing the organisation and how the IPCC might best meet those challenges.

The Commission was responsible for defining strategy and determining the allocation of resources. The Chair of the Commission was accountable to the Home Secretary for the governance of the organisation and the delivery of its objectives. The Commission established

four Committees – the Audit and Risk Committee, the People and Human Resources Committee, the Strategy and Impact Committee and the Transition Committee – to discharge specific functions. Each Committee reported to the Commission and had clear terms of reference. These Committees all produced summaries of their oversight work for me and the new Unitary Board for the IOPC.

The Transition Committee was established with the purpose of scrutinising and overseeing transition of the IPCC's governance framework, and associated organisational changes. It was chaired by the IPCC Chair, who reported to Commission at the first meeting after each Transition Committee meeting, and sought decisions by Commission as appropriate.

The role of the Audit and Risk Committee has been to support the Commission and the Accounting Officer in their responsibilities for issues of risk, control and governance and associated assurance. The Committee has overseen the IPCC's systems and processes of finance, corporate governance, accountability, and the effectiveness of the controls. It was also responsible for approving the annual accounts on behalf of Commission. The Committee was chaired by a non-executive commissioner and the Chair reported to the Commission at the first meeting after each Audit and Risk Committee and annually, by means of a formal report, on the Committee's work.

The People and Human Resources Committee agreed the Chief Executive's recommendations on pay progression,

and had oversight of the Chief Executive's pay within its terms of reference. This Committee's role included oversight of the People Strategy, Conflict of Interest Policy, Health and Safety Policy and the Code of Conduct. The Committee was chaired by a non-executive commissioner.

The Strategy and Impact Committee met each quarter. This was a forum to oversee the implementation of strategies relating to oversight and confidence, stakeholder engagement, communications and knowledge and information management. It was chaired by the Chair of the IPCC, and ensured that the Chair and the commissioners on the committee had sufficient time to consider and scrutinise these issues in detail.

The Commission itself acted in accordance with its Standing Orders and was accountable to Parliament. Through the Chair and Chief Executive's meetings with the Home Secretary and Minister of State for Policing and Criminal Justice, the effectiveness of the organisation was kept under regular review and, more generally, has been subject to considerable parliamentary and public interest and scrutiny. Bilateral meetings have been established with the Home Office's Sponsor Unit to discuss strategic, budgetary and operational matters. No matters have been discussed that could present a risk to the organisation's independence. These meetings have been supplemented with further meetings on risk, finance, human resources and estates, as required.

The Management Board (MB) has been responsible for the operational delivery

of the organisation's business. It meets on a monthly basis, receiving regular reports on finance, performance, business planning and risk, to inform its decision making. In addition to the IPCC's CEO, the MB membership has been the Chief Operating Officer, the Director, Resources, Director, Change, Director, Strategy and Impact, Head of Legal Services, the Head of Communications and the Commission Secretary.

There was a nine-week period during May and June 2016 when, because of the pre-arranged absence of the former Chief Executive, the former Chief Operating Officer was temporarily acting as CEO and Accounting Officer. In addition, the Director, Strategy and Impact was on maternity leave for most of the year, returning in March 2017. Interim cover was provided.

The former Chief Executive Officer left the IPCC on 23 November 2017 in advance of the transition to the IOPC and the Chief Operating Officer again temporarily acted as CEO and Accounting Officer until my arrival.

Health and safety policies and procedures have been strengthened through the work of a Health and Safety Executive Committee, initially chaired by the former Chief Executive, and now chaired by the Director, Resources. It includes representatives from all directorates. The Committee has overseen the identification of policy and procedural changes, action planning and implementation. A qualified health and safety manager has been appointed to deliver the improvements and significant progress has been, and continues to be, made.

Commission and Audit & Risk Committee attendance 2016/17

	Commission						Audit & Risk		
	13 Apr	6 Jul	14 Sep	30 Nov	1 Feb	29 Mar	13 Jun	3 Oct	23 Jan
Dame Anne Owers	1	1	1	1	1	1			
David Bird	1	1	1	1	1	1	1	1	1
Cindy Butts	1	1	1	Apols	1	1			
Derrick Campbell	1	1	1	Apols	1	1			
Rachel Cerfontyne	1	1	Apols	1	1	Apols			
Mary Cuneen	1	1	1	1	1	1			
Sarah Green	1	Apols	1	1	1	1			
Carl Gumsley	1	1	1	1	1	Apols			
Jennifer Izekor	1	Apols	1	1	1	-			
Tim Robinson	1	1	1	1	1	1	1	1	1
Sue Whelan-Tracy	1	1	1	1	1	Apols	1	1	1
Jan Williams	1	1	1	1	1	1	1	1	1
Total commissioners per meeting	12/12	10/12	11/12	10/12	12/12	8/11	4/4	4/4	4/4
Average	100%	83.3%	91.67	83.3%	100%	73%	100%	100%	100%

In 2015/16, the IPCC submitted a business case to the Ministry of Justice and the Home Office setting out the need for an exemption to the Rehabilitation of Offenders Act 1970 (ROA) and why we need the ability to request Disclosure and Barring Service (DBS) checks on staff. This was agreed and came into force in August 2016. The organisation is carrying out checks for all relevant new starters and will be completing retrospective checks for relevant existing staff in 2018.

Commission performance

The Commission maintained a number of processes and systems to ensure it operates effectively. No new appointments to the Commission were made during this year. Operational commissioners were each subject to a yearly appraisal by a deputy chair, and appraisal of deputy chairs and non-executive commissioners was undertaken by the Chair. The Commission reviewed its own effectiveness and set objectives for 2017/18.

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 diversity implications, including Welsh language services.

Corporate governance

We have reviewed the Corporate Governance Code in central government departments. While this is directed at ministerial departments rather than at

non-departmental public bodies, it provides best practice on corporate governance arrangements. Where they are considered to apply, the organisation has complied with the principles of the code, with the following deviation.

Two members of staff did not report to the Chief Executive, but were appointed as associate commissioners and therefore reported to a deputy chair. Associate commissioners worked alongside commissioners to act as guarantor of the IPCC's independence. They had full delegated commissioner responsibility for a caseload of investigations and were also required to assist commissioners with large and complex investigations, scrutinising MOI decisions and conducting force liaison. They did not have any governance responsibilities. These roles ceased when the IPCC became the IOPC, with the relevant members of staff being absorbed into other roles in the new structure.

We continue to work collaboratively with the Home Office as part of its initiative to ensure a consistent approach to compliance with Cabinet Office Controls across their various arm's length bodies.

Risk assessment

The organisation's risk management framework seeks to ensure that risks 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 Commission. A strategic risk register is maintained and each directorate has developed an operational risk register in conjunction with its directorate plan.

All of these risks are subject to our risk management processes. Risks and relevant mitigating activity have been identified and reported to MB, the Audit and Risk Committee and the governing body, in line with the organisation's reporting cycles. The risks relating to our expansion programme were reviewed and discussed at the relevant programme board and escalated to the strategic risk register as necessary.

A risk appetite statement was developed, which was approved by MB and considered by the Audit and Risk Committee. The statement was then discussed and agreed by Commission in April 2016.

Internal audit services are provided by the Government Internal Audit Agency (GIAA) under a three-year contract, which was renewed on 1 April 2015. 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 has been provided to each meeting of the Audit and Risk Committee.

Information risk management has focused on the identification of information assets, the identification of new information asset owners (IAO) in order to map these to the new IOPC organisation structure, the deployment of new and better security controls enabled through the ICT Transformation Programme and the introduction of a new, pan-government, system for handling information assets classified as secret and sensitive. Information Technology Health Che

cks of new systems and offices have taken place including checks required for Public Services Network (PSN) accreditation. All owned or managed information systems in scope have been accredited for both Government Secure Intranet (GSI) and PSN connectivity.

The organisation's main IT supplier was re-awarded ISO 27001 status for the Information Security Management System it provides to us.

During 2016/17 a control weakness was identified in the issuance of official user credentials to new starters. A mandatory security briefing is required, but some staff informed our auditor that they had received their credentials without receiving a briefing due to staff shortages in the Security team. This was addressed and mitigated through identification of these users, conducting briefings and obtaining newly signed Security Operating Procedures for all staff.

The organisation receives most of its ICT services from a single supplier, Sopra Steria. The ICT infrastructure has been subject to a number of interim measures to deal with the increased capacity required by the IPCC's rapid expansion and tactical decisions were taken to change the original contract. Plans are now in place and in progress for the overall exit from the contract, which had its first break point in December 2016. Exit from the contract will take place in a phased way. It will require careful dependency management, especially with the concurrent work to reform the complaints system, transition to the new governance structure and planned office lease changes. The required internal and external governance to manage this has been established.

During 2016/17 we identified a control weakness in our management of spend against contractual limits for one of our third party suppliers. A review was carried out by our Risk and Audit Manager and a number of recommendations made and implemented. No further issues have occurred in this area.

MB has now formally agreed the “capping” of our Change Programme, and we anticipate a formal closure of programme before the end of the 2017/18. However, our priority change projects continue to be overseen by MB, using the same control methodology that we established for our Change Programme. We are also now establishing a project delivery “function” (a legacy from our programme) to ensure continued project delivery expertise in the IOPC. Key projects have been challenged by a Delivery Board, including scrutiny of project documentation and management of delivery risk.

The IPCC’s ICT defences proved robust in the face of the recent ransomware attack, known as “Wannacry”, with infrastructure and software already up to date. The widely reported impact elsewhere provided an opportunity to remind staff of their obligations with cyber security. The ICT Transformation Programme will further ensure that our systems are always up to date and secured to the latest standards.

The organisation receives some of its common facilities services in shared buildings through a Home Office contract. Delays in charges from the Home Office have presented a risk to financial forecasts. We are working with Home Office Finance and Estates staff to resolve the causes

for the delays, as well as the outstanding charges themselves.

The few remaining actions from our equality and diversity action plan are being finalised and work has commenced to produce a strategy for the IOPC. Areas identified during 2017/18 that require organisational attention have been fed into business planning. As equality and diversity considerations are embedded within our work, projects and work for 2018/19 will be reflected across directorate business plans. To ensure robust and consistent monitoring, emerging risks are highlighted to and reviewed by the Equality and Diversity Group, and the People and HR Committee.

Business planning has continued throughout the year, with planned items being reprioritised to meet changing demands, pressure on resources and changes in legislation. Business planning for 2017/18 is now complete, although subject, as always, to in year review, particularly in light of the planned substantial changes in legislation and our organisational governance structure. The 2017/18 Business Plan was approved by Ministers and published on our [website](#). Our current corporate plan is due to end in April 2018. We are developing a single year plan, which will amend our current objectives for 2018/19 for consideration by the new Unitary Board.

For 2017/18 we received £64.45m core near-cash funding from the Home Office, and £6.02m funding for Hillsborough. The Hillsborough funding was less than our planned requirement at the start of the year, but we also received a letter of comfort from the Home Office that

it would look to meet our full funding requirement with an amended delegation in year if necessary. We have reflected the latest up-to-date position each month in our financial forecasts, and discussed these in detail with the Home Office. We anticipate that underspends on our core budgets will be used to offset the requirement for additional funding for Hillsborough. As in previous years, the Home Office has requested that we ensure our financial outturn is less than a 1% underspend against our mid-year forecast.

Following our expansion in the previous few years we have retained the ratio of black and minority ethnic (BME) staff in the organisation which now stands at 14.6%, above the national average of 14%. Representation at senior levels in the organisation is lower than this and remains a focus.

We have improved procedures to address all but one of the issues identified by an HMRC audit of the taxation of dual location travel expenses. The policy and system changes required to properly account for this will be in place by March 2018.

At the year end, the IPCC was subject to an inspection by the Office of Surveillance Commissioners to ensure compliance with the statutory provisions that govern the use of covert surveillance. The report was complimentary of the arrangements in place and no recommendations for improvement were made.

Major risks

The organisation has experienced a large and complex series of changes as a result

of our expansion, changes to our governing legislation and ongoing work to modernise our technology, estate and operational processes and efficiency. Maintaining staff morale during such a period of change has been a challenge, but this risk is reducing as new ways of working take hold, and new structures and leadership are implemented. We remain reliant on the Home Office for the delivery and timings of changes to legislation and continuously review progress and implications of any delay in order to mitigate further risk created by uncertainty.

Following the departure of the Director, Hillsborough in March 2016, and in recognition of the complex, often historic and large scale of these types of investigations being referred and undertaken, we responded by establishing a new Directorate, Major Investigations (DMI). This directorate manages the Hillsborough investigation and any subsequent proceedings, and has oversight of all child sexual abuse (CSA) cases. The directorate sits within the wider Operations Directorate. Significant additional financial resource was allocated to the new directorate for 2017/18 to develop this function. We have seen the positive effects of being able to “surge” a mix of investigative staff to support urgent operational needs across the organisation. The DMI currently has an Acting Director.

The organisation’s independent and managed (Operation Resolve) investigations into the Hillsborough tragedy continue to make progress. Following the conclusion of the Hillsborough inquests in April 2016, the media focus intensified, public expectation increased and the families anticipated the next steps in the judicial process. Given

the scale, complexity and profile of these investigations, the need to deliver outcomes that are timely and high quality remains a strategic risk for the organisation. The IPCC and Operation Resolve have been working closely to ensure that the two investigations are co-ordinated appropriately, there is a shared understanding of mutual lines of enquiry and shared planning for any future proceedings that may arise. We submitted a number of files to the Crown Prosecution Service (CPS) for charging decisions in January 2017 and we continue to engage with the CPS to ensure that their requirements are understood and built into our investigative and disclosure work, while retaining our necessary independence.

In June 2017, the CPS announced that six individuals across our, and Operation Resolve's, investigations would be charged and the CPS is expected to make charging decisions on outstanding referrals before the end of the year. The organisation is preparing to support a number of criminal trials, scheduled from early 2019 and will need to ensure it is able to support ongoing disclosure activities and requests from the court. The investigation continues to be resourced appropriately and scrutinised routinely through the Hillsborough Investigation Board so that risks are understood, managed and mitigated where appropriate.

The organisation is also involved in a number of high-profile investigations arising from potential failings in the police response to CSA allegations. These are large and complex investigations, often with historic and/or multiple complaints and referrals across multiple forces. Many of them run in parallel with criminal or

coronial processes. Resources for these investigations had been drawn from our existing establishment – however, with the establishment of the DMI, we now have teams delivering investigations across all of our offices, except Cardiff and Warrington. These investigations access the Holmes system and major incident room support from our Sale office and utilise the “surge” team to progress action queues. These investigations require specialist skills, investigative functions, and are resource intensive. We have implemented a strategic approach to respond to the large numbers of CSA investigations. This includes the appointment of survivor engagement managers to manage the risk to service users and bespoke training involving key external stakeholders and a knowledge hub for staff working on these investigations.

We liaise closely with the Independent Inquiry into CSA and Operation Hydrant (which co-ordinates the police response to non-recent institutional CSA). The initial increase in referrals has now steadied and while we are not able to predict whether there will be future demand in this area, we are more confident in our ability to respond to this type of large, complex investigation following investment in the DMI infrastructure.

With significant upheaval and many new opportunities for staff to gain promotions or to diversify into other work, it has been and remains a challenge to maintain the number and skills of frontline investigative staff. There has been significant investment of time and resources in the recruitment process and in the induction and training of new staff. This will need to continue through 2018/19.

In light of these challenges, we fell very slightly short of the main target agreed with the Home Office for 2016/17 – to open between 600 and 900 new independent investigations in the year, opening 592 independent investigations during 2016/17.

In the period to the end of December 2017 however, we had already opened 536 independent investigations and completed 574. We forecast meeting our target for this year of opening between 650 and 750 independent investigations. The current year to date timeliness performance is at 228 working days, under our baseline measure of 239 working days.

A national case management panel has been successfully focusing attention on long-running and high-profile or high-risk investigations. This enabled a number to be progressed to completion, although again, closing older cases impacts on our timeliness measures.

Local panels have also been put in place to consider low- and medium-risk areas. These cases have been elevated to, or called in by, the national panel if necessary.

One significant risk is that a focus on delivering a larger quantity of investigations could have a detrimental effect on their quality. The Quality Review team's approach ensures that investigations are reviewed continuously throughout their life to build in high standards from the outset, encourage good practice, and minimise wasteful rework at the report writing stage. A number of process improvements have been introduced and others continue to be identified and implemented through our continuous improvement programme.

We have worked closely with Home Office officials to influence the reforms to the complaints system and to assess the practical impact of the reforms, as well as any impact on our operations and funding requirements. This included, in particular, the proposal to remove managed and supervised investigations. We successfully made the argument for a power to direct police resources, where this is a more appropriate response than an independent investigation using only our own resources. Many of the proposed legislative changes reflect our views about how the complaints system could be simplified and introduce new or enhanced powers for the IOPC to increase public confidence. The extension of our jurisdiction to the Gangmasters and Labour Abuse Authority came into effect in April 2017. Other legislative changes came into force between April and December 2017. We are also in the preliminary stages of planning for the more significant legislative changes expected during 2019, including the potential extension of IOPC jurisdiction in relation to merged police and fire services.

There is a risk around the complexity of the legislation and our remit over different organisations. Legislative change to date has focused solely on Home Office police forces and related changes have not been made to legislation for other organisations within our remit (NCA, HMRC, Borders etc.). Until this is done we have to operate different processes and this risks errors and challenge as well as inefficiency at a time when we are focused on improving quality and timeliness.

We continue to work closely with Home Office officials on draft regulations to

ensure that these are practical and improve the police complaints system.

Effectiveness of the Whistleblowing Policy

The IPCC Whistleblowing Policy has been updated in keeping with its three-yearly review cycle and renamed the Raising Concerns Policy. The publication of the updated policy provided an opportunity to remind staff about the provisions of the policy should they have concerns about the conduct of colleagues at any time. During 2016/17, one concern was raised by staff using the whistleblowing procedures. The concern, about the use of a contract, was reviewed by the Head of Procurement, who concluded it was unfounded.

A further concern was raised in 2017/18 in the period prior to the signing of the accounts. This concern, which related to safeguarding processes, was investigated and resolved.

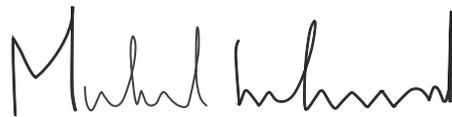
Accounting Officer

As 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: Strengths in the control, risk and information management systems in place outweigh weaknesses. Although there is a need for improvement in specific areas systems generally operate effectively.

I support this opinion and believe that the recent transition to a new governance structure will enable further improvement in controls going forward.



Michael Lockwood
Accounting Officer
14 February 2018

2.2 Remuneration and staff report

Remuneration policy

The IPCC aims to ensure that the remuneration packages it offers are competitive. They are designed to attract, retain and motivate senior executives and other employees. The Commission delegated to the People and Human Resources Committee authority to agree the staff pay and reward strategy and the annual staff pay remit. The Committee also considered and took decisions on the Chief Executive's recommendations on pay progression and bonus awards for each director.

The IPCC works within government policy guidelines for public sector pay. We follow the recommendations of the Senior Salaries Review Body for directors and commissioners. The Chair's remuneration is increased annually by the average base pay awards for the Senior Civil Service pay band 2. Commissioner remuneration is increased annually by the average base pay awards for the Senior Civil Service pay band 1, subject to satisfactory performance.

Service contracts

The IPCC Chair is a Crown appointment and Dame Anne Owers was appointed permanent IPCC Chair from 2 April 2012 on the advice of the Prime Minister and Home Secretary. On 1 April 2017 she was reappointed for a term ending on 30 June 2018. However, the reappointment ceased with effect from the date that the new

structure of the IOPC came into place. Commissioners were usually appointed for a fixed period of three to five years.

Lesley Longstone was appointed Chief Executive under a secondment agreement with the Department of Education. Under this agreement the IPCC paid the department for her remuneration and associated costs including VAT. The agreement includes a break clause that was exercised in November 2017 and her appointment ended on 23 November 2017.

The Chief Executive appointed directors. Their contracts normally had no fixed period and are terminable with up to six months' notice by the IPCC. At March 2017, there were two exceptions: Tim Bianek was on a fixed-term contract ending in March 2018, and Ian Todd was on a fixed-term contract ending in December 2017. In August 2017, Ian Todd was appointed as Deputy Director General (Operations) of 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 each commissioner and senior manager

The information in the remuneration tables is compliant with Employer Pension Notice (492) and provides details of the remuneration and pension interests of commissioners, the Chief Executive and senior management of the IPCC and is subject to audit.

Single total figure of remuneration for commissioners

This table has been audited.

Commissioner	Salary 2016/17 £'000	Salary 2015/16 £'000	Pension benefits 2016/17 £	Pension benefits 2015/16 £	Total remuneration 2016/17 £'000	Total remuneration 2015/16 £'000
Anne Owers	75-80	60-65	–	–	75-80	60-65
Rachel Cerfontyne	100-105	95-100	39,000	39,000	135-140	135-140
Sarah Green	100-105	95-100	40,000	43,000	135-140	135-140
Carl Gumsley	80-85	75-80	32,000	30,000	110-115	105-110
Cindy Butts	80-85	80-85	33,000	33,000	115-120	115-120
Jennifer Izekor	80-85	80-85	33,000	33,000	115-120	115-120
Mary Cunneen	80-85	80-85	55,000	42,000	140-145	125-130
Derrick Campbell	80-85	80-85	32,000	32,000	110-115	110-115
Jan Williams	80-85	80-85	–	–	80-85	80-85
Sue Whelan Tracy	10-15	10-15	–	–	10-15	10-15
David Bird	5-10	5-10	–	–	5-10	5-10
Tim Robinson	5-10	5-10	–	–	5-10	5-10

Single total figure of remuneration for senior managers

This table has been audited.

Senior manager	Salary	Salary	Bonus payments	Bonus payments	
	2016/17	2015/16	2016/17	2015/16	
	£'000	£'000	£'000	£'000	
Lesley Longstone, Chief Executive	140-145	135-140	10-15	15-20	
Ian Todd, Chief Operating Officer	135-140	55-60 (125-130)*	–	–	
Kathie Cashell, Director, Strategy and Impact	50-55 (100-105)*	100-105	–	–	
David Knight, Acting Director, Strategy and Impact (1 April 2016 - 5 March 2017)	100-105 (100-105)*	100-105	–	–	
Kevin Woodrow, Director, Resources	100-105	100-105	–	–	
Tim Bianek, Director, Change	100-105	95-100	–	–	
Julian Blazeby, Director, Major Investigations	100-105	5-10 (100-105)*	–	–	

*Full year equivalent

	Benefits in kind to nearest £00 2016/17	Benefits in kind to nearest £00 2015/16	Pension benefits to nearest £000 2016/17	Pension benefits to nearest £000 2015/16	Total remuneration 2016/17	Total remuneration 2015/16
	£	£	£	£	£'000	£'000
	–	–	36,000	41,000	185-190	195-200
	–	–	51,000	22,000	180-185	75-80
	–	–	33,000	38,000	85-90	140-145
	–	39,000	15,000	110,000	115-120	250-255
	30,000	38,000	22,000	29,000	150-155	165-170
	–	–	52,000	42,000	155-160	135-140
	62,000	3,900	–	–	165-170	10-15

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 IPCC and thus recorded in these accounts.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. The appraisal process does not allow enough time to accrue for individual bonuses for 2016/17 performance in the 2016/17 financial statements. As a result, the bonuses reported in 2016/17 are for performance in 2015/16 and the comparative bonuses reported for 2015/16, relate to the performance in 2014/15.

Payments made to directors under the civil service compensation scheme

During 2016/17, there were no payments made to directors under the civil service compensation scheme (2015/16: £49,000).

Benefits in kind

Senior managers and some other staff are required to travel to IPCC offices for the performance of 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 cost of travel, other than to the location where they are based, is paid for by the IPCC and is reported to HM Revenue and Customs as a taxable emolument.

Pension benefits

The Chair, commissioners and all staff are eligible for membership of the Principal Civil Service Pension scheme.

Certain IPCC 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 IPCC is responsible for funding future pension benefits.

The information in the pension benefits tables below provides details of the pension benefits of commissioners, the Chief Executive and the senior managers and is 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, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Before that date, 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 ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten 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 members show pension earned in PCSPS or alpha – as appropriate. Where the staff member 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:

- 3 per cent and 8.05 per cent of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha)
- 4.6 per cent and 8.05 per cent for members of premium, classic plus, nuvos and all other members of 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, a member builds up a pension based on his 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 members show pension earned in PCSPS or alpha – as appropriate. Where the member has benefits in both the PCSPS 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 at the website 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 an arrangement to secure pension benefits in another pension scheme, or an 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.

Pension benefits for commissioners

This table has been audited.

Commissioner	Accrued pension at pension age as at 31/3/17 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2017 £'000	CETV at 31 March 2016 £'000	Real increase/ (decrease) in CETV £'000
Rachel Cerfontyne	15-20 Nil lump sum	0-2.5 Nil lump sum	274	235	27
Sarah Green	15-20 Nil lump sum	2.5-5 Nil lump sum	285	246	20
Carl Gumsley	5-10 Nil lump sum	0-2.5 Nil lump sum	60	38	15
Cindy Butts	5-10 Nil lump sum	0-2.5 Nil lump sum	89	67	13
Jennifer Izekor	5-10 Nil lump sum	0-2.5 Nil lump sum	104	79	17
Mary Cunneen	30-35 Nil lump sum	2.5-5 Nil lump sum	436	372	17
Derrick Campbell	20-25 Nil lump sum	0-2.5 Nil lump sum	262	234	16

Pension benefits for senior managers

This section has been audited.

Senior manager		Accrued pension at pension age as at 31/3/17 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2017 £'000	CETV at 31 March 2016 £'000	Real increase/(decrease) in CETV £'000
Lesley Longstone	Chief Executive	50-55 155-160 Lump sum	0-2.5 0-2.5 Lump sum	1,008	942	20
Ian Todd	Chief Operating Officer	0-5 Nil lump sum	2.5-5 Nil lump sum	41	12	19
Kathie Cashell	Director, Strategy and Impact	10-15 Nil lump sum	0-2.5 Nil lump sum	125	107	12
David Knight	Acting Director, Strategy and Impact	40-45 120-125 Lump sum	0-2.5 2.5-5 Lump sum	838	782	12
Kevin Woodrow	Director, Resources	30-35 95-100 Lump sum	0-2.5 2.5-5 Lump sum	664	614	19
Tim Bianek	Director, Change	20-25 Nil lump sum	2.5-5 Nil lump sum	311	268	26

Julian Blazeby is not a member of the scheme.

Compensation on early retirement or loss of office

This section has been audited.

None (2015/16: none).

Payments to past directors

This section has been audited.

None (2015/16: none).

Senior civil service staff by band

Band	Number
SCS2	2
SCS1	6
Total	8

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 IPCC was the Director of Major Investigations. His banded remuneration in 2016/17, which includes benefits in kind, was £165,000 – £170,000. This is 5.2 times the median remuneration of the workforce, which was £32,037.

In the previous year, the highest paid director was the Chief Executive. Her banded remuneration in 2015/16 was £155,000 to £160,000. This was 5.1 times the median remuneration of the workforce, which was £31,113.

In 2016/17, no employee received remuneration in excess of the highest paid director (2015/16: 0).

Staff are paid across 12 pay ranges linked directly to job evaluation (JE) scores. The scores and entry level pay are shown in the following table.

JE score	Entry rate £
16	66,600
15	58,857
14	52,966
13	43,685
12	35,855
11	31,113
10	27,876
9	25,000
8	23,300
7	21,600
6	19,100
Apprentice	13,000

A London weighting allowance of £4,161 is applicable to High Holborn and Croydon staff and apprentices. 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 to be agreed on an annual basis. Salary scales are revalorised each year. The next date of revalorisation will be 1 July 2017.

Staff report

Exit packages

This section has been audited.

Comparative data shown (in brackets) for 2015/16

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	- (-)	- (-)	- (-)
£10,000 - £25,000	- (-)	- (-)	- (-)
£25,000 - £50,000	- (-)	- (2)	- (2)
£50,000 - £150,000	- (-)	1 (-)	1 (-)
£150,000 - £200,000	- (-)	- (-)	- (-)
Total number of exit packages by type (total cost)	- (-)	1 (2)	1 (2)
Total resource cost (2016/17) in £000	–	95	95
Total resource cost (2015/16) in £000	–	85	85

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 the employee is formally notified of their redundancy.

Where the IPCC has agreed early retirements, the additional costs are met by the IPCC 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 FTE staff employed during the year. Permanent staff includes staff on fixed-term contracts, generally of 12 months' duration. Other staff includes inward seconded staff and contingent labour of whom the majority are retained for our investigation into the Hillsborough disaster.

Average number of staff	2016/17	2015/16
Permanent	909	830
Other	85	60
Total	994	890

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 inward seconded staff. Costs are after recoveries in respect of outward secondments.

Staff costs	2016/17 £'000	2016/17 £'000	2016/17 £'000	2015/16 £'000
	Permanent staff	Other staff	Total	Total
Salaries and emoluments	32,676	5,222	37,898	32,954
Social security cost	3,425	–	3,425	2,452
Pension contributions	6,278	–	6,278	5,673
Sub total	42,379	5,222	47,601	41,079
Less: recoveries in respect of outward secondments	(43)	–	(43)	–
Net costs of all staff	42,336	5,222	47,558	41,079

People with disabilities

The IPCC gives full and fair consideration to applications for employment from people with disabilities, where the nature of the employment makes this appropriate. The IPCC is similarly committed to enabling any member of staff who may become disabled during their period of employment to continue in their role.

Equality and diversity

The Equality and Diversity Group is led by the Chief Executive. It includes one commissioner and 14 members of staff from across the organisation. These members of staff take the role of Equality and diversity directorate leads. The group has an important governance role in ensuring accountability and ownership of equality work across the organisation. It provides a forum to:

- monitor and challenge progress in relation to our Equality and Diversity Plan
- evaluate and make recommendations for change in relation to our Equality and Diversity policies or their implementation
- raise awareness of generic equality and diversity concerns among staff and provide advice as appropriate
- provide quality assurance for equality and diversity guidance

There are six staff networks. Each is supported by a director and meets regularly. The networks focus on each of the nine protected characteristics

from the Equality Act 2010, as well as Welsh Speakers. The IPCC acknowledges the significance of the Welsh language and treats it as a tenth protected characteristic. During the year the staff network for people with an interest in the areas of mental health and physical and sensory disabilities introduced a workplace adjustment passport so there is no need to re-negotiate workplace adjustments every time an employee moves roles, teams or is assigned a new manager.

Sickness absence data

During 2016/17, our staff incurred an average of 7.7 days sick leave. This compares to an average of 6.5 days in 2015/16. The IPCC is committed to the health and wellbeing of staff and has a comprehensive sickness absence policy. The IPCC provides an Occupational Health Service and an Employee Assistance Programme.

Staff composition

The IPCC 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 though both HR data and the experience of staff, as shown by our staff survey results. The tables included on the following pages show the staff headcount of the organisation at March 2017.

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Ethnicity by grade – 31 March 2017

Ethnic origin	5 and 6 apprentices	7 and 8	9, 10 and 11	12 and 13
Asian Bangladeshi	2	2	7	2
Asian Indian	0	7	21	7
Asian other	1	0	5	0
Asian Pakistani	1	2	12	1
Black African	2	3	7	1
Black Caribbean	0	1	8	3
Black other	0	2	9	1
Chinese or other Chinese ethnic background	0	0	3	0
Mixed - White and Black African	0	0	1	0
Mixed White and Black Caribbean	0	0	3	2
Mixed White Asian	0	1	2	3
Other	2	0	2	1
Other mixed background	0	0	4	2
Total Black and minority	8 13.56%	18 22.78%	84 15.61%	23 10.65%
Information refused	0	1	1	0
Not stated	0	0	4	1
Undisclosed	0	0	6	3
Total unknown	0 0.00%	1 1.27%	11 2.04%	4 1.85%
White	49	56	424	180
White other	1	1	11	4
White Irish	1	3	8	5
Total White/White other/White Irish	51 86.44%	60 75.95%	443 82.34%	189 87.50%
Total	59	79	538	216
comparator for end March 2016	21.15%	23.88%	14.17%	12.37%

Includes commissioners, seconded in and seconded out (excludes temporary agency staff).

	14, 15 and 16	Total staff	Commissioner	Director	Total
	0	13	0	0	13
	3	38	0	0	38
	0	6	0	0	6
	1	17	0	0	17
	0	13	1	0	14
	0	12	1	0	13
	0	12	1	0	13
	0	3	0	0	3
	1	2	0	0	2
	0	5	0	0	5
	0	6	0	0	6
	0	5	0	0	5
	0	6	1	0	7
	5	138	4	0	142
	7.25%	14.36%	33.33%	0.00%	14.49%
	1	3	0	0	3
	1	6	0	0	6
	2	11	3	0	14
	4	20	3	0	23
	5.80%	2.08%	25.00%	0.00%	2.35%
	59	768	5	7	780
	1	18	0	0	18
	0	17	0	0	17
	60	803	5	7	815
	86.96%	83.56%	41.67%	100.00%	83.16%
	69	961	12	7	980
	6.78%	14.45%	33.33%	0.00%	14.60%

Ethnicity by directorate – 31 March 2017

Ethnic origin	CEO and Commission		Change		Legal	
	Staff number	Staff number %	Staff number	Staff number %	Staff number	Staff number %
Black and minority group	10	29.41%	14	29.79%	1	4.00%
Unknown	3	8.82%	3	6.38%	0	0.00%
White/White other/White Irish	21	61.76%	30	63.83%	24	96.00%
Total	34	3.47%	47	4.80%	25	2.55%

Includes commissioners, seconded in and seconded out (excludes temporary agency staff).

Please note that HR moved from the Resources directorate to the Change directorate effective from 1 April 2016. However, the Diversity report only reflects this change from 30 September 2016 onwards.

Ethnicity by location – 31 March 2017

Ethnic origin	Birmingham		Cardiff		Croydon		Holborn	
	Staff number	Staff number %						
Black and minority group	44	28.21%	6	5.31%	19	24.36%	54	20.45%
Unknown	4	2.56%	1	0.88%	1	1.28%	10	3.79%
White/White other/White Irish	108	69.23%	106	93.81%	58	74.36%	200	75.76%
Total	156	100.00%	113	100.00%	78	100.00%	264	100.00%
BME comparator data end March 16	26.36%		5.62%		22.86%		22.31%	

Includes commissioners, seconded in and seconded out (excludes temporary agency staff).

	Operations		Resources		Strategy and Impact		Total staff no.	
	Staff number	Staff number %	Staff number	Staff number %	Staff number	Staff number %	Staff number	Staff number %
	99	13.67%	10	14.71%	8	9.76%	142	14.49%
	12	1.66%	3	4.41%	2	2.44%	23	2.35%
	613	84.67%	55	80.88%	72	87.80%	815	83.16%
	724	73.88%	68	6.94%	82	8.37%	980	100.00%

	Home		Sale		Wakefield		Warrington		Total	
	Staff number	Staff number %								
	2	12.50%	12	7.19%	3	3.23%	2	2.15%	142	14.49%
	0	0.00%	1	0.60%	1	1.08%	5	5.38%	23	2.35%
	14	87.50%	154	92.22%	89	95.70%	86	92.47%	815	83.16%
	16	100.00%	167	100.00%	93	100.00%	93	100.00%	980	100.00%
		17.65%		6.57%		4.05%		1.82%		14.60%

Gender by grade – 31 March 2017

Gender	5 and 6 apprentices		7 and 8		9, 10 and 11		12 and 13	
	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %
Female	37	62.71%	60	75.95%	323	60.04%	128	59.26%
Male	22	37.29%	19	24.05%	215	39.96%	88	40.74%
Total	59	100.00%	79	100.00%	538	100.00%	216	100.00%
Female comparator data end March 2016	67.31%		79.10%		58.10%		57.53%	

Gender by directorate – 31 March 2017

Gender	CEO and Commission		Change		Legal	
	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %
Female	26	76.47%	35	74.47%	17	68.00%
Male	8	23.53%	12	25.53%	8	32.00%
Total	34	100.00%	47	100.00%	25	100.00%

Includes commissioners, seconded in and seconded out (excludes temporary agency staff).

Please note that HR moved from the Resources directorate to the Change directorate effective from 1 April 2016. However, the Diversity report only reflects this change from 30 September 2016 onwards.

	14, 15 and 16		Total staff number		Commissioner		Director		Total	
	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %
	29	42.03%	577	60.04%	8	66.67%	2	28.57%	587	59.90%
	40	57.97%	384	39.96%	4	33.33%	5	71.43%	393	40.10%
	69	100.00%	961	100.00%	12	100.00%	7	100.00%	980	100.00%
	42.37%		59.09%		66.67%		28.57%		58.95%	

	Operations		Resources		Strategy and Impact		Total	%
	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %
	424	58.56%	32	47.06%	53	64.63%	587	59.90%
	300	41.44%	36	52.94%	29	35.37%	393	40.10%
	724	100.00%	68	100.00%	82	100.00%	980	100.00%

Age by grade – 31 March 2017

Age category	5 and 6 apprentices		7 and 8		9, 10 and 11		12 and 13	
	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %
16 to 19	1	1.69%	0	0.00%	0	0.00%	0	0.00%
20 to 24	17	28.81%	6	7.59%	8	1.49%	0	0.00%
25 to 29	12	20.34%	18	22.78%	104	19.33%	15	6.98%
30 to 34	5	8.47%	17	21.52%	111	20.63%	32	14.88%
35 to 39	5	8.47%	13	16.46%	119	22.12%	57	26.51%
40 to 44	4	6.78%	9	11.39%	40	7.43%	27	12.56%
45 to 49	2	3.39%	5	6.33%	46	8.55%	29	13.49%
50 to 54	5	8.47%	7	8.86%	45	8.36%	26	12.09%
55 to 59	4	6.78%	3	3.80%	47	8.74%	19	8.84%
60 to 64	2	3.39%	0	0.00%	13	2.42%	7	3.26%
Over 65	2	3.39%	1	1.27%	5	0.93%	2	0.93%
Undefined	0	0.00%	0	0.00%	0	0.00%	1	1.69%
Total	59	100.00%	79	100.00%	538	100.00%	215	100.00%

Age by directorate – 31 March 2017

Age range	CEO and Commission		Change		Legal	
	Staff number	Staff number %	Staff number	Staff number %	Staff number	Staff number %
16 to 19	0	0.00%	1	2.13%	0	0.00%
20 to 24	1	2.94%	1	2.13%	0	0.00%
25 to 29	6	17.65%	8	17.02%	2	8.00%
30 to 34	2	5.88%	4	8.51%	3	12.00%
35 to 39	3	8.82%	17	36.17%	6	24.00%
40 to 44	4	11.76%	4	8.51%	6	24.00%
45 to 49	5	14.71%	5	10.64%	2	8.00%
50 to 54	9	26.47%	4	8.51%	1	4.00%
55 to 59	2	5.88%	1	2.13%	5	20.00%
60 to 64	1	2.94%	1	2.13%	0	0.00%
Over 65	1	2.94%	0	0.00%	0	0.00%
Undefined	0	0.00%	1	2.13%	0	0.00%
Total	34	100.00%	47	100.00%	25	100.00%

Includes commissioners, seconded in and seconded out (excludes temporary agency staff).

Please note that HR moved from the Resources directorate to the Change directorate effective from 01 April 2016. However, the Diversity report only reflects this change from 30 September 2016 onwards.

	14, 15 and 16		Total staff		Commissioner		Director		Ungraded		Total number	
	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %	Staff number	Staff %
	0	0.00%	1	0.10%	0	0.00%	0	0.00%	0	0.00%	1	0.10%
	0	0.00%	31	3.23%	0	0.00%	0	0.00%	0	0.00%	31	3.16%
	0	0.00%	149	15.52%	0	0.00%	0	0.00%	0	0.00%	149	15.20%
	0	0.00%	165	17.19%	0	0.00%	0	0.00%	0	0.00%	165	16.84%
	16	23.19%	210	21.88%	0	0.00%	0	0.00%	0	0.00%	210	21.43%
	11	15.94%	91	9.48%	0	0.00%	1	14.29%	0	0.00%	92	9.39%
	12	17.39%	94	9.79%	2	16.67%	2	28.57%	0	0.00%	98	10.00%
	13	18.84%	96	10.00%	6	50.00%	2	28.57%	0	0.00%	104	10.61%
	10	14.49%	83	8.65%	2	16.67%	2	28.57%	0	0.00%	87	8.88%
	5	7.25%	27	2.81%	1	8.33%	0	0.00%	0	0.00%	28	2.86%
	1	1.45%	11	1.15%	1	8.33%	0	0.00%	0	0.00%	12	1.22%
	1	1.69%	2	3.39%	0	0.00%	0	0.00%	1	14.29%	3	0.31%
	69	100.00%	960	100.00%	12	100.00%	7	100.00%	1	0.00%	980	100.00%

	Operations		Resources		Strategy and Impact		Total staff no.	
	Staff number	Staff number %	Staff number	Staff number %	Staff number	Staff number %	Staff number	Staff number %
	0	0.00%	0	0.00%	0	0.00%	1	0.10%
	27	3.73%	2	2.94%	0	0.00%	31	3.16%
	119	16.44%	2	2.94%	12	14.63%	149	15.20%
	134	18.51%	11	16.18%	11	13.41%	165	16.84%
	136	18.78%	17	25.00%	31	37.80%	210	21.43%
	60	8.29%	5	7.35%	13	15.85%	92	9.39%
	68	9.39%	12	17.65%	6	7.32%	98	10.00%
	74	10.22%	9	13.24%	7	8.54%	104	10.61%
	73	10.08%	5	7.35%	1	1.22%	87	8.88%
	23	3.18%	3	4.41%	0	0.00%	28	2.86%
	9	1.24%	2	2.94%	0	0.00%	12	1.22%
	1	0.14%	0	0.00%	1	1.22%	3	0.31%
	724	100.00%	68	100.00%	82	100.00%	980	100.00%

Leavers by ethnicity and grade 1 April 2016 – 31 March 2017

Ethnic origin	5 and 6 and apprentices		7 and 8		9, 10 and 11		12 and 13	
	Leaver number	Leaver %	Leaver number	Leaver %	Leaver number	Leaver %	Leaver number	Leaver %
Asian Indian	0	0.00%	0	0.00%	5	8.47%	0	0.00%
Asian Bangladeshi	1	12.50%	0	0.00%	1	1.69%	0	0.00%
Asian Pakistani	1	12.50%	0	0.00%	0	0.00%	0	0.00%
Asian other	0	0.00%	0	0.00%	0	0.00%	1	5.26%
Black African	0	0.00%	1	11.11%	1	1.69%	0	0.00%
Black Caribbean	1	12.50%	0	0.00%	2	3.39%	0	0.00%
Black other	0	0.00%	1	11.11%	0	0.00%	0	0.00%
Chinese or other Chinese ethnic background	0	0.00%		0.00%		0.00%		0.00%
Mixed White and Black Caribbean	1	12.50%	0	0.00%	0	0.00%	0	0.00%
Mixed White Asian	0	0.00%	0	0.00%	0	0.00%	1	5.26%
Other	0	0.00%	0	0.00%	1	1.69%	0	0.00%
Other mixed background	0	0.00%	0	0.00%	2	3.39%	0	0.00%
White Irish	0	0.00%	0	0.00%	1	1.69%	1	5.26%
White	3	37.50%	7	77.78%	45	76.27%	16	84.21%
White other	0	0.00%	0	0.00%	1	1.69%	0	0.00%
Unknown	1	12.50%	0	0.00%	0	0.00%	0	0.00%
Total	8	100.00%	9	100.00%	59	100.00%	19	100.00%

Excludes temporary agency workers.

	14, 15 and 16		Total		Commissioner		Director		Total	
	Leaver number	Leaver %								
	0	0.00%	5	5.10%	0	0.00%	0	0.00%	5	5.10%
	0	0.00%	2	2.04%	0	0.00%	0	0.00%	2	2.04%
	1	33.33%	2	2.04%	0	0.00%	0	0.00%	2	2.04%
	0	0.00%	1	1.02%	0	0.00%	0	0.00%	1	1.02%
	0	0.00%	2	2.04%	0	0.00%	0	0.00%	2	2.04%
	0	0.00%	3	3.06%	0	0.00%	0	0.00%	3	3.06%
	0	0.00%	1	1.02%	0	0.00%	0	0.00%	1	1.02%
		0.00%	0	0.00%		0.00%		0.00%	0	0.00%
	0	0.00%	1	1.02%	0	0.00%	0	0.00%	1	1.02%
	0	0.00%	1	1.02%	0	0.00%	0	0.00%	1	1.02%
	0	0.00%	1	1.02%	0	0.00%	0	0.00%	1	1.02%
	0	0.00%	2	2.04%	0	0.00%	0	0.00%	2	2.04%
	1	33.33%	3	3.06%	0	0.00%	0	0.00%	3	3.06%
	1	33.33%	72	73.47%	0	0.00%	0	0.00%	72	73.47%
	0	0.00%	1	1.02%	0	0.00%	0	0.00%	1	1.02%
	0	0.00%	1	1.02%	0	0.00%	0	0.00%	1	1.02%
	3	100.00%	98	100.00%	0	0.00%	0	0.00%	98	100.00%

Performance management – formal disciplinary, grievance and capability cases opened 1 April 2016 – 31 March 2017

	Disciplinary		Grievance		Capability	
	Number	% of total	Number	% of total	Number	% of total
White/White other/White Irish	11	73%	7	58%	1	100%
BME	4	27%	3	25%	0	0%
Unknown	0	0%	2	17%	0	0%
Total	15	100%	12	100%	1	100%
Gender						
Male	7	47%	2	17%	0	0%
Female	8	53%	10	83%	1	100%
Total	15	100%	12	100%	1	100%

Our staff by career background – 31 March 2017

Job title	Total staff	Ex-police officer only	%	Ex-police civilian only	%	Ex-police both	%	Total ex-police staff all types	%
Investigator	296	56	19%	32	11%	9	3%	97	33%
Operations team leader/deputy senior investigator	53	15	28%	1	2%	1	2%	17	32%
Operations manager/senior investigator	21	7	33%	1	5%	1	5%	9	43%
Operations Casework and Contact and Assessment	107	4	4%	8	7%	0	0%	12	11%
Other	503	33	7%	50	10%	8	2%	91	18%
Total staff	980	115	12%	92	9%	19	2%	226	23%

Investigator includes all grades i.e. trainee investigator, investigator and lead investigator.

Includes commissioners, seconded in and seconded out (excludes temporary agency staff).

Contact and Assessment includes Assessment Unit, Contact and Assessment and Contact Centre.

Our staff by career background and directorate – 31 March 2017

Directorate	Total staff	Ex-police officer	%	Ex-police civilian	%	Ex-police both officer and civilian	%	Total ex-police staff all types	%
Resources	68	0	0.0%	3	4.4%	0	0.0%	3	4.4%
Operations Casework	109	4	3.7%	8	7.3%	0	0.0%	12	11.0%
CEO and Commission	34	1	2.9%	0	0.0%	0	0.0%	1	2.9%
Change	47	0	0.0%	3	6.4%	0	0.0%	3	6.4%
Operations Hillsborough	85	20	23.5%	13	15.3%	2	2.4%	35	41.2%
Operations	530	88	16.6%	57	10.8%	16	3.0%	161	30.4%
Strategy and Impact	82	1	1.2%	7	8.5%	1	1.2%	9	11.0%
Legal	25	1	4.0%	1	4.0%	0	0.0%	2	8.0%
Total staff	980	115	11.7%	92	9.4%	19	1.9%	226	23.1%

Includes commissioners, seconded in and seconded out (excludes temporary agency staff).

Please note that HR moved from the Resources Directorate to the Change Directorate effective from 1 April 2016. However, the Diversity report only reflects this change from 30 September 2016 onwards.

New starters, 1 April 2016 – 31 March 2017

	Total	BME	BME %	Female	Female %	Ex-police	Ex-police %
Investigations staff	77	11	14%	42	55%	40	52%
Operations	158	30	19%	96	61%	57	36%
All IPCC	206	34	17%	124	60%	58	28%

Includes commissioners, seconded in and seconded out (excludes temporary agency staff).

Please note for the figures above: All IPCC is inclusive of operations. Operations is inclusive of investigations staff.

Expenditure on consultancy

There was no expenditure on consultancy during the reporting period.

Contingent labour

The IPCC 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 for the inquiry. In 2016/17, we engaged additional specialist contractors to work on disclosure of evidence. We also have contingent labour to support our Change programme where specialist skills are required.

Contingent labour costs

Directorate or area	2016/17 £'000	2015/16 £'000
Hillsborough	3,727	2,022
Change and human resources	752	863
Other directorates	743	696
Total	5,222	3,581

Off-payroll engagements

None of the commissioners or directors in the IPCC are paid by means of payments to a limited company or third party in lieu of a salary. All the commissioners and directors are paid through the IPCC payroll, with the exception of the Chief Executive who is seconded from the Department of Education. The IPCC pays them directly for her services.

This table shows the number of off-payroll engagements as of 31 March 2017, for more than £220 per day and that last longer than six months

Number of existing off-payroll engagements as of 31 March 2017	
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	1
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 at the time of reporting	–
Engagements that have existed for four or more years at the time of reporting	–
Total off-payroll engagements	3
Assurance of income tax and national insurance obligations	–
Engagements where assurance of income tax and national insurance obligations has been received	2
Engagements where assurance of income tax and national insurance obligations has not been received	1

We have reviewed the risk associated with the individual who has not provided assurance and ensured that for 2017/18, the right amount of tax and national insurance is being paid under the intermediaries legislation.

2.3 Parliamentary accountability and audit 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 2016/17 are £47,000 (in 2015/16 the audit fee was £47,000). The NAO did not undertake any non-audit work.

Internal audit services are provided under contract by Home Office Internal Audit Unit, which was appointed on 1 April 2009 with the agreement of the sponsor unit.

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.

The IPCC 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 Home Office for investigations undertaken into appropriate referrals. The IPCC 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.

Fees and charges	2016/17 £'000 Income	2016/17 £'000 Costs	2016/17 £'000 (Deficit)	2015/16 £'000 Income	2015/16 £'000 Costs	2015/16 £'000 (Deficit)
HMRC income	17	(17)	–	9	(9)	–
Home Office income	22	(22)	–	218	(218)	–
Income from activities	39	(39)	–	227	(227)	–
Sundry income	15	(15)	–	–	–	–
Other income	15	(15)	–	–	–	–
Total	54	(54)	–	227	(227)	–

Remote contingent liabilities

This section has been audited.

None.



Michael Lockwood
Accounting Officer
14 February 2018

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

I certify that I have audited the financial statements of the Independent Police Complaints Commission for the year ended 31 March 2017 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of 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. My responsibility is to audit, certify and report on the financial statements in accordance with the Police Reform Act 2002. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the Independent Police Complaints Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Independent Police Complaints Commission; and the overall presentation of the financial statements.

In addition, I read all the financial and non-financial information in the Performance and Accountability sections of the Annual Report to identify material inconsistencies with the audited financial statements and any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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 which govern them.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Independent Police Complaints Commission's affairs as at 31 March 2017 and of the 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 other matters

In my opinion:

- the parts of Remuneration and staff report and the Parliamentary accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Police Reform Act 2002; and
- the information given in the Performance report and Accountability report sections of the Annual 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 Remuneration and staff report and the Parliamentary accountability disclosures 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.

Sir Amyas C E Morse
Comptroller and Auditor General
23 February 2018

National Audit Office
 157-197 Buckingham Palace Road
 Victoria
 London SW1 W9S

A large, stylized number '3' is the central graphic. It is composed of two overlapping shapes: a light blue '3' in the background and a darker blue '3' in the foreground. The text 'Financial statements' is overlaid on the bottom left of the light blue '3'.

Financial statements

Statement of comprehensive net expenditure for the year ended 31 March 2017

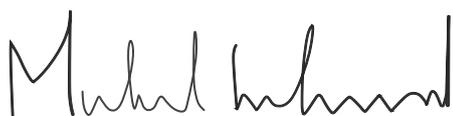
	Note	2016/17 £'000	2015/16 £'000
Other operating Income		54	227
Total operating income		54	227
Staff costs	2.1	(47,558)	(41,079)
Purchase of goods and services	3	(20,204)	(19,032)
Depreciation and impairment charges	3	(4,593)	(4,282)
Loss on disposal of fixed assets	3	(227)	(601)
Provision expense	3	(47)	102
Total operating expenditure		(72,629)	(64,892)
Net expenditure for the year		(72,575)	(64,665)
Other comprehensive net expenditure			
Actuarial (loss)/gain	2.2	(378)	94
Total comprehensive net expenditure for the year		(72,953)	(64,571)

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

The notes on pages 111 to 134 form part of these accounts.

Statement of financial position as at 31 March 2017

	Note	31 March 2017 £'000	31 March 2016 £'000
Non-current assets			
Property, plant and equipment	5	8,688	9,482
Intangible assets	6	4,627	6,128
Financial assets	10	162	259
Total non-current assets		13,477	15,869
Current assets			
Financial assets	10	1,201	1,678
Cash and cash equivalents	11	4,704	2,904
Total current assets		5,905	4,582
Total assets		19,382	20,451
Current liabilities			
Provisions	13	(121)	(18)
Trade and other payables	12	(5,588)	(5,431)
Other liabilities	12.1	(811)	(659)
Total current liabilities		(6,520)	(6,108)
Total assets less current liabilities		12,862	14,343
Non-current liabilities			
Provisions	13	(1,771)	(1,314)
Pension liabilities	2.2	(2,336)	(1,954)
Other payables	12	(614)	(981)
Total non-current liabilities		(4,721)	(4,249)
Total assets less total liabilities		8,141	10,094
Taxpayers' equity and other reserves			
General reserve		10,477	12,048
Pension reserve		(2,336)	(1,954)
Total equity		8,141	10,094



Michael Lockwood
Accounting Officer
14 February 2018

The notes on pages 111 to 134 form part of these accounts.

Statement of cash flows for the year ended 31 March 2017

	Note	2016/17 £'000	2015/16 £'000
Cash flows from operating activities			
Net operating expenditure		(72,575)	(64,665)
Adjustment for non-cash transactions	3	4,867	4,781
Decrease/(increase) in trade and other receivables	10	78	(276)
Increase/(decrease) in trade and other payables	12	727	(1,046)
Increase in employee benefits payable	12.1	152	51
Less movements in pension provisions relating to items not passing through the Statement of Comprehensive Net Expenditure		(65)	(65)
Use of provisions	13	(18)	(49)
Net cash outflow from operating activities		(66,834)	(61,269)
Cash flows from investing activities			
Purchase of PPE	5	(1,582)	(3,818)
Purchase of intangible assets	6	(287)	(1,238)
Proceeds of disposal of PPE		–	100
Net cash outflow from investing activities		(1,869)	(4,956)
Cash flows from financing activities			
Grants from the Home Office		71,000	63,000
Capital element of payments in respect of on SoFP service concession arrangements		(497)	(694)
Net financing		70,503	62,306
Net increase/(decrease) in cash and cash equivalents in the period		1,800	(3,919)
Cash and cash equivalents at the beginning of the period		2,904	6,823
Cash and cash equivalents at the end of the period	11	4,704	2,904

The notes on pages 111 to 134 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2017

	Note	General reserve £'000	Pension reserve £'000	Total reserves £'000
Balance at 31 March 2015		13,707	(2,042)	11,665
Changes in taxpayers' equity for 2015/16				
Grant from the Home Office received for revenue expenditure	22	57,884	–	57,884
Grant from the Home Office received for capital expenditure	22	5,116	–	5,116
Transfers between reserves		6	(6)	–
Comprehensive expenditure for the year		(64,665)	–	(64,665)
Actuarial gain in year		–	94	94
Balance at 31 March 2016		12,048	(1,954)	10,094
Changes in taxpayers' equity for 2016/17				
Grant from Home Office received for revenue expenditure	22	69,116	–	69,116
Grant from Home Office received for capital expenditure	22	1,884	–	1,884
Transfers between reserves		4	(4)	–
Comprehensive expenditure for the year		(72,575)	–	(72,575)
Actuarial (loss) in year		–	(378)	(378)
Balance at 31 March 2017		10,477	(2,336)	8,141

The notes on pages 111 to 134 form part of these accounts.

Notes to the accounts

1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2016/17 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 IPCC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the IPCC 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 fair value for short-life or low value assets.

1.2 Going concern

The activities of the IPCC are primarily funded by the Home Office. The Home Office has confirmed that grant in aid will be provided for 2017/18 and 2018/19.

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.

The IPCC transitioned into the IOPC during 2017/18. This is not a new legal entity and this will have no effect on the going concern basis of preparation.

1.3 Grant in aid

Grant in aid received is used to finance activities and expenditure that support the statutory objectives of the IPCC. The FReM requires that grant in aid is treated as financing and is credited to the general reserve because it is regarded as 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 fair value less depreciation and impairment charged subsequent to the date of revaluation.

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 IPCC does not own any property. All plant and equipment is reviewed annually for impairment and is carried at fair value. The IPCC has elected to adopt depreciated historic cost as a proxy for fair value for

short-life or low-value PPE assets. This is permitted by the FReM.

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. The 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 fair value, less amortisation and impairment charged subsequent to the date of revaluation. 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 that 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. Intangible assets are carried at fair value. The IPCC has elected to adopt

amortised historic cost as a proxy for fair value for short-life or low value intangible assets. This is permitted by the FReM.

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:

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

1.7 Service concessions

Assets in use and under the control of the IPCC 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. These assets are depreciated over the expected life of the contract.

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 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 IPCC.

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 IPCC. These are recognised in the Statement of financial position.

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

1.9 Early departure costs

The IPCC meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme benefits, in respect of employees who retire early by paying the required amounts annually to the Principal Civil Service Pension Scheme over the period between early departure and normal retirement date. The IPCC provides for this in full, when the early departure decision is approved by

establishing a provision for the estimated payments discounted by the HM Treasury discount rate applicable at the SoFP date. At 31 March 2017, this was 0.24 per cent in real terms (2015/16 1.37 per cent).

Severance costs outstanding at the year end under the Civil Service Compensation Scheme are accrued for rather than provided for in a provision.

1.10 Staff costs

In accordance with IAS 19 Employee Benefits, the IPCC 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
- (b) in the case of non-accumulating compensated absences, when the absences occur.

1.11 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. If the effect is material, expected future cash flows are discounted using the real rate set by HM Treasury. 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.

1.12 Leases

The costs of operating leases held by the IPCC 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 IPCC does not have any finance leases.

1.13 Income

Income from activities relates directly to income from HMRC and the Home Office for activities carried out as part of the discharge of the IPCC's statutory responsibilities and powers.

Other operating income relates to fees and charges for other services provided.

Income represents the value of invoices raised on completion of services and the value completed, but not yet invoiced.

1.14 Value Added Tax (VAT)

The IPCC is registered for VAT, but can only recover VAT on purchases when the IPCC is undertaking non statutory activities. Income is shown as net of VAT, where

VAT is due, and expenditure is charged as gross. Any input tax recoverable is credited to the Statement of comprehensive net expenditure.

1.15 Corporation tax

The IPCC is registered for corporation tax as part of the Home Office Corporation Tax Group.

1.16 Standards in issue, but not yet effective

The IPCC provides disclosure that it has not yet applied a new accounting standard. IFRS 9 and IFRS 15 were issued during 2014/15 and will both be applied to annual statements beginning on or after 1 January 2018 in accordance with the FReM. These standards are not expected to have a material impact on the IPCC financial statements. IFRS 16 was issued in 2016/17 and will be applied to annual statements beginning on or after 1 January 2019; the possible impact has not been assessed. The IPCC has not adopted any standards early.

2 Statement of operating costs by operating segment

The operating segments are based on the management reporting structure within the IPCC. This places financial responsibility with the director best placed to take expenditure decisions and ensure that value for money is achieved.

The Hillsborough operating segment includes Commission expenditure and non-cash where appropriate. Information on Hillsborough expenditure is shown in note 23.

	2016/17 Gross expenditure £'000	2016/17 Income £'000	2016/17 Net expenditure £'000
Resources	20,118	(15)	20,103
Operations	28,366	(39)	28,327
Change and Human Resources	3,932	–	3,932
Commission	1,853	–	1,853
Hillsborough	11,127	–	11,127
Chief Executive	486	–	486
Legal	2,485	–	2,485
Strategy and Impact	4,262	–	4,262
Total	72,629	(54)	72,575

	2015/16 Gross expenditure £'000	2015/16 Income £'000	2015/16 Net expenditure £'000
Resources	17,598	(26)	17,572
Operations	22,972	(201)	22,771
Change and Human Resources	3,963	–	3,963
Commission	2,084	–	2,084
Hillsborough	12,319	–	12,319
Chief Executive	503	–	503
Legal	2,029	–	2,029
Strategy and Impact	3,424	–	3,424
Total	64,892	(227)	64,665

The composition of the IPCC's reportable segments has changed, because of changes in the internal structure of the organisation and the segment information for 2015/16 has been restated.

2.1 Staff numbers and related costs

Staff costs	2016/17 £'000 Total	2015/16 £'000 Total
Salaries and emoluments	37,898	32,954
Social security cost	3,425	2,452
Pension contributions	6,278	5,673
Sub total	47,601	41,079
Less: recoveries in respect of outward secondments	(43)	–
Net costs of all other staff	47,558	41,079

More detailed disclosures on staff costs and numbers are shown in the Accountability Report.

2.2 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 IPCC. 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:

	2016/17	2015/16
Rate used to discount scheme liabilities	2.80%	3.60%
Rate of increase in pensions payment and deferred pensions	2.55%	2.20%
CPI inflation assumption	2.55%	2.20%

The liabilities associated with members are as follows:

	31 March 2017 £'000	31 March 2016 £'000
Pension provision		
Balance at 1 April	1,954	2,042
Increase (decrease) in provision	382	(88)
Present value of liabilities	2,336	1,954

Other amounts to be disclosed to understand the change in provision.

	31 March 2017 £'000	31 March 2016 £'000
Scheme liability at the beginning of the year	1,954	2,042
movement in the year:		
Interest cost	69	71
Actuarial loss/(gains)	378	(94)
Benefits paid	(65)	(65)
Increase in scheme liability	382	(88)
Scheme liability at the end of the year	2,336	1,954

	2016/17 £'000	2015/16 £'000
Expense to be recognised in the Statement of comprehensive net expenditure account	£'000	£'000
Interest costs	69	71
Total expense	69	71

Actuarial gains/losses to be recognised in Changes in Taxpayers' Equity	2016/17 £'000	2015/16 £'000
Experience loss/(gain) arising on the scheme liabilities	(17)	(40)
Change in assumptions underlying the present value of the scheme liabilities	395	(54)
Net total actuarial gain on taxpayers' equity	378	(94)

There are no employee and employer costs payable in 2016/17.

Present value of scheme liabilities	31 March 2017 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Liability in respect of					
Active members	–	–	–	–	546
Deferred pensioners	513	398	406	353	298
Current pensions	1,823	1,556	1,636	1,541	879
Total present value of scheme liabilities	2,336	1,954	2,042	1,894	1,723
History of experience losses/(gains)	(17)	(40)	(35)	75	(12)
Percentage of scheme liabilities at the end of the year	-0.7%	-2.0%	-1.7%	4.0%	-0.7%

2.3 Civil Service pensions

The PCSPS is an unfunded multi-employer defined benefit scheme, but the IPCC 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.civilservicepensionscheme.org.uk).

For 2016/17, employers' contributions of £6,072k were payable to the PCSPS (2015/16 £5,487k) at one of four rates in the range 20 per cent to 24.5 per cent 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 2016/17 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, or a stakeholder pension with an employer contribution. Employers' contributions of £198k (2015/16 £178k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8 per cent to 14.75 per cent of pensionable pay.

Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £8k (2015/16 £7k), 0.8 per cent 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.

3 Other operating costs

	Note	2016/17 £'000	2015/16 £'000
Other expenditure includes the following:			
IT		3,032	2,701
Service concession service charges		5,070	4,462
Accommodation rental		2,560	2,538
Accommodation non-rental		3,172	3,234
Travel and subsistence		1,633	2,102
Training		1,033	879
Forensics		477	330
Recruitment		969	956
Stationery		200	237
Research		161	124
Legal services		1,039	666
Guidance for police and public		112	105
Professional fees		210	102
Audit fee - external		47	47
Service concession interest charges		12	30
Other costs		477	519
Total other expenditure		20,204	19,032
Non-cash items:			
Depreciation	5	2,932	2,743
Amortisation	6	1,661	1,539
Provisions provided in the year less provisions not required	13	(22)	(173)
Loss on disposal of assets		227	601
BBA pension expense		69	71
Total non-cash items		4,867	4,781
Total		25,071	23,813

The fee for the external audit of the Statement of Accounts was £47,000 (2015/16 £47,000). The external auditors did not undertake any non-audit work.

4 Income

The IPCC received income from HMRC for investigations undertaken under section 28 of the Commissioners for Revenue and Customs Act 2005. Income was received from the Home Office for investigations undertaken into appropriate referrals.

Our income from HMRC and Border Force is based on actual costs of work undertaken.

Information on allocation of income to segments can be found in note 2 and further information on fees and charges can be found elsewhere in the Accountability Report.

5 Property, plant and equipment

Cost or valuation	Payments on account and assets under construction	Information technology	Vehicles	Furniture and fittings	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	656	6,241	853	11,535	19,285
Reclassifications	(653)	636	–	17	–
Additions	1,131	508	–	543	2,182
Disposals	–	(658)	–	–	(658)
At 31 March 2017	1,134	6,727	853	12,095	20,809
Depreciation					
At 1 April 2016	–	3,264	55	6,484	9,803
Charge for the year	–	994	122	1,816	2,932
Disposals	–	(614)	–	–	(614)
At 31 March 2017	–	3,644	177	8,300	12,121
Net book value at 31 March 2017	1,134	3,083	676	3,795	8,688
Net book value at 31 March 2016	656	2,977	798	5,051	9,482
Asset financing:					
On SoFP service concession arrangement	–	701	–	–	701

	Payments on account and assets under construction £'000	Information technology £'000	Vehicles £'000	Furniture and fittings £'000	Total £'000
Cost or valuation					
At 1 April 2015	984	5,151	442	9,106	15,683
Reclassifications	(984)	202	–	782	–
Additions	656	1,008	776	1,647	4,087
Disposals	–	(120)	(365)	–	(485)
At 31 March 2016	656	6,241	853	11,535	19,285
Depreciation					
At 1 April 2015	–	2,433	245	4,756	7,434
Charge for the year	–	951	64	1,728	2,743
Disposals	–	(120)	(254)	–	(374)
At 31 March 2016	–	3,264	55	6,484	9,803
Net book value at 31 March 2016	656	2,977	798	5,051	9,482
Net book value at 31 March 2015	984	2,718	197	4,350	8,249
Asset financing:					
On SoFP service concession arrangement	–	959	–	–	959

6 Intangible assets

	Payments on account and assets under construction £'000	Information technology £'000	Total £'000
Cost or valuation			
At 1 April 2016	426	10,092	10,518
Reclassifications	(358)	358	–
Additions	28	315	343
Disposals	(72)	(416)	(488)
At 31 March 2017	24	10,349	10,373
Amortisation			
At 1 April 2016	–	4,390	4,390
Charge for the year	–	1,661	1,661
Disposals	–	(305)	(305)
At 31 March 2017	–	5,746	5,746
Net book value at 31 March 2017	24	4,603	4,627
Net book value at 31 March 2016	426	5,702	6,128
Asset financing:			
On SoFP service concession arrangement	–	2,011	2,011
Cost or valuation			
At 1 April 2015	747	9,478	10,225
Reclassifications	(724)	724	–
Additions	403	835	1,238
Disposals	–	(945)	(945)
At 31 March 2016	426	10,092	10,518

Amortisation			
At 1 April 2015	–	3,205	3,205
Charge for the year	–	1,539	1,539
Disposals	–	(354)	(354)
At 31 March 2016	–	4,390	4,390
Net book value at 31 March 2016	426	5,702	6,128
Net book value at 31 March 2015	747	6,273	7,020
Asset financing:			
On SoFP service concession arrangement	–	2,791	2,791

7 Financial instruments

The IPCC does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables. Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that the IPCC will be unable to collect an amount due in accordance with agreed terms.

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

8 Impairments

The IPCC has no impairments in the period.

9 Inventories

The IPCC has no inventories in the period.

10 Trade receivables, financial and other assets

Trade receivables, financial and other assets	31 March 2017 £'000	31 March 2016 £'000
Amounts falling due within one year:		
Current part of service concession receivables	97	496
Accrued income	20	356
Trade receivables	8	8
Other receivables	–	1
Staff advances	75	78
Prepayments	1,001	739
	1,201	1,678
Amounts falling due after more than one year:		
	31 March 2017 £'000	31 March 2016 £'000
Non-current part of service concession receivables	162	259
	162	259
Total trade and other receivables	1,363	1,937

11 Cash and cash equivalents

	31 March 2017 £'000	31 March 2016 £'000
Opening balance	2,904	6,823
Net change in cash balances during the year	1,800	(3,919)
Closing cash balance	4,704	2,904

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

12 Trade payables and other current liabilities

	31 March 2017 £'000	31 March 2016 £'000
Amount falling due within one year		
VAT	(4)	–
Other taxation and social security	(2,078)	(1,845)
Trade payables	(196)	(234)
Other payables	(5)	(1)
Accruals and deferred income	(3,115)	(2,403)
Current part of service concession arrangement accruals for assets coming into use before payment	(93)	(452)
Current part of imputed finance lease element of service concession arrangement	(97)	(496)
	(5,588)	(5,431)
Amounts falling due after more than one year		
	31 March 2017 £'000	31 March 2016 £'000
Amounts falling due after more than one year		
Other payables, accruals and deferred income	(298)	(486)
Non-current part of service concession arrangement accruals for assets coming into use before payment	(154)	(236)
Imputed finance lease element of service concession arrangement	(162)	(259)
	(614)	(981)

12.1 Other liabilities

IAS 19 requires the disclosure of employee benefits that are recognised in the period in which the entity receives services from the employee, rather than when the benefits are paid or payable. Taking this definition of IAS 19 into account, the IPCC recognises holiday accruals for the year 2016/17 to be staff benefits.

The average number of holidays accrued per person based on the number of staff at the end of March 2017 is four days (four days at March 2016).

	31 March 2017 £'000	31 March 2016 £'000
Staff benefits	(811)	(659)
Total	(811)	(659)

13 Provisions for liabilities and charges

For property provisions the IPCC 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 IPCC has made and the repair obligations required during the lease. The estimated cost of reinstating modifications made to the buildings is £1,771,000 (£1,195,000 for 2015/16). 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 will be depreciated over the lease terms.

The early departure provision is the remaining balance of early departure costs of directors and other staff made redundant prior to 1 April 2017.

The early departure provision has been discounted at a rate of 0.24 per cent (1.37 per cent for 2015/16) set by HM Treasury.

	Property £'000	Early departure £'000	Total £'000
Balance at 1 April 2016	1,195	137	1,332
Provided in the year	600	2	602
Provisions not required written back	(24)	–	(24)
Provisions utilised in the year	–	(18)	(18)
Increase/(decrease) in provisions	576	(16)	560
Balance at 31 March 2017	1,771	121	1,892
Represented by:			
Non-current element of provision	1,771	–	1,771
Current element of provision	–	121	121
Analysis of expected timing of discounted flows:			
	Property £'000	Early departure £'000	Total £'000
Not later than one year	–	121	121
Later than one year and not later than five years	1,382	–	1,382
Later than five years	389	–	389
Balance at 31 March 2017	1,771	121	1,892

	Property £'000	Early departure £'000	Total £'000
Balance at 31 March 2015	1,256	183	1,439
Provided in the year	236	3	239
Provisions not required written back	(297)	–	(297)
Provisions utilised in the year	–	(49)	(49)
Increase/(decrease) in provisions	(61)	(46)	(107)
Balance at 31 March 2016	1,195	137	1,332
Represented by:			
Non-current element of provision	1,195	119	1,314
Current element of provision	–	18	18

14 Capital commitments

As at 31 March 2017, the IPCC had capital commitments of £32K (nil at 31 March 2016).

15 Commitments under leases

15.1 Operating leases

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

	31 March 2017 £'000	31 March 2016 £'000
Obligations under operating leases comprise		
Buildings:		
Not later than one year	2,856	2,696
Later than one year and not later than five years	2,517	4,436
Total obligations	5,373	7,132

15.2 Finance leases

The IPCC had no finance leases in the period.

16 Commitments under service concession arrangements

The 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.

The contract became effective on 20 December 2009. This is a fixed-price contract with a ten-year term and a break point at seven years. The first break point was December 2016 but this was not exercised.

Our intention is to undertake a phased exit from the contract after January 2017. This will involve 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.

At the year-end date, a decision was made not to exercise the break and therefore notes 10, 12 and 16 have been prepared on the same basis as last year.

Under the contract, Soprasteria Limited has an obligation to build and maintain both tangible and intangible assets with an expected value at 31 March 2017 of £6.9 million (£7.1 million at 31 March 2016) for use by the IPCC, as well as provide operating services over the life of the contract at an expected value at 31 March 2017 of £41million (£40 million at 31 March 2016). Finance charges over the life of the contract are expected to be £0.6million (£0.6 million at 31 March 2016).

There is 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 ten-year term.

The annual payments to be made by the IPCC 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 repricing if the RPI-X exceeds 6 per cent .

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

SIC interpretation 29 describes the information to be disclosed in the accounts of the grantor.

Under IFRIC 12, the IPCC 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 (note 5/6)
- payments in advance of assets provided are shown in the trade receivables note elsewhere in these accounts (note 10)
- accruals for assets coming into use in advance of payment are shown in the trade payables note elsewhere in these accounts (note 12)
- assets yet to be provided are shown in the service concession receivables note elsewhere in these accounts (note 10)

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

A unitary payment is made by the IPCC consisting of service charge, capital charge and interest.

The notes below shows the IPCC obligations to pay for future operating services.

Operating service charges already paid for are shown in note 3.

16.1 Statement of financial position (SoFP)

	31 March 2017 £'000	31 March 2016 £'000
Total obligations under on SoFP service concession arrangements for the following periods comprise:		
Not later than one year	103	508
Later than one year and not later than five years	165	269
	268	777
Less interest element	(9)	(22)
Total service concession SoFP obligations	259	755
represented by:		
Current (included in trade and other receivables and payables)	97	496
Non-current (included in other payables and trade and other receivables)	162	259
Total service concession SoFP obligations	259	755

16.2 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 million (2015/16 £4.5 million).

	31 March 2017 £'000	31 March 2016 £'000
The payments to which the IPCC is committed at 31 March 2017, analysed by the period during which the commitment expires, is as follows:		
Not later than one year	5,234	5,404
Later than one year and not later than five years	9,007	12,993
Later than five years	–	–
	14,241	18,397

17 Other financial commitments

The IPCC has no other financial commitments.

18 Contingent liabilities disclosed under IAS 37

The IPCC has contingent liabilities in respect of a number of legal claims or potential claims against the IPCC, the outcome and timing of which cannot be estimated with certainty. Full provision is made in the financial statements for all liabilities that are expected to materialise.

The early departure provisions in note 13 are based on estimates based on the Civil Service Compensation Scheme. If there is a change in terms, the IPCC may be liable to further costs. This contingent liability cannot be quantified. If there is a change in terms affecting provisions already made, the provision will be re-estimated.

The dilapidations in note 13 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 IPCC may be liable for further costs. Full provision is made in the financial statements for all liabilities that are expected to materialise.

19 Related-party transactions

The Home Office is a related party of the IPCC. During the year ended 31 March 2017, the Home Office provided grant in aid, as disclosed in note 22. In addition, the Home Office transferred £3.085

million during the year to Government Property Unit to pay for capital expenditure arising from our relocation to a government hub at Canary Wharf, London.

Government bodies are related parties. The income from these bodies is shown under Other Income at note 4. The amounts owed by these bodies to the IPCC are classified as trade and other receivables and amount to £16k (£268k at March 2016).

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 the pensions section of the remuneration report.

During the year ended 31 March 2017, none of the appointed commissioners, directors or key managerial staff undertook any material transactions with the IPCC.

The IPCC has adopted a Code of Conduct, which is based on the Cabinet Office Code of Practice for Board Members of Public Bodies. The IPCC maintains a register of interests for commissioners and all staff who are required to declare interests. The register of interests for commissioners 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 commissioners and staff codes of conduct are available on our [website](#).

The IPCC procedures also ensure that investigators are not engaged on investigations in which they would have an interest.

20 Third-party assets

On occasion, the IPCC 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 IPCC does not have a beneficial interest in them. As at 31 March 2017 no monetary assets were held.

21 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.

22 Grant in aid

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

	2016/17 £'000	2015/16 £'000
Received for revenue expenditure	69,116	57,884
Received for capital expenditure	1,884	5,116
	71,000	63,000

23 Hillsborough

The Home Office has agreed to provide additional grant in aid when the IPCC incurs additional expenditure as result of the investigation into the aftermath of the Hillsborough disaster. This note shows the expenditure incurred during 2016/17 and 2015/16.

	2016/17 £'000	2015/16 £'000
Staff costs		
Salaries and emoluments	3,466	4,707
Social security cost	357	394
Pension contributions	620	850
Temporary staff	3,727	2,022
Total staff costs	8,170	7,973
Other expenditure		
Accommodation rental	516	598
Accommodation non-rental	609	727
IT	888	1,054
Legal services	92	74
Other costs	121	125
Recruitment	15	33
Stationery	35	37
Training	22	65
Travel and subsistence	162	396
Total other expenditure	2,460	3,109
Non-cash		
Depreciation	464	1,018
Loss on disposal of assets	33	219
Total non-cash	497	1,237
Total revenue expenditure	11,127	12,319

Independent Office for Police Conduct
90 High Holborn
London
WC1V 6BH

Tel: 0300 020 0096
Email: enquiries@policeconduct.gov.uk

www.policeconduct.gov.uk

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